



ESSEX BIO-TECHNOLOGY LIMITED
億勝生物科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1061)



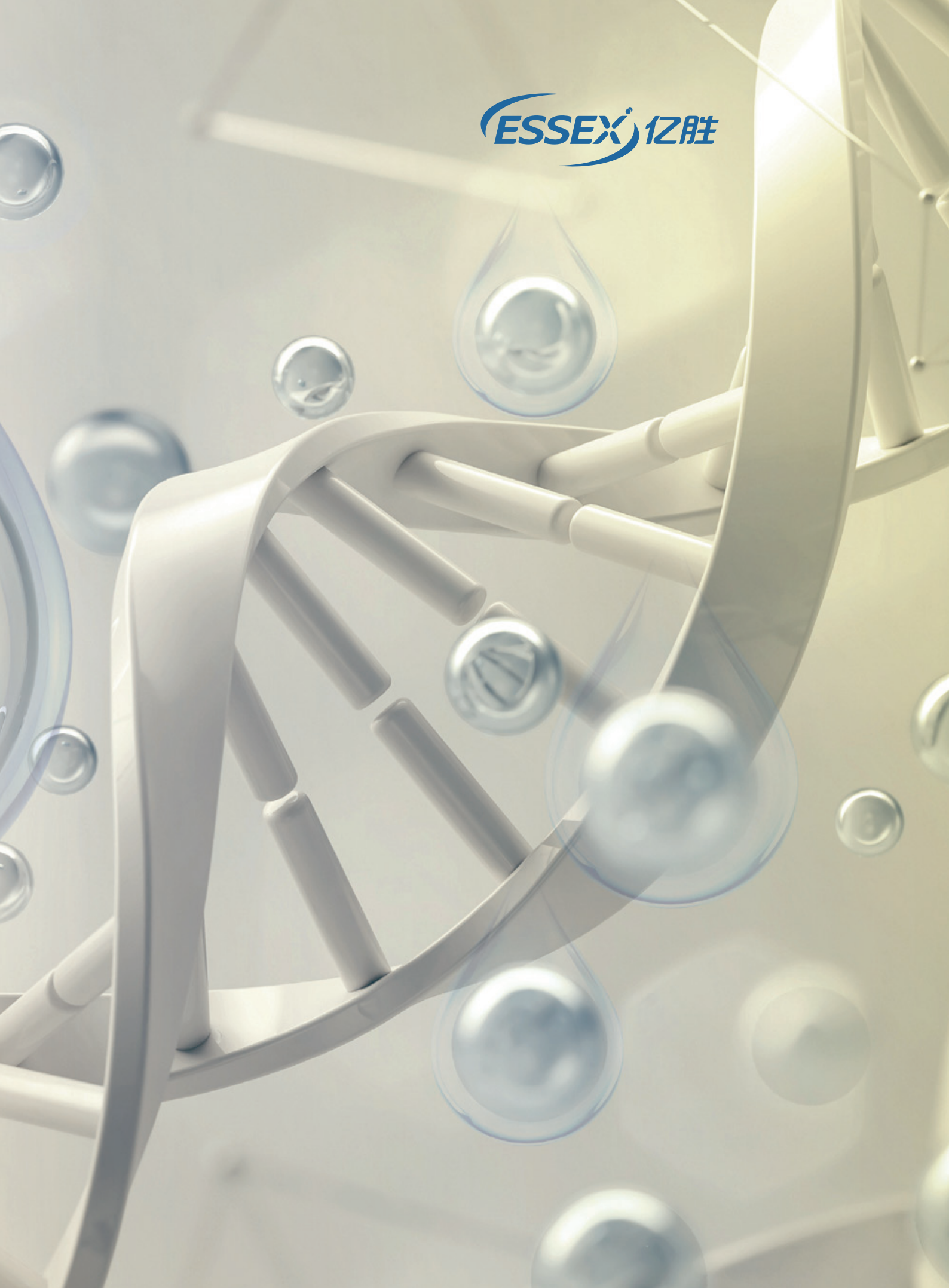
2025
ANNUAL
REPORT

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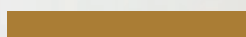
PIONEERING GLOBAL REGENERATIVE SCIENCE & TECHNOLOGY



ESSEX 亿胜



TOMORROW'S TODAY





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CHAIRMAN'S STATEMENT



Ngiam Mia Je Patrick
Chairman

On behalf of the board of directors (the "Board") of Essex Bio-Technology Limited (the "Company", together with its subsidiaries, the "Group"), it is our pleasure to present to you the performances for the financial year ended 31 December 2025.

The pharmaceutical industry in the People's Republic of China (the "PRC") experienced a significant shift in 2025. The negative impacts of tightened regulations and centralised procurement in previous years will gradually diminish, and a new round of policies and capital investment focused on supporting innovation, improving payment systems, and promoting globalisation will begin.

Here are some key developments supporting this trend:

The PRC's centralised procurement policy is shifting to support pharmaceutical companies, focusing on innovation and quality. Recent changes include:

- **Expanded Coverage:** The 11th round of national volume-based procurement covered 55 drug varieties and 453 products from 272 companies.
- **Quality Assurance:** Priority given to manufacturers with broad clinical recognition and consistent quality records.
- **Innovation Incentives:** Policies encourage research and development ("R&D") investment in innovative drugs, first generics, and high-end generics.
- **Payment System Reforms:** Value-based pricing models and risk-sharing agreements are being explored.
- **Regulatory Support:** Streamlined approval processes and enhanced intellectual property protection.

These changes aim to promote innovation, improve quality, and increase access to affordable medicines.

Sources:

1. The PRC unveils first-ever policy to boost high-quality development of pharmaceutical retail sector – https://english.www.gov.cn/news/202601/22/content_WS6972298cc6d00ca5f9a08b99.html
2. The PRC unveils rules for 11th round of national centralised drug procurement – <https://www.chinadaily.com.cn/a/202509/21/WS68cf94fda3108622abca1fba.html>
3. Drug centralised procurement in the PRC: Concerns and implication for drug quality and access – <https://law.stanford.edu/2025/02/18/drug-centralized-procurement-in-china-concerns-and-implications-for-drug-quality-and-access/>

To navigate these challenges, companies must strike a balance between cost control and quality assurance. Innovation remains the core driving force for the development of pharmaceutical companies. To stay competitive, companies should:

1. increase R&D investment to cultivate innovative talents and strengthen cooperation with public and private scientific research institutions and universities;
2. focus on technological innovation to develop products with independent intellectual property rights; and
3. explore new business models and operating methods to enhance innovation efficiency.



CHAIRMAN'S STATEMENT

Pharmaceutical companies in the PRC face numerous challenges and opportunities. To thrive, they must adapt to the evolving market landscape, innovate proactively, and prioritise compliance management. By adopting strategies tailored to their unique characteristics and advantages, companies of all sizes can improve their competitiveness and contribute to the growth of the pharmaceutical industry.

FINANCIAL PERFORMANCE

Since 2024, the Group's flagship biologics, Beifushu® series and Beifuji® series (the basic fibroblast growth factor (bFGF) based biologic drugs), have been subjected to the system of centralised procurement in all provinces in the PRC. Despite challenges, the team's tenacity and relentless efforts have enabled the Group's flagship biologics to expand indications and patient access, which enabled the Group to drive satisfactory performances amidst headwinds.

The Group achieved a turnover of approximately HK\$1,813.8 million, representing an increase of 8.6% (or approximately RMB1,672.0 million, representing an increase of 8.7%) as compared to last year.

Correspondingly, the Group achieved a net profit of approximately HK\$318.1 million, representing an increase of 3.5% (or approximately RMB293.2 million, representing an increase of 3.6%) as compared to last year.

The Group's turnover is primarily made up of the ophthalmology segment ("Ophthalmology"), surgical (encompassing wound care and healing) segment ("Surgical"), and Healthcare and Partner Services segment. The core products that are current growth drivers under each segment are:

1. Ophthalmology – Beifushu® series (Beifushu® eye drops, Beifushu® eye gel and Beifushu® unit-dose eye drops), Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Moxifloxacin Hydrochloride Eye Drops, Diquafosol Sodium Eye Drops, 適麗順® (Iodized Lecithin Capsules*), Soft Hydrophilic Contact Lens and other medical devices for myopia control and prevention such as eye-protection lamp and Seewant defocus customised glasses;
2. Surgical (encompassing wound care and healing) – Beifuji® series (Beifuji® spray, Beifuji® lyophilised powder and Beifuxin® gel), Carisolv® dental caries removal gel, 伊血安顆粒 (Yi Xue An Granules*), Portable Ultraviolet Phototherapy Devices, PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis and Osteopore's bioresorbable implants (Osteomesh® and Osteoplug®) for dental surgery in Singapore; and
3. Healthcare and Partner Services – 佻典醫生 (Dr. YaDian*) oral care products, online and offline healthcare services and products, contract manufacturing organisation ("CMO")/contract development and manufacturing organisation ("CDMO") service and trades in equipment and parts.

The sectoral turnover of Ophthalmology, Surgical, and Healthcare and Partner Services is approximately 46.0%, 49.4% and 4.6% of the Group's turnover, respectively.

The combined turnover of the Group's flagship biologics, Beifushu® series and Beifuji® series (the basic fibroblast growth factor (bFGF) based biologic drugs), represented about 83.5% of the Group's total turnover, of which Beifushu® series and Beifuji® series accounted for 36.9% and 46.6% of the Group's turnover, respectively. The remaining 16.5% of the Group's turnover is mainly contributed by sales of Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Moxifloxacin Hydrochloride Eye Drops, 適麗順® (Iodized Lecithin Capsules*), Carisolv® dental caries removal gel, 佻典醫生 (Dr. YaDian*) oral care products, 伊血安顆粒 (Yi Xue An Granules*), PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis, online and offline healthcare services and products, CMO/CDMO service and trades in equipment and parts, collectively.

Ophthalmology contributed approximately HK\$835.0 million to the Group's turnover for the year ended 31 December 2025, representing an increase of 8.2% as compared to 2024. Surgical recorded a total turnover of approximately HK\$895.9 million for the year ended 31 December 2025, representing an increase of 1.8% as compared to 2024. Healthcare and Partner Services delivered a total turnover of approximately HK\$82.9 million for the year ended 31 December 2025, representing a significant increase of 350% as compared to 2024.

As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$782.7 million (2024: approximately HK\$557.2 million).

SIGNIFICANT BUSINESS DEVELOPMENT ACTIVITIES

Beifushu[®], one of the Group's flagship ophthalmic products, has been successfully introduced to Singapore via the Special Access Route (SAR) at the Singapore National Eye Centre ("SNEC"), enabling ophthalmologists at SNEC to prescribe Beifushu[®] for specific patients. This milestone marks the product's first entry beyond the PRC, establishing a foothold for future launches in Southeast Asia and global markets. The success reflects the synergy and determination of our teams across Singapore and the PRC, who navigated complex institutional regulatory and operational challenges. Strategic relationships built with key opinion leaders and leading institutions across the region laid the foundation for this achievement and future opportunities.

R&D innovation continues progressing, with multiple pipelines advancing smoothly. The global phase 3 clinical project of bevacizumab ophthalmic injection (EB12-20145P) has successfully enrolled patients in the PRC, Australia, European Union countries and the United States; the last patient last visit was completed. A Biologics License Application (BLA) was accepted by National Medical Products Administration ("NMPA") in the PRC in August 2025.

In July 2025 and January 2026, NMPA approved the registration and commercialisation of the multi-dose Diquafosol Sodium Eye Drops and the multi-dose Sodium Hyaluronate Eye Drops in the PRC, respectively. In addition, the Group has entered into a collaboration with 北京鷹瞳科技發展股份有限公司 (Beijing Airdoc Technology Co., Ltd.*) to jointly operate Artificial Intelligence-based retinal businesses. The Group has also entered into an exclusive distribution agreement with Seefunge Pharmaceutical Technology Co., Ltd. ("Seefunge") for Seefunge's Emedastine Difumarate and Oxybuprocaine Hydrochloride Eye Drops. Emedastine Difumarate Eye Drops is primarily used for treating allergic conjunctivitis in adults and children aged 3 years and above while Oxybuprocaine Hydrochloride Eye Drops is primarily used for corneal surface anesthesia. The new additions will further enrich the Group's ophthalmic product portfolio and strengthen its market positioning in ophthalmology.

In November 2025, the Group signed a memorandum of understanding for strategic collaboration with Suzhou Industrial Park Investment Promotion and Operation Co., Ltd. and China-Singapore (Suzhou) Life Science Industry Development Co., Ltd. to launch an International Innovation Accelerator. With Phase I of the China-Singapore Life Sciences Park ("Biosparc") completed, Biosparc is poised to become a premier cross-border life sciences hub, driving global research, product development, clinical development and translational innovation. The Group aims to bolster its global innovation strategy and through this partnership, connect with international collaborators to accelerate research, clinical development and commercialisation efforts.



CHAIRMAN'S STATEMENT

In December 2025, the Group established a strategic collaboration with Kenvue, a leader in consumer health, under which the Group will leverage its extensive commercial network to promote, educate and market selected Kenvue products, including Rhinocort® (Budesonide Nasal Spray), Motrin® (Ibuprofen Suspension/Drops), and Tylenol® (Paracetamol Drops/Suspension) which are widely recognised by healthcare professionals and patients for their reliability in the management of allergies, fever and cold symptoms. The collaboration is in line with the Group's business strategy aiming at boosting its presence in the PRC healthcare market, leveraging its extensive commercial network and experience. By combining their expertise, the Group and Kenvue can effectively accelerate the awareness and commercial footprint of these products and better meet the clinical needs of more patients.

In January 2026, the Group entered into an exclusive distribution agreement with Osteopore International Pte Ltd ("Osteopore") for Osteopore's innovative dental, orthodontic, and maxillofacial products in the PRC, Hong Kong, and Macau. The collaboration with Osteopore establishes a milestone of the Group in the stomatology market and expands the range of the Group's dental, orthodontic, and maxillofacial solutions, which will together benefit the Group in striving for sustainable growth in the PRC market.

In February 2026, the Group participated in the Asia-Pacific Academy of Ophthalmology Congress 2026 (the "Congress"). During the Congress, the Group hosted a dedicated booth showcasing key products and pipeline assets from its ophthalmology portfolio, and to engage with ophthalmologists, healthcare professionals, and industry partners across Asia-Pacific. The Group's presence at the Congress underscored the Group's dedication to advancing ophthalmic care through clinically proven, first-in-class and best-in-class therapeutic solutions, while strengthening collaboration with leading eye care institutions and professionals across the region.

The Group's development achievements have also been well recognised in the industry with endorsements, awards and accolades. 珠海億勝生物製藥有限公司 (Zhuhai Essex Bio-Pharmaceutical Company Limited*), a wholly-owned subsidiary of the Company, is one of the 2024年度廣東省醫藥工業50強 (2024 Top 50 Pharmaceutical Companies in Guangdong Province*), 2024年度廣東省生物製藥10強 (2024 Top 10 Biopharmaceutical Companies in Guangdong Province*) and 2025年廣東省製造業企業500強 (2025 Top 500 Manufacturing Companies in Guangdong Province*). It is also awarded 國家級製造業單項冠軍企業 (National Manufacturing Champion Enterprise*). In addition, the Company was awarded 2025「金鯤鵬」中國財經價值榜—最具投資價值上市公司 (2025 "Golden Kunpeng China Financial Value Ranking – Most Valuable Listed Company for Investment*), reflecting the capital market's high recognition of our business model and growth potential.

MARKET DEVELOPMENT

As at 31 December 2025, the Group operates an extensive network of 47 regional sales offices across the PRC and a strategic base in Singapore to facilitate market access into Southeast Asian countries.

To drive sustainable growth and expansion for our current and future products, the Group has been investing relentlessly in enhancing its competitiveness and broadening its reach through the following strategic initiatives:

- expanding the clinical indications for its commercialised products;
- increasing patient access in lower-tier cities across the PRC;
- developing complementary sales channels; and
- nurturing the healthtech e-platform to enhance patient access.

During the year under review, the vast distribution network enabled the Group's therapeutic products to be prescribed in over 14,600 hospitals and medical providers, as well as approximately 2,600 pharmaceutical stores, covering major cities, provinces and county cities throughout the PRC.



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REGIONAL
SALES
OFFICES

 Xinjiang





RESEARCH AND DEVELOPMENT

The R&D division is driven by a vision that underscores its commitment to science and innovation, with a mission to develop groundbreaking therapeutics that address unmet clinical and/or commercial needs. The Group launched a development plan in 2021, focusing on ophthalmology.

The Group's key R&D initiatives comprise of growth factors, antibodies (i.e. mAb, bsAb, sdAb, scFv, ADC/FDC, etc.), drug formulation know-how and the Blow-Fill-Seal ("BFS") platform. Growth factors, antibodies and drug formulation know-how are used for the development of therapeutic drugs in ophthalmology, surgical (encompassing wound care and healing) and oncology, whereas the BFS platform is a state-of-the-art manufacturing facility for producing preservative-free unit-dose drugs, in particular for ophthalmic drugs.

As at the date of this report, the Group has 18 R&D programmes in the pre-clinical to clinical stage, with several ophthalmology programmes in clinical stage which are shown in the table below:

Field	Subfield	Project Code	Indication	Discovery	Pre-Clinical	Chemistry, Manufacturing and Controls	Investigational New Drug	Phase I	Phase II	Phase III	New Drug Application/ Biologics License Application ("BLA")	Regulatory	Remarks
Ophthalmology	Ocular surface	EB11-18136P	Dry eye disease	▶							United States Food and Drug Administration ("US FDA")	Phase III ongoing	
		EB11-21148P	Dry eye disease	▶							NMPA	Phase II complete	
	Retina	EB12-20145P	Exudative (wet) age-related macular degeneration ("wet-AMD")	▶							NMPA	BLA submitted	
		EB12-20145P	Wet-AMD	▶							US FDA	Phase III complete	

As at the date of this report, the Group has obtained a total of 121 patent certificates or authorisation letters, which include 91 發明專利 (invention patents), 15 實用新型專利 (utility model patents) and 15 外觀專利 (design patents).

The Group currently has multiple R&D sites located in Zhuhai (PRC), Boston (United States), London (United Kingdom) and Singapore. These sites support our efforts to develop new therapeutics and recruit global talent.

PROSPECTS

The new value-added tax ("VAT") law in the PRC, announced on 30 January 2026 and effective retrospectively from 1 January 2026, alters the tax treatment for pharmaceutical wholesale enterprises selling ordinary biological products. Previously, these enterprises could choose a simplified tax rate of 3% but now face the standard tax rate of 13%, aligning with other pharmaceuticals. This change is expected to have impact on the Group's biologics business, particularly Beifushu® and Beifuji® series.

For illustrative purposes, based on the Group's turnover for the year ended 31 December 2025, applying the new 13% VAT would result in an estimated turnover impact of approximately HK\$133 million and an estimated gross profit impact of approximately HK\$116 million.

It is expected that the new VAT will have a similar effective impact on the Group's turnover for the year ending 31 December 2026. This is because the Group cannot pass on the VAT increase to final customers since selling prices inclusive of VAT are fixed under the PRC's centralised procurement system and turnover is reported net of VAT. While a corresponding impact will apply to the Group's profit for the year ending 31 December 2026, the Group is proactively and systematically recalibrating operating and distribution costs to mitigate the impact without disrupting its focus on the Group's development plans.

Barring any other unforeseen circumstances, the Group remains committed to executing its plans and delivering progressive results.

DIVIDEND

To reward our valued shareholders, the Board is pleased to propose a final dividend of HK\$0.07 (2024: HK\$0.06) per ordinary share to be approved at the upcoming annual general meeting of the Company. Together with the interim dividend of HK\$0.07 per ordinary share which was paid on 23 September 2025, the total dividend for 2025 would be HK\$0.14 (2024: HK\$0.12) per ordinary share.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all stakeholders, business associates and valued customers for the trust, support and cooperation accorded to us, and each and every member of the Group for their relentless efforts rendered in shaping the Group into being a progressive and promising pharmaceutical player.

Ngiam Mia Je Patrick
Chairman

Hong Kong
23 March 2026

* For identification purpose only



Unit-dose Beifushu[®]
Eye Drops



Beifushu[®]
Eye Gel



Beifushu[®]
Eye Drops



Beifuji® Spray



Beifuji® Lyophilised Powder



Beifuxin® Gel



Unit-dose
Tobramycin
Eye Drops



Unit-dose
Sodium
Hyaluronate
Eye Drops



Unit-dose
Moxifloxacin
Hydrochloride
Eye Drops



Unit-dose
Levofloxacin
Eye Drops



Carisolv®
Dental Caries
Removal Gel



適麗順®
(Iodized Lecithin
Capsules*)



PELNAC™
collagen-based
artificial dermis



Dr. YaDian
Mouth Wash

Essex Bio-Technology Limited (the “Company”) and its subsidiaries (the “Group”) envision becoming a great and socially responsible corporation. Strategically, the Group develops, manufactures and commercialises genetically engineered therapeutic recombinant bovine basic fibroblast growth factor (“rb-bFGF”), leveraging its established mechanism of action in cellular proliferation, differentiation and migration.

The Group’s turnover is primarily driven by its ophthalmology segment (“Ophthalmology”) and surgical (encompassing wound care and healing) segment (“Surgical”), which cater to various medical fields including dermatology, stomatology, obstetrics and gynaecology. Furthermore, the Group is expanding its portfolio through strategic investments in emerging therapeutics, focusing on oncology, orthopaedics and neurology.

Currently the Group has six commercialised biologics, collectively referred to as the “bFGF Series”, which are marketed and sold in the People’s Republic of China (the “PRC”). These products include:

- Beifushu® eye drops, Beifushu® eye gel and Beifushu® unit-dose eye drops for treatment of ocular wounds; and
- Beifuji® spray, Beifuji® lyophilised powder and Beifuxin® gel for treatment of surface wounds.

The bFGF Series are developed and manufactured by the Group. Three of the bFGF Series were approved by 國家藥品監督管理局 (National Medical Products Administration (“NMPA”)) as Category I drugs, and four are listed on the National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance issued by the National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the PRC. Collectively, the combined turnover of the bFGF Series represented about 83.5% of the Group’s total turnover for the year under review.

In addition to the bFGF Series, the Group has a portfolio of commercialised preservative-free unit-dose eye drops, including Tobramycin, Levofloxacin, Sodium Hyaluronate, Moxifloxacin Hydrochloride and Diquafosol Sodium Eye Drops. In July 2025 and January 2026, the Group obtained approvals from NMPA for the registration and commercialisation of the multi-dose Diquafosol Sodium Eye Drops and the multi-dose Sodium Hyaluronate Eye Drops in the PRC, respectively.

Other key products include:

- 適麗順® (Iodized Lecithin Capsules*), an oral ophthalmic product for treating central serous chorioretinopathy, central exudative chorioretinopathy, vitreous haemorrhage, vitreous opacities and central retinal vein occlusion, etc, has become one of the Group’s core products and growth drivers since 2022;
- Carisolv® dental caries removal gel and 佻典醫生 (Dr. YaDian*) oral care products; and
- a range of products and medical devices complementing the Group’s therapeutics business of Ophthalmology and Surgical, including 伊血安顆粒 (Yi Xue An Granules*), Soft Hydrophilic Contact Lens, Portable Ultraviolet Phototherapy Devices, PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis, Osteopore’s bioresorbable implants (Osteomesh® and Osteoplug®) for dental surgery in Singapore and other medical devices for myopia control and prevention such as eye-protection lamp and Seewant defocus customised glasses.

To drive mid-term and long-term growth, the Group maintains a robust pipeline of multi-project in research and development (“R&D”) initiatives at various stages of clinical programmes, focusing on unit-dose ophthalmic products and biologics including growth factors and antibodies.

SIGNIFICANT BUSINESS DEVELOPMENT ACTIVITIES

We are committed to pragmatically investing in new products and technologies to strengthen the Group's product and R&D pipeline as near to mid-term growth driver in ophthalmology and long-term plan for new therapeutics in oncology. Major investments in ophthalmic products that are currently in an advanced stage of clinical development are outlined as follows:

SkQ1 Product

A late-stage clinical development of SkQ1 for dry eye disease (the "SkQ1 Product"), as disclosed in the announcement of the Company dated 24 February 2021, achieved a positive outcome from the second phase 3 clinical trial (VISTA-2). The clinical trial study repeated statistically significant positive results on key predefined secondary end-point (Central Corneal Fluorescein Staining). The read-out of clearing of central staining of the cornea (defined as zero staining in central cornea) reveals the potential of SkQ1 in addressing oxidative stress in dry eye diseases.

As disclosed in the announcement of the Company dated 13 October 2022, the Group strategically and successfully secured (i) a patent assignment deed; and (ii) a patent and know-how licence agreement relating to SkQ1 in the field of ophthalmology exclusively for the global market (the "Global Rights").

The Group is in the final stages of completing the transfer of chemistry, manufacturing and controls (CMC), know-how and intellectual property rights relating to SkQ1. Concurrently, the Group is re-establishing the VISTA programme with regulators for mitigating any identifiable risks before continuing with the clinical trial. The aforementioned tasks will inevitably be time-consuming due to external factors and technical challenges involved. The board of directors of the Company (the "Board") will keep shareholders and investors informed as and when appropriate about the development status.

The total actual investment cost of approximately HK\$350.8 million has been incurred for the clinical development of the SkQ1 Product and the Global Rights, and is presented as "Acquired Intangible Assets" under the Group's consolidated financial statements as at 31 December 2025. The investment cost represented 10.1% of the Group's total assets as at 31 December 2025. According to Frost & Sullivan, the estimated number of patients with moderate-to-severe dry eye disease was around 111.6 million in the PRC in 2024. It is expected that the size of the potential market of the SkQ1 Product will be significant.

For the purpose of on-going development and execution of the SkQ1 Product and the Global Rights of SkQ1 (exclusive of the PRC), the said asset is in the process of being carved out and injected into DunaVision Pte Ltd, Singapore, which is newly established and a wholly-owned subsidiary of the Company.

Anti-VEGF Licensed Product

In 2020, the Group entered into a co-development and exclusive license agreement (the “Co-Development License Agreement”) with Shanghai Henlius Biotech, Inc. (“Henlius”) to co-develop a pharmaceutical product that contains an anti-vascular endothelial growth factor (“anti-VEGF”) as a drug substance (the “Anti-VEGF Licensed Product”), which is intended for the treatment of exudative (wet) age-related macular degeneration (“wet-AMD”). As at the date of this report, the recombinant anti-VEGF humanised monoclonal antibody injection HLX04-O (“HLX04-O”) for the treatment of wet-AMD has been approved to commence the phase 3 clinical trial in Australia, the United States, Singapore, Russia, Serbia and European Union countries such as Hungary, Spain, Latvia, the Czech Republic and Poland. So far, the first patient has been dosed in a phase 3 clinical study for HLX04-O for the treatment of wet-AMD in the PRC, Latvia, Australia and the United States successively, and the last patient last visit was completed. Also, the phase 1/2 clinical study for HLX04-O for the treatment of wet-AMD has shown its safety and tolerability and demonstrated preliminary efficacy. A Biologics License Application (BLA) was accepted by NMPA in the PRC in August 2025.

On 22 February 2023, the Group entered into an amendment agreement with Henlius to amend certain terms of the Co-Development License Agreement, which include payments for regulatory and commercial sales milestones and development costs in respect of the Anti-VEGF Licensed Product. Please refer to the announcement of the Company dated 22 February 2023 and the 2022 annual results announcement of the Company dated 8 March 2023 for further details.

Henlius is the holding company of a group principally engaged in (i) the research and development, production and sale of monoclonal antibody (mAb) drugs and the provision of related technical services (except for the development and application of human stem cells, genetic diagnosis and therapy technology); and (ii) the transfer of its own technology and provision of the related technology consultation services.

Total maximum commitment in relation to the co-development of the Anti-VEGF Licensed Product with Henlius is US\$67.0 million (equivalent to approximately HK\$521.5 million). Total actual investment cost of approximately HK\$451.5 million is presented as “Acquired Intangible Assets” under the Group’s consolidated financial statements as at 31 December 2025. The investment cost represented 12.9% of the Group’s total assets as at 31 December 2025. The Anti-VEGF Licensed Product can be used for treating wet-AMD, diabetic macular edema, macular edema caused by retinal vein occlusion and myopic choroidal neovascularisation. According to Frost & Sullivan, the estimated number of patients with these 4 categories of disease was around 16.4 million in the PRC in 2025. Assuming each patient applies 4 doses in the first year of treatment and 2 to 3 doses in subsequent years, it is expected that the size of the potential market of the Anti-VEGF Licensed Product will be significant.

Apart from the investments in the SkQ1 Product and the Anti-VEGF Licensed Product, as at 31 December 2025 and the date of this report, each of the investments made and held by the Group represented less than 5% of the Group’s total assets.

Other Business Development Activities

Beifushu[®], one of the Group's flagship ophthalmic products, has been successfully introduced to Singapore via the Special Access Route (SAR) at the Singapore National Eye Centre ("SNEC"), enabling ophthalmologists at SNEC to prescribe Beifushu[®] for specific patients. This milestone marks the product's first entry beyond the PRC, establishing a foothold for future launches in Southeast Asia and global markets. The success reflects the synergy and determination of our teams across Singapore and the PRC, who navigated complex institutional regulatory and operational challenges. Strategic relationships built with key opinion leaders and leading institutions across the region laid the foundation for this achievement and future opportunities.

During the year under review, the Group has entered into a collaboration with 北京鷹瞳科技發展股份有限公司 (Beijing Airdoc Technology Co., Ltd.*) to jointly operate Artificial Intelligence-based retinal businesses. In addition, the Group has entered into an exclusive distribution agreement with Seefunge Pharmaceutical Technology Co., Ltd. ("Seefunge") for Seefunge's Emedastine Difumarate and Oxybuprocaine Hydrochloride Eye Drops. Emedastine Difumarate Eye Drops is primarily used for treating allergic conjunctivitis in adults and children aged 3 years and above while Oxybuprocaine Hydrochloride Eye Drops is primarily used for corneal surface anesthesia. The new additions will further enrich the Group's ophthalmic product portfolio and strengthen its market positioning in ophthalmology.

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In January 2026, the Group entered into an exclusive distribution agreement with Osteopore International Pte Ltd ("Osteopore") for Osteopore's innovative dental, orthodontic, and maxillofacial products in the PRC, Hong Kong, and Macau. The collaboration with Osteopore establishes a milestone of the Group in the stomatology market and expands the range of the Group's dental, orthodontic, and maxillofacial solutions, which will together benefit the Group in striving for sustainable growth in the PRC market.

In February 2026, the Group participated in the Asia-Pacific Academy of Ophthalmology Congress 2026 (the "Congress"). During the Congress, the Group hosted a dedicated booth showcasing key products and pipeline assets from its ophthalmology portfolio, and to engage with ophthalmologists, healthcare professionals, and industry partners across Asia-Pacific. The Group's presence at the Congress underscored the Group's dedication to advancing ophthalmic care through clinically proven, first-in-class and best-in-class therapeutic solutions, while strengthening collaboration with leading eye care institutions and professionals across the region.

INDUSTRY-SPECIFIC KEY PERFORMANCE INDICATORS

The PRC's pharmaceutical market is a behemoth, expected to reach US\$2.1 trillion by 2030, driven by an aging population, rising healthcare spending, and government support for innovation. Here are some key specifics:

- Government support: The PRC government is pushing for innovation, with initiatives like “Made in China 2025” and investments in biotech and Artificial Intelligence-designed drugs.
- Growing demand: Chronic diseases like cardiovascular conditions, diabetes, and cancer are fuelling demand for cutting-edge therapies.
- Regulatory changes: Streamlined approval processes and data exclusivity protections are attracting foreign investment.
- Local players: Domestic companies are rising, with PRC biopharma companies signing US\$135.7 billion in out-licensing deals in 2025.
- Market segmentation: Conventional drugs dominate, but biologics and biosimilars are growing rapidly.

Sources:

1. The PRC's drug and medical devices sector emerges as new economic growth – <https://www.scmp.com/business/china-business/article/3340333/chinas-drug-and-medical-device-sector-emerges-new-engine-economic-growth>
2. The PRC's innovation in translation medicine: Rethinking early-stage clinical development – <https://www.nature.com/articles/s41587-025-02998-x>
3. The PRC deepens comprehensive reform to strengthen drug and medical device regulation – https://english.nmpa.gov.cn/2025-01/06/c_1061967.htm

HONOURS AND AWARDS OBTAINED IN 2025

珠海億勝生物製藥有限公司 (Zhuhai Essex Bio-Pharmaceutical Company Limited*), a wholly-owned subsidiary of the Company, is one of the 2024年珠海市創新百強企業創新綜合實力100強 (2024 Top 100 Innovative Companies in Zhuhai*) and 2024年珠海市創新百強企業經濟貢獻100強 (2024 Top 100 Companies with Economic Contributions in Zhuhai*). It is also one of the 2024年度廣東省醫藥工業50強 (2024 Top 50 Pharmaceutical Companies in Guangdong Province*), 2024年度廣東省生物製藥10強 (2024 Top 10 Biopharmaceutical Companies in Guangdong Province*) and 2025年廣東省製造業企業500強 (2025 Top 500 Manufacturing Companies in Guangdong Province*). It is also awarded 國家級製造業單項冠軍企業 (National Manufacturing Champion Enterprise*).

In addition, the Company was awarded 2025「金鯤鵬」中國財經價值榜—最具投資價值上市公司 (2025 “Golden Kunpeng” China Financial Value Ranking – Most Valuable Listed Company for Investment*), reflecting the capital market's high recognition of our business model and growth potential.

MARKET DEVELOPMENT

As at 31 December 2025, the Group operates an extensive network of 47 regional sales offices across the PRC and a strategic base in Singapore to facilitate market access into Southeast Asian countries.

To drive sustainable growth and expansion for our current and future products, the Group has been investing relentlessly in enhancing its competitiveness and broadening its reach through the following strategic initiatives:

- expanding the clinical indications for its commercialised products;
- increasing patient access in lower-tier cities across the PRC;
- developing complementary sales channels; and
- nurturing the healthtech e-platform to enhance patient access.

During the year under review, the vast distribution network enabled the Group's therapeutic products to be prescribed in over 14,600 hospitals and medical providers, as well as approximately 2,600 pharmaceutical stores, covering major cities, provinces and county cities throughout the PRC.

RESEARCH AND DEVELOPMENT

The R&D division is driven by a vision that underscores its commitment to science and innovation, with a mission to develop groundbreaking therapeutics that address unmet clinical and/or commercial needs. The Group launched a development plan in 2021, focusing on ophthalmology.

The Group's key R&D initiatives comprise of growth factors, antibodies (i.e. mAb, bsAb, sdAb, scFv, ADC/FDC, etc.), drug formulation know-how and Blow-Fill-Seal ("BFS") platform. Growth factors, antibodies and drug formulation know-how are used for the development of therapeutic drugs in ophthalmology, surgical (encompassing wound care and healing) and oncology, whereas the BFS platform is a state-of-the-art manufacturing facility for producing preservative-free unit-dose drugs, in particular for ophthalmic drugs.

One of the Group's technology platforms is built on recombinant proteins, in particular, the basic fibroblast growth factor (bFGF). The Group has been able to capitalise on its biologic facility, built with its proprietary technique and know-how, delivering high-quality bFGF Series of biologics in the Ophthalmology and Surgical business segments that constituted the Group's primary current growth driver. Strengthening the Group's biologics-based R&D, the strategic investments in Antikor Biopharma Limited and alliance forged with Henlius are in furtherance of our R&D plans for biologics in oncology and in ophthalmology for wet-AMD, diabetic macular edema, macular edema caused by retinal vein occlusion and myopic choroidal neovascularisation for mid-term to long-term growth driver.

The establishment of the BFS platform formed part of the Group's core competency to develop and produce a series of preservative-free unit-dose drugs. As at 31 December 2025, the Group has 6 commercialised preservative-free unit-dose eye drops. Several preservative-free unit-dose ophthalmic drugs are in development with targeted commercialisation within the next 2 to 5 years.

LITIGATION WITH 廣西萬壽堂藥業有限公司 (GUANGXI MEDICTOP PHARMACEUTICAL COMPANY LIMITED*) (“GUANGXI MEDICTOP”)

In July 2024, a subsidiary of the Company in the PRC received a legal summons from Guangxi Medictop, alleging breach of certain obligations under an agency agreement related to the exclusive sales of Guangxi Medictop’s 伊血安顆粒 (Yi Xue An Granules*). The Group categorically denies these allegations and has vigorously defended its position. After two hearings in November 2024 and June 2025, the Guangxi Nanning Court delivered a judgement in July 2025, ordering the Group to pay approximately HK\$14.5 million to Guangxi Medictop in compensation. Both the Group and Guangxi Medictop have appealed the judgement.

In October 2024, the Group initiated counter legal proceedings against Guangxi Medictop, seeking repayment of outstanding amounts. A court order was obtained to freeze one of Guangxi Medictop’s bank accounts. Following a hearing in June 2025, the Zhuhai Xiangzhou Court delivered a judgement in July 2025, ordering Guangxi Medictop to repay approximately HK\$49.7 million to the Group. Guangxi Medictop has appealed the judgement.

In February 2026, the Group and Guangxi Medictop entered into a mediated settlement agreement. Under the agreement, Guangxi Medictop is required to repay approximately HK\$25.2 million, plus any accrued interest, to the Group. Both Guangxi Nanning Court and Zhuhai Xiangzhou Court ruled to dismiss the cases, sanctioning the mediated settlement agreement.

* For identification purpose only

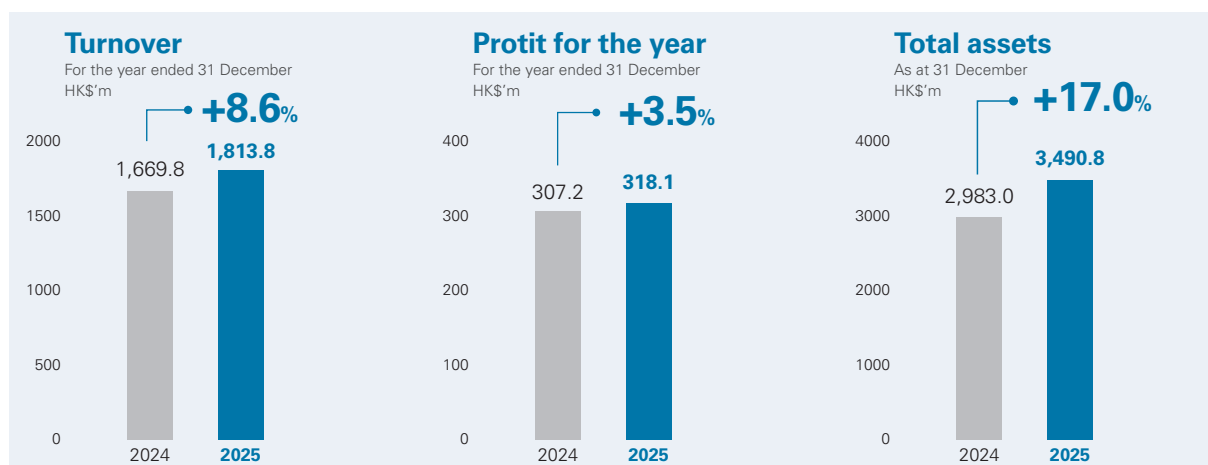
FINANCIAL HIGHLIGHTS

	Presentation Currency in HK\$			Comparison Results in RMB		
	2025 HK\$'000	2024 HK\$'000	Increase/ (decrease) %	2025 RMB'000	2024 RMB'000	Increase/ (decrease) %
Results						
Turnover	1,813,807	1,669,817	8.6	1,672,047	1,537,813	8.7
Profit for the year	318,091	307,222	3.5	293,230	282,935	3.6
Financial position						
Total assets	3,490,761	2,983,045	17.0	3,137,080	2,803,078	11.9
Total liabilities	1,077,675	859,325	25.4	968,486	807,482	19.9
Net assets	2,413,086	2,123,720	13.6	2,168,594	1,995,596	8.7
Cash and cash equivalents	782,730	557,167	40.5	703,425	523,553	34.4

	2025	2024	Increase/ (decrease) %
Financial ratios			
Current ratio (Note 1)	2.11	1.81	
Gearing ratio (Note 2)	0.31	0.29	
Gross profit margin (Note 3)	89.2%	89.8%	
Net profit margin (Note 4)	17.5%	18.4%	
Return on equity (Note 5)	13.2%	14.5%	
Earnings per share			
– Basic	HK56.10 cents	HK54.14 cents	3.6
– Diluted	HK56.10 cents	HK53.18 cents	5.5
Dividend per ordinary share			
– Interim	HK7.0 cents	HK6.0 cents	16.7
– Final	HK7.0 cents	HK6.0 cents	16.7
	HK14.0 cents	HK12.0 cents	16.7

Notes:

- 1 Current ratio: Total current assets/ Total current liabilities
- 2 Gearing ratio: Total liabilities/Total assets
- 3 Gross profit margin: Gross profit/ Turnover x 100%
- 4 Net profit margin: Profit for the year/Turnover x 100%
- 5 Return on equity: Profit for the year/Total equity x 100%



The pharmaceutical industry in the People's Republic of China (the "PRC") experienced a significant shift in 2025. The negative impacts of tightened regulations and centralised procurement in previous years will gradually diminish, and a new round of policies and capital investment focused on supporting innovation, improving payment systems, and promoting globalisation will begin.

Here are some key developments supporting this trend:

The PRC's centralised procurement policy is shifting to support pharmaceutical companies, focusing on innovation and quality. Recent changes include:

- **Expanded Coverage:** The 11th round of national volume-based procurement covered 55 drug varieties and 453 products from 272 companies.
- **Quality Assurance:** Priority given to manufacturers with broad clinical recognition and consistent quality records.
- **Innovation Incentives:** Policies encourage research and development ("R&D") investment in innovative drugs, first generics, and high-end generics.
- **Payment System Reforms:** Value-based pricing models and risk-sharing agreements are being explored.
- **Regulatory Support:** Streamlined approval processes and enhanced intellectual property protection.

These changes aim to promote innovation, improve quality, and increase access to affordable medicines.

Sources:

1. The PRC unveils first-ever policy to boost high-quality development of pharmaceutical retail sector – https://english.www.gov.cn/news/202601/22/content_WS6972298cc6d00ca5f9a08b99.html
2. The PRC unveils rules for 11th round of national centralised drug procurement – <https://www.chinadaily.com.cn/a/202509/21/WS68cf94fda3108622abca1fba.html>
3. Drug centralised procurement in the PRC: Concerns and implication for drug quality and access – <https://law.stanford.edu/2025/02/18/drug-centralized-procurement-in-china-concerns-and-implications-for-drug-quality-and-access/>

To navigate these challenges, companies must strike a balance between cost control and quality assurance. Innovation remains the core driving force for the development of pharmaceutical companies. To stay competitive, companies should:

1. increase R&D investment to cultivate innovative talents and strengthen cooperation with public and private scientific research institutions and universities;
2. focus on technological innovation to develop products with independent intellectual property rights; and
3. explore new business models and operating methods to enhance innovation efficiency.

Pharmaceutical companies in the PRC face numerous challenges and opportunities. To thrive, they must adapt to the evolving market landscape, innovate proactively, and prioritise compliance management. By adopting strategies tailored to their unique characteristics and advantages, companies of all sizes can improve their competitiveness and contribute to the growth of the pharmaceutical industry.

Since 2024, the flagship biologics of Essex Bio-Technology Limited (the “Company”, together with its subsidiaries, the “Group”), Beifushu® series and Beifuji® series (the basic fibroblast growth factor (bFGF) based biologic drugs), have been subjected to the system of centralised procurement in all provinces in the PRC. Despite challenges, the team’s tenacity and relentless efforts have enabled the Group’s flagship biologics to expand indications and patient access, which enabled the Group to drive satisfactory performances amidst headwinds.

The revenue of the Group is chiefly derived from its operations in the PRC and denominated in Renminbi. For the year ended 31 December 2025, the Group achieved a consolidated turnover of approximately HK\$1,813.8 million, with an increase of 8.6% as compared to approximately HK\$1,669.8 million in 2024.

Correspondingly, the Group’s profit increased by 3.5% to approximately HK\$318.1 million as compared to approximately HK\$307.2 million in 2024.

The Group’s turnover is primarily made up of the ophthalmology segment (“Ophthalmology”), surgical (encompassing wound care and healing) segment (“Surgical”), and Healthcare and Partner Services segment. The core products that are current growth drivers under each segment are:

1. Ophthalmology – Beifushu® series (Beifushu® eye drops, Beifushu® eye gel and Beifushu® unit-dose eye drops), Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Moxifloxacin Hydrochloride Eye Drops, Diquafosol Sodium Eye Drops, 適麗順® (Iodized Lecithin Capsules*), Soft Hydrophilic Contact Lens and other medical devices for myopia control and prevention such as eye-protection lamp and Seewant defocus customised glasses;
2. Surgical (encompassing wound care and healing) – Beifuji® series (Beifuji® spray, Beifuji® lyophilised powder and Beifuxin® gel), Carisolv® dental caries removal gel, 伊血安顆粒 (Yi Xue An Granules*), Portable Ultraviolet Phototherapy Devices, PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis and Osteopore’s bioresorbable implants (Osteomesh® and Osteoplug®) for dental surgery in Singapore; and
3. Healthcare and Partner Services – 佻典醫生 (Dr. YaDian*) oral care products, online and offline healthcare services and products, contract manufacturing organisation (“CMO”)/contract development and manufacturing organisation (“CDMO”) service and trades in equipment and parts.

The sectoral turnover of Ophthalmology, Surgical, and Healthcare and Partner Services is approximately 46.0%, 49.4% and 4.6% of the Group’s turnover, respectively.

The combined turnover of the Group’s flagship biologics, Beifushu® series and Beifuji® series (the basic fibroblast growth factor (bFGF) based biologic drugs), represented about 83.5% of the Group’s total turnover, of which Beifushu® series and Beifuji® series accounted for 36.9% and 46.6% of the Group’s turnover, respectively. The remaining 16.5% of the Group’s turnover is mainly contributed by sales of Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Moxifloxacin Hydrochloride Eye Drops, 適麗順® (Iodized Lecithin Capsules*), Carisolv® dental caries removal gel, 佻典醫生 (Dr. YaDian*) oral care products, 伊血安顆粒 (Yi Xue An Granules*), PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis, online and offline healthcare services and products, CMO/CDMO service and trades in equipment and parts, collectively.

Composition of the Group's turnover for the years ended 31 December 2025 and 2024, respectively, is shown in the following table:

Expressed in HK\$' million	2025	2024
Ophthalmology	835.0	771.5
Surgical	895.9	879.9
Healthcare and Partner Services	82.9	18.4
Total	1,813.8	1,669.8

Ophthalmology contributed approximately HK\$835.0 million to the Group's turnover for the year ended 31 December 2025, representing an increase of 8.2% as compared to 2024. Surgical recorded a total turnover of approximately HK\$895.9 million for the year ended 31 December 2025, representing an increase of 1.8% as compared to 2024. Healthcare and Partner Services delivered a total turnover of approximately HK\$82.9 million for the year ended 31 December 2025, representing a significant increase of 350% as compared to 2024.

The distribution and selling expenses for the year under review were approximately HK\$984.2 million as compared to approximately HK\$934.2 million in 2024, representing an increase of 5.4%. Such expenses primarily consisted of remuneration, advertising costs, travelling and transportation costs, costs related to product training and marketing activities, etc. The increase was in line with the increase in turnover for the year ended 31 December 2025.

The administrative expenses for the year under review were approximately HK\$223.2 million as compared to approximately HK\$213.9 million in 2024. The increase in administrative expenses was mainly due to an increase in R&D expenses.

Total expenditures (inclusive of acquired intangible assets) incurred in R&D for the year ended 31 December 2025 were approximately HK\$177.2 million (2024: approximately HK\$156.6 million), representing 9.8% (2024: 9.4%) of the turnover, of which approximately HK\$139.3 million (2024: approximately HK\$131.6 million) were capitalised.

The Group had cash and cash equivalents of approximately HK\$782.7 million as at 31 December 2025 (2024: approximately HK\$557.2 million).

The Group's bank borrowings as at 31 December 2025 were approximately HK\$325.6 million (2024: approximately HK\$165.3 million), among which 20.0% was repayable within 1 year, 31.7% was repayable in more than 1 year but within 2 years and 48.3% was repayable in more than 2 years but within 5 years. Among the Group's bank borrowings as at 31 December 2025, 30.7% was denominated in Hong Kong Dollar and 69.3% was denominated in Renminbi. All of the Group's bank borrowings bear interest at floating rate. The interest rate of the Group's bank borrowings ranged from 2.4% to 4.5% per annum as at 31 December 2025. Please refer to the sub-section headed "Liquidity and Financial Resources" for details of banking facilities.

The total finance costs of the Group for the year ended 31 December 2025 were approximately HK\$7.8 million (2024: approximately HK\$6.1 million), including interest expenses on bank borrowings and lease liabilities amounting to approximately HK\$9.4 million (2024: approximately HK\$34.3 million) of which approximately HK\$1.6 million (2024: approximately HK\$28.2 million) was capitalised during the year under review.

REPURCHASE OF SHARES

During the year under review, the Company repurchased 123,000 of its shares on The Stock Exchange of Hong Kong Limited and these shares were subsequently cancelled by the Company as at the date of this report. The total amount paid for the repurchases of HK\$325,270 was paid wholly out of retained profits of the Company. Details of those transactions are as follows:

Month	Number of shares repurchased	Price per share		Total price paid HK\$
		Highest HK\$	Lowest HK\$	
January 2025	53,000	2.80	2.68	145,970
February 2025	70,000	2.58	2.55	179,300
	<u>123,000</u>			<u>325,270</u>

The repurchase of the Company's shares was effected by the directors of the Company (the "Directors"), pursuant to the mandate granted by the shareholders of the Company to the Directors at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, as at 31 December 2025, the Group did not have any immediate plan for material investments or acquisition of material capital assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group obtained banking facilities of approximately HK\$952.7 million, of which approximately HK\$389.8 million was utilised. Certain of the banking facilities were secured by the corporate guarantees provided by the Company and two of its subsidiaries.

As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$782.7 million as compared to approximately HK\$557.2 million as at 31 December 2024. Among the cash and cash equivalents of the Group as at 31 December 2025, 68.5% was denominated in Renminbi, 2.0% was denominated in Hong Kong Dollar and 28.2% was denominated in US Dollar.

The Group monitors its capital structure on the basis of a gearing ratio which is defined as the ratio of total liabilities to total assets. The gearing ratio as at 31 December 2025 was 30.9% (2024: 28.8%).

The healthy liquidity position and working capital level together with the unutilised banking facilities are sufficient to meet the Group's capital commitments, as well as to support the Group's daily operations and bank loan repayments.

CHARGES ON GROUP ASSETS

As at 31 December 2025, no asset (2024: no asset) was being pledged to secure the Group's banking facilities.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitments which amounted to approximately HK\$203.8 million (2024: approximately HK\$317.2 million).

CONTINGENT LIABILITIES

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Save as disclosed in this report, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this report, the Group did not hold any significant investments as at 31 December 2025.

FOREIGN EXCHANGE EXPOSURE

It is the Group's policy to borrow and deposit cash in local currencies to minimise currency risk.

The Group's assets, liabilities and transactions are mainly denominated in Hong Kong Dollar, Renminbi or US Dollar. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange risks and therefore no hedging arrangements were made. So long as the linked exchange rate system in Hong Kong with US Dollar is maintained, it is expected that the Group will not be subject to any significant exchange risk. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements as appropriate.

TREASURY POLICY

The Group generally financed its operations with internally generated cash flows, bank and other borrowings. The Group placed these resources into interest-bearing bank accounts opened with the PRC and Hong Kong banks and earned interests in accordance with the PRC and Hong Kong banks rates. Bank deposits were mainly denominated in Renminbi, Hong Kong Dollar and US Dollar.

EMPLOYEES

As at 31 December 2025, the Group had a total of 1,289 full-time employees (2024: 1,450 full-time employees). The aggregate remuneration of the Group's employees, including that of the Directors, for the year under review and the preceding year amounted to approximately HK\$335.0 million and approximately HK\$335.4 million, respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Share options and bonuses are also available to employees of the Group at the discretion of the Directors depending on the financial performance of the Group. Details of the share option scheme of the Company are disclosed in note 34 to the financial statements and on pages 43 to 46 under the Report of the Directors in this report.

The remuneration of each executive Director has been determined with reference to the time commitment and responsibilities of each executive Director, and to the operating results of the Group and his/her performance in the relevant financial year.

* For identification purpose only



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

NGIAM MIA JE PATRICK

Mr. Ngiam, aged 71, is the founder of the Group which was established in February 1999, an executive Director and Chairman of the Company. He is a member of the remuneration committee and nomination committee of the Company, and a director of various subsidiaries of the Company. He is responsible for corporate planning, business development strategy and overall direction of the Group.

Mr. Ngiam graduated in electronics engineering and has received many accolades and awards for his achievements. Notably, in 1990, he was awarded the first KPMG Singapore High Tech Entrepreneur Award. Other awards include the DHL & Singapore Press Holdings Business Award for Businessman of the Year in 1994 and the Chevalier DE L'ORDRE NATIONAL DU MERITE conferred by Le President De La Republique Francaise in 1996.

As at the date of this report, Mr. Ngiam was directly interested in 147,279,000 shares of the Company, and was also deemed to be interested in 6,666,667 shares of the Company held by Dynatech Ventures Pte Ltd, a wholly-owned subsidiary of Essex Investment (Singapore) Pte Ltd, which in turn was owned by Mr. Ngiam and Ngiam Mia Kiat Benjamin (who is a director of a wholly-owned subsidiary of the Company) in equal shares. Mr. Ngiam is a brother of Ngiam Mia Kiat Benjamin, and the father of Mr. Ngiam Hian Leng Malcolm, an executive Director of the Company. Mr. Ngiam is also a director of each of Dynatech Ventures Pte Ltd and Essex Investment (Singapore) Pte Ltd, as well as Chairman and Chief Executive Officer of IPC Corporation Ltd listed on the Singapore Exchange Securities Trading Limited.

FANG HAIZHOU

Mr. Fang, aged 60, is an executive Director and Managing Director of the Company. He has a bachelor's degree in Bio-chemical Engineering from Southern China Institute (華南工學院) and a master's degree in Engineering from Southern China University of Technology (華南理工大學). Mr. Fang is qualified as a Senior Pharmaceutical Engineer (Professor Level) by the Department of Human Resources and Social Security of the Guangdong Province. He has been with Zhuhai Essex Bio-Pharmaceutical Company Limited* since its establishment in June 1996. Mr. Fang is also a director of various subsidiaries of the Company.

As at the date of this report, Mr. Fang was personally interested in 5,244,300 shares of the Company.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

NGIAM HIAN LENG MALCOLM

Mr. Malcolm Ngiam, aged 41, is an executive Director and Chief Executive Officer of the Company. Mr. Malcolm Ngiam is the President of Essex Bio-Investment Limited, a wholly-owned subsidiary of the Company. He is also a director of various subsidiaries of the Company. Mr. Malcolm Ngiam is principally responsible for strategic corporate planning, business development and overall operational management of the Group.

Prior to joining the Group in 2015, Mr. Malcolm Ngiam was involved in translational and therapeutics research for more than 10 years. Mr. Malcolm Ngiam leads the business development team of the Group for executing various investment projects and has direct oversight of the research and development and marketing functions of the Group. Mr. Malcolm Ngiam graduated from Imperial College London and has a bachelor's degree in Biochemistry.

Mr. Malcolm Ngiam is the son of Mr. Ngiam Mia Je Patrick, an executive Director and Chairman of the Company. As at the date of this report, Mr. Malcolm Ngiam was personally interested in 2,039,000 shares of the Company.

YAU LAI MAN

Ms. Yau, aged 62, is an executive Director of the Company. She is the company secretary and authorised representative of the Company. Ms. Yau is a member of the corporate governance committee of the Company, and a director of various subsidiaries of the Company. Ms. Yau is principally responsible for financial planning and management of the Group.

Prior to joining the Group in 2001, Ms. Yau had worked with a “big four” accounting firm and a multinational corporation. Ms. Yau is currently an independent non-executive director of Chu Kong Shipping Enterprises (Group) Company Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 560). Ms. Yau obtained a master's degree in business administration from The University of Warwick in the United Kingdom. Ms. Yau is a member of the Hong Kong Institute of Certified Public Accountants and is also a member of the Institute of Chartered Accountants in England & Wales.

As at the date of this report, Ms. Yau was personally interested in 46,000 shares of the Company.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

FUNG CHI YING

Mr. Fung, aged 71, was appointed as an independent non-executive Director on 13 June 2001. Mr. Fung is a practicing solicitor in Hong Kong. He is presently a partner of Adrian Yeung & Cheng, Solicitors. Mr. Fung is also the chairman of the audit committee and a member of the remuneration committee, nomination committee and corporate governance committee of the Company.

As at the date of this report, Mr. Fung had no interests in the shares or underlying shares of the Company which are required to be disclosed under Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO").

YEOW MEE MOOI

Ms. Yeow, aged 63, was appointed as an independent non-executive Director on 30 September 2004. Ms. Yeow graduated from The University of Southwestern Louisiana, the United States of America, with a bachelor's degree in business administration. Ms. Yeow further obtained her postgraduate diploma in financial management from The University of New England, Australia. Ms. Yeow is a certified practicing accountant of The Hong Kong Institute of Certified Public Accountants and The Australian Society of Certified Practising Accountants. Ms. Yeow has over 34 years' taxation, auditing and commercial experience in Hong Kong. Ms. Yeow is now a director of a management consulting firm in Hong Kong. She is also the chairperson of the remuneration committee, nomination committee and corporate governance committee and a member of the audit committee of the Company.

As at the date of this report, Ms. Yeow had no interests in the shares or underlying shares of the Company which are required to be disclosed under Part XV of the SFO.

YAN MAN SING FRANKIE

Mr. Yan, aged 68, was appointed as an independent non-executive Director on 9 June 2023. He has over 32 years of experience in auditing, financial management, corporate governance and corporate financial advisory with ample experience in the listing of H shares and merger and acquisition transactions in Hong Kong. Mr. Yan serves as a principal and a responsible officer at an investment banking corporation licensed by the Securities and Futures Commission. He is one of the founders of a think-tank that regularly provides recommendations on local public policies, as well as two medical devices research institutes in Hong Kong that specialise in radiology. He began his career with an international accounting firm, spending over 8 years there, including a 1.5-year secondment to its London office. Mr. Yan holds a master's degree in finance and investment management from the University of Salford in the United Kingdom and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Additionally, he serves on the audit committee, remuneration committee, nomination committee and corporate governance committee of the Company.

As at the date of this report, Mr. Yan had no interests in the shares or underlying shares of the Company which are required to be disclosed under Part XV of the SFO.

SENIOR MANAGEMENT

ZHENG ZANSHUN

Mr. Zheng, aged 54, has been with Zhuhai Essex Bio-Pharmaceutical Company Limited* since its establishment in June 1996 and has over 31 years of working experience in gene recombination technology and drug quality standards. Mr. Zheng has a bachelor's degree in Biochemistry from School of Life Sciences in Peking University. Mr. Zheng is qualified as a Senior Pharmaceutical Engineer by the Department of Human Resources and Social Security of the Guangdong Province. Mr. Zheng is a director of various subsidiaries of the Company.

As at the date of this report, Mr. Zheng was personally interested in 582,000 shares of the Company.

DR. XUE QI

Dr. Xue, aged 64, joined the Group as Chief Scientific Officer on 16 April 2018. He is also a director of various subsidiaries of the Company. Dr. Xue is a well-known science expert in anti-cancer drug discovery and development. He is highly experienced in tumor microenvironment, immuno-oncology and angiogenesis assessment. He has direct oversight of the Group's research and development centre in Zhuhai for development programmes in oncology, ophthalmology and dermatology. Dr. Xue obtained his Clinical Research Scholar Certificate from Harvard Medical School in the USA in June 2014. Dr. Xue graduated from Gunma University in Japan with a doctoral degree in Pathology in 2001.

As at the date of this report, Dr. Xue had no interests in the shares or underlying shares of the Company.

CHEN PEISHENG

Mr. Chen, aged 44, joined Zhuhai Essex Bio-Pharmaceutical Company Limited* in 2007 and has nearly 20 years of management experience in the pharmaceutical market and sales sectors. Mr. Chen holds a bachelor's degree in Pharmaceutical Preparation from Shenyang Pharmaceutical University. He is qualified as an Intermediate Pharmaceutical Engineer and has been recognised as an Outstanding Young Talent of Zhuhai and a High-Level Talent of Zhuhai. Mr. Chen is a director of various subsidiaries of the Company.

As at the date of this report, Mr. Chen was personally interested in 240,000 shares of the Company.

* For identification purpose only



REPORT OF THE DIRECTORS

The directors (the “Directors”) of Essex Bio-Technology Limited (the “Company”, together with its subsidiaries, the “Group”) are pleased to present their report and the audited financial statements of the Company and the consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 37 to the financial statements. There were no significant changes in the nature of the Group’s principal activities during the year ended 31 December 2025.

RESULTS AND DIVIDENDS

The Group’s profit for the year ended 31 December 2025 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 57 to 114.

An interim dividend of HK\$0.07 per ordinary share was paid on 23 September 2025. The Directors have recommended the payment of a final dividend of HK\$0.07 per ordinary share for the financial year ended 31 December 2025 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 3 June 2026. Subject to shareholders’ approval, the final dividend will be payable on Friday, 12 June 2026. As at the date of this report, there was no arrangement with any shareholder of the Company under which he/she/it has waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 May 2026 to Tuesday, 26 May 2026 (both days inclusive) for ascertaining shareholders’ right to attend and vote at the forthcoming annual general meeting to be held on Tuesday, 26 May 2026. During this period, no transfer of shares will be registered. In order to be entitled to attend the aforesaid annual general meeting, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 19 May 2026. The record date will be Tuesday, 26 May 2026.

The register of members of the Company will be closed from Monday, 1 June 2026 to Wednesday, 3 June 2026 (both days inclusive) for ascertaining shareholders’ entitlement to the proposed final dividend. No transfer of shares will be registered during this period. In order to be qualified for the proposed final dividend to be approved at the forthcoming annual general meeting to be held on Tuesday, 26 May 2026, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 29 May 2026. The record date will be Wednesday, 3 June 2026.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements, is set out on page 115. This summary does not form part of the audited financial statements.

BUSINESS REVIEW

Overview

The Group continues to focus on manufacturing and selling of its flagship biologic drugs (the bGFG Series) for the treatment and healing of surface wounds and eye wounds. Additionally, the Group markets other pharmaceutical products and medical devices, including Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Moxifloxacin Hydrochloride Eye Drops, Diquafosal Sodium Eye Drops, 適麗順® (Iodized Lecithin Capsules*), CarisolV® dental caries removal gel, 佻典醫生 (Dr. YaDian*) oral care products, 伊血安顆粒 (Yi Xue An Granules*), Soft Hydrophilic Contact Lens, Portable Ultraviolet Phototherapy Devices, PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis, Osteopore’s bioresorbable implants (Osteomesh® and Osteoplug®) for dental surgery in Singapore and other medical devices for myopia control and prevention such as eye-protection lamp and Seewant defocus customised glasses.

The Group’s turnover is primarily made up of the ophthalmology segment (“Ophthalmology”), surgical (encompassing wound care and healing) segment (“Surgical”), which cater to various medical fields including dermatology, stomatology, obstetrics and gynaecology, and Healthcare and Partner Services segment. Furthermore, the Group is expanding its portfolio through strategic investments in emerging therapeutics, focusing on oncology, orthopaedics and neurology.

To drive mid-term and long-term growth, the Group maintains a robust pipeline of multi-project in research and development (“R&D”) initiatives at various stages of clinical programmes, focusing on unit-dose ophthalmic products and biologics including growth factors and antibodies.

As at the date of this report, the Group has 18 R&D programmes in the pre-clinical to clinical stage, with several ophthalmology programmes in clinical stage which are shown in the table below:

Field	Subfield	Project Code	Indication	Discovery	Pre-Clinical	Chemistry, Manufacturing and Controls (“CMC”)	Investigational New Drug (“IND”)	Phase I	Phase II	Phase III	New Drug Application (“NDA”)/ Biologics License Application (“BLA”)	Regulatory	Remarks
Ophthalmology	Ocular surface	EB11-18136P	Dry eye disease	[Progress bar]								United States Food and Drug Administration (“US FDA”)	Phase III ongoing
		EB11-21148P	Dry eye disease	[Progress bar]								National Medical Products Administration (“NMPA”)	Phase II complete
	Retina	EB12-20145P	Exudative (wet) age-related macular degeneration (“wet-AMD”)	[Progress bar]								NMPA	BLA submitted
		EB12-20145P	Wet-AMD	[Progress bar]								US FDA	Phase III complete

Leveraging an extensive distribution network, the Group’s therapeutic products have a widespread presence in the People’s Republic of China (the “PRC”), with prescriptions in more than 14,600 hospitals and medical providers and approximately 2,600 pharmaceutical stores.

This expansive coverage spans major cities, provinces and county cities across the PRC. The Group’s 47 regional sales offices (“RSOs”) directly manage this network.

FINANCIAL KEY PERFORMANCE INDICATORS

For the year ended 31 December 2025, the Group achieved a consolidated turnover of approximately HK\$1,813.8 million, with an increase of 8.6% as compared to approximately HK\$1,669.8 million in 2024. For the year ended 31 December 2025, the Group's profit increased by 3.5% to approximately HK\$318.1 million as compared to approximately HK\$307.2 million in 2024.

Ophthalmology contributed approximately HK\$835.0 million to the Group's turnover for the year ended 31 December 2025, representing an increase of 8.2% as compared to 2024. Surgical recorded a total turnover of approximately HK\$895.9 million for the year ended 31 December 2025, representing an increase of 1.8% as compared to 2024. Healthcare and Partner Services delivered a total turnover of approximately HK\$82.9 million for the year ended 31 December 2025, representing a significant increase of 350% as compared to 2024.

To reward our valued shareholders for their years of valuable support, an interim dividend of HK\$0.07 per ordinary share was paid on 23 September 2025 and the board of Directors (the "Board") is proposing a final dividend of HK\$0.07 per ordinary share to be approved at the upcoming annual general meeting of the Company.

The Group had cash and cash equivalents of approximately HK\$782.7 million as at 31 December 2025 (2024: approximately HK\$557.2 million).

The Group's bank borrowings as at 31 December 2025 were approximately HK\$325.6 million (2024: approximately HK\$165.3 million), among which 20.0% was repayable within 1 year, 31.7% was repayable in more than 1 year but within 2 years and 48.3% was repayable in more than 2 years but within 5 years. Among the Group's bank borrowings as at 31 December 2025, 30.7% was denominated in Hong Kong Dollar and 69.3% was denominated in Renminbi. All of the Group's bank borrowings bear interest at floating rate. The interest rate of the Group's bank borrowings ranged from 2.4% to 4.5% per annum as at 31 December 2025.

The total finance costs of the Group for the year ended 31 December 2025 were approximately HK\$7.8 million (2024: approximately HK\$6.1 million), including interest expenses on bank borrowings and lease liabilities amounting to approximately HK\$9.4 million (2024: approximately HK\$34.3 million) of which approximately HK\$1.6 million (2024: approximately HK\$28.2 million) was capitalised during the year under review.

FUTURE DEVELOPMENT

The Group expects continued organic growth from its flagship biologic drugs, formulated with recombinant bovine basic fibroblast growth factor (rb-bFGF), in the near future years. This will be realised through expanding sales into major county cities in the PRC and executing its clinical plans to affirm additional therapeutic indications. In addition, the Group expects continued contributions from a range of unit-dose eye drops (Tobramycin, Levofloxacin, Sodium Hyaluronate, Moxifloxacin Hydrochloride and Diquafosol Sodium Eye Drops), as well as Carisolv® dental caries removal gel and 佶典醫生 (Dr. YaDian*) oral care products.

適麗順® (Iodized Lecithin Capsules*), an oral ophthalmic product for treating central serous chorioretinopathy, central exudative chorioretinopathy, vitreous haemorrhage, vitreous opacities and central retinal vein occlusion, etc, has become one of the Group's core products and growth drivers since 2022.

The Group further undertakes the promotion and selling of a range of products and medical devices to complement the Group's therapeutics business of Ophthalmology and Surgical, including 伊血安顆粒 (Yi Xue An Granules*), Soft Hydrophilic Contact Lens, Portable Ultraviolet Phototherapy Devices, PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis, Osteopore's bioresorbable implants (Osteomesh® and Osteoplug®) for dental surgery in Singapore and other medical devices for myopia control and prevention such as eye-protection lamp and Seewant defocus customised glasses.

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Ophthalmology	Ocular surface	EB11-18136P	Dry eye disease	[Progress bar: Discovery to Phase III]							US FDA	Phase III ongoing	
		EB11-21148P	Dry eye disease	[Progress bar: Discovery to Phase II]							NMPA	Phase II complete	
	Retina	EB12-20145P	Wet-AMD	[Progress bar: Discovery to Phase III]							NMPA	BLA submitted	
		EB12-20145P	Wet-AMD	[Progress bar: Discovery to Phase III]							US FDA	Phase III complete	

While the Group is staying focused on investing in products and expanding market access for its Ophthalmology and Surgical (encompassing wound care and healing) business segments, especially striving to be one of the leading players in ophthalmology in Asia, for the long-term development perspective, the Group is seeking and will continue to seek new therapeutics, particularly in oncology. The investment made in Antikor Biopharma Limited, a company focusing on the development of antibody fragment drug conjugates for cancer treatment, is a strategic consideration to enable the Group to advance its therapeutics into oncology as long-term growth driver.

Beyond therapeutics, the Group started investing in therapy service business 6 years ago. Under this initiative, the Group currently operates two Telemedicine (“TM”) platforms:

1. Quanyi e-clinic (全—e診) in the PRC
2. YesDok in Indonesia

These TM platforms are at a growth development phase with an objective to develop an ecosystem for patients, practitioners and pharmacies to enable online consultation, e-prescription and remote delivery of drugs, in particular for patients with chronic disease or in far reaching area.

EVENT AFTER THE REPORTING PERIOD

The new value-added tax (“VAT”) law in the PRC, announced on 30 January 2026 and effective retrospectively from 1 January 2026, alters the tax treatment for pharmaceutical wholesale enterprises selling ordinary biological products. Previously, these enterprises could choose a simplified tax rate of 3% but now face the standard tax rate of 13%, aligning with other pharmaceuticals. This change is expected to have impact on the Group’s biologics business, particularly Beifushu® and Beifuji® series.

For illustrative purposes, based on the Group’s turnover for the year ended 31 December 2025, applying the new 13% VAT would result in an estimated turnover impact of approximately HK\$133 million and an estimated gross profit impact of approximately HK\$116 million.

It is expected that the new VAT will have a similar effective impact on the Group’s turnover for the year ending 31 December 2026. This is because the Group cannot pass on the VAT increase to final customers since selling prices inclusive of VAT are fixed under the PRC’s centralised procurement system and turnover is reported net of VAT. While a corresponding impact will apply to the Group’s profit for the year ending 31 December 2026, the Group is proactively and systematically recalibrating operating and distribution costs to mitigate the impact without disrupting its focus on the Group’s development plans.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of factors that may affect the performance of the Group. The summary of major risks and uncertainties is as follows:

1 *Compliance with the Good Manufacturing Practices (“GMP”) Standards*

All pharmaceutical manufacturers in the PRC are required to comply with the GMP standards, otherwise the pharmaceutical manufacturing enterprise permits will be revoked, resulting in the termination of the production. Any failure to comply with the relevant rules and regulations necessary for our operations may result in termination of ongoing operations by regulatory bodies. These may lead to cease of operations and corrective measures requiring additional expenditures or remedial actions, which in the future could materially and adversely affect our reputation, business, financial conditions and results of operations.

2 *Research and Development Risk*

The Group’s future prospect is dependent upon the continuous development and successful commercialisation of new products or the progress of milestones achievement of projects. As one of its expansion strategies, the Group intends to form strategic alliances with suitable partners or candidates that would offer the Group access to promising research projects. The success of biologic drug development and the progress of milestones achievement are highly unpredictable. Products that appear to be promising at the early phases of R&D may fail to reach the market for numerous reasons, including the discovery of harmful side effects in pre-clinical tests and clinical trials, unsatisfactory results in clinical trials and the failure to obtain the necessary regulatory approvals. Consequently, the corresponding R&D expenditure incurred would have to be expensed, which will have an adverse impact on the profitability of the Group.

3 *Product Substitution*

New drug discoveries and developments in recombinant DNA technology and other pharmaceutical processes are expected to continue at a rapid pace. It is difficult to predict the effect of future technological changes and discoveries on the viability or competitiveness of the Group’s products. It is essential for the Group to respond to these changes by developing new products in a timely manner to meet technological advances in the market. In addition, new alliances may have to be formed with new technological partners to enable the Group to have access to emerging technologies and new discoveries. The Group has to adopt and modify development methods, processes and programmes in response to new technologies and discoveries. The failure of the Group to respond rapidly to changing technologies and new discoveries could have a material and adverse impact on the Group’s performance. There is also no assurance that other parties will not independently develop products having therapeutic effects similar or superior to the Group’s products.

4 *Pharmaceutical Pricing Policies in the PRC*

The drug pricing system in the PRC is controlled by the government, and affects the pharmaceutical industry, drug price setting and regulation. Under government intervention, price reduction across therapeutic categories was common during the last 20 years, which may exert a downward pressure towards the price of pharmaceutical products and our market share, revenue and profitability may be adversely affected.

5 *Impact of Local Regulations*

The healthcare system in the PRC is undergoing a crucial reform period, where laws, regulations and policies in effect governing the medical, healthcare and pharmaceutical industry are constantly evolving, in which the Group operates could have a material impact on the results of its operations or growth prospect. The changing political, social, legal, tax, regulatory and environmental requirements at the local level may subject the Group to material and adverse effects, thus leading to more uncertainties and risks in respect of our business and operation.

6 *Volume-Based, Centralised Drug Procurement*

The PRC government launched a national program for volume-based, centralised drug procurement with minimum quantity commitments in an attempt to negotiate lower prices from drug manufacturers and reduce the price of drugs. Under the program, one of the key determining factors for a successful bid is the price. The government will award a contract to the lowest bidders who are able to satisfy the quality and quantity requirements. The successful bidders will be guaranteed a sale volume for at least a year. A volume guarantee gives the winner an opportunity to gain or increase market share. The volume guarantee is intended to make manufacturers more willing to cut their prices to win a bid. It may also enable manufacturers to lower their distribution and commercial costs. Many types of drugs are covered under the program, including drugs made by international pharmaceutical companies and generics that have passed NMPA's evaluation on the consistency of both quality and efficacy. Moreover, the program may change how the aforementioned generic drugs are priced and procured in the PRC and is likely to accelerate the replacement of first-in-class drugs with generic drugs. We cannot be sure whether there will be any changes to the program in the future. The implementation of the program may negatively impact our existing commercial operations in the PRC as well as our strategies on how to commercialise our drugs in the PRC, which could have a material adverse effect on our business, financial condition and results of operations.

7 *Climate Change*

The Group recognises climate change as a significant issue and actively assesses the climate risks posed to the business operations. Climate risks can be categorised into physical and transition risks. Physical climate risks are posed by extreme weather condition such as typhoon and rainstorm in greater frequency and severity, which may cause disruption to our operation and affect the safety of our staff. Transition climate risks result from the transition to a low-carbon economy, which may require changes in policies, regulations, technology and market to address mitigation and adaptation requirements related to climate change. The Group does not expect the transition to a low-carbon economy to have a significant impact on the Group's operation. However, the Group will regularly monitor the regulatory market environment and take relevant measures to address potential transition climate risks. Further details on climate-related risks can be found in the 2025 Environmental, Social and Governance Report of the Company, which will be published at the same time as the publication of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. We strive to minimise our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. We also require our suppliers to operate in strict compliance with the relevant environmental regulations and rules and obtain all necessary permission and approval from the relevant government authorities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report of the Company prepared in accordance with Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) will be published at the same time as the publication of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is subject to, among others, the following major laws and regulations:

Hong Kong

- Listing Rules
- Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “SFO”)
- Companies Ordinance (Chapter 622, Laws of Hong Kong)

PRC

1 Pharmaceuticals production and operation

- Pharmacopoeia of the PRC《中華人民共和國藥典》
- Pharmaceutical Administration Law of the PRC《中華人民共和國藥品管理法》
- Regulations for the Implementation of the Pharmaceutical Administration Law of the PRC《中華人民共和國藥品管理法實施條例》
- Measures for the Supervision and Administration of Production of Pharmaceutical Products《藥品生產監督管理辦法》
- Good Manufacturing Practices for Pharmaceutical Products《藥品生產質量管理規範》
- Good Supply Practices for Pharmaceutical Products《藥品經營質量管理規範》
- Regulations for the Implementation of the Good Supply Practices for Pharmaceutical Products《藥品經營質量管理規範實施細則》
- Measures for the Administration of the Prescription and Non-prescription Drugs (Trial)《處方藥與非處方藥分類管理辦法(試行)》
- Measures for the Administration of Drug Registration《藥品註冊管理辦法》
- Notice on Issuing the Opinions on Pushing Forward the Pharmaceutical Pricing Reform《關於印發推進藥品價格改革意見的通知》
- Opinions on the Implementation of the “Two Invoicing System” in Drugs Procurement in Public Medical Organisations (Trial)《關於在公立醫療機構藥品採購中推行「兩票制」的實施意見(試行)》
- Opinions on the Pharmaceutical Pricing Management《關於做好當前藥品價格管理工作的意見》
- Regulations on the Administration of Pharmaceutical Instructions and Labels《藥品說明書和標籤管理規定》
- Measures for the Administration of Drug Recalls《藥品召回管理辦法》
- Guiding Principles for Pharmacovigilance Inspections《藥物警戒檢查指導原則》
- Regulations on the Administration of Annual Reports on Drugs《藥品年度報告管理規定》
- Measures for the Administration of Drug Standard《藥品標準管理辦法》
- Measures for the Supervision and Administration of Drug Supply and Quality《藥品經營和使用質量監督管理辦法》
- Opinions on the Comprehensively deepening the Supervision Reform of Drug and Medical Device to Promote the High-quality Development of the Pharmaceutical Industry《關於全面深化藥品醫療器械監管改革促進醫藥產業高質量發展的意見》
- Measures for the Administration of Drug Inspection (Trial)《藥品檢查管理辦法(試行)》
- Good Pharmacovigilance Practices for Pharmaceutical Products《藥物警戒質量管理規範》
- Service Capacity Standards for Township Health Centres (2022 Edition)《鄉鎮衛生院服務能力標準(2022版)》

- Service Capacity Standards for Community Health Service Centres (2022 Edition) 《社區衛生服務中心服務能力標準(2022版)》
- Service Capacity Standards for Village Clinics (2022 Edition) 《村衛生室服務能力標準(2022版)》
- Law of the PRC on Import and Export Commodity Inspection 《中華人民共和國進出口商品檢驗法》
- Customs Law of the PRC 《中華人民共和國海關法》
- Frontier Health and Quarantine Law of the PRC 《中華人民共和國國境衛生檢疫法》

2 *Environmental and social standards*

- Environmental Protection Law of the PRC 《中華人民共和國環境保護法》
- Labour Law of the PRC 《中華人民共和國勞動法》
- Labour Contract Law of the PRC 《中華人民共和國勞動合同法》
- Work Safety Law of the PRC 《中華人民共和國安全生產法》
- Water Pollution Prevention and Control Law of the PRC 《中華人民共和國水污染防治法》
- Energy Conservation Law of the PRC 《中華人民共和國節約能源法》
- Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》
- Fire Protection Law of the PRC 《中華人民共和國消防法》
- Occupational Disease Prevention and Control Law of the PRC 《中華人民共和國職業病防治法》
- Regulations for the Safety Management of Hazardous Chemicals 《危險化學品安全管理條例》
- Water Law of the PRC 《中華人民共和國水法》
- Special Rules on the Labour Protection of Female Employees 《女職工勞動保護特別規定》
- Energy Law of the PRC 《中華人民共和國能源法》

3 *Internet policies*

- Measures for the Administration of Drug Information Service over the Internet 《互聯網藥品信息服務管理辦法》
- Notice on Issuing “Measures for the Administration of Internet Hospitals (Trial)”, “Measures for the Administration of Internet Diagnosis and Treatment (Trial)” and “Specifications for the Administration of Remote Medical Services (Trial)” 關於印發《互聯網醫院管理辦法(試行)》、《互聯網診療管理辦法(試行)》及《遠程醫療服務管理規範(試行)》的通知
- Guiding Opinions on Improving the Policies of “Internet Plus” Medical Service Prices and Medical Insurance Payment 《關於完善「互聯網+」醫療服務價格和醫保支付政策的指導意見》
- Opinions on Promoting the Development of “Internet Plus Health Care” 《關於促進「互聯網+醫療健康」發展的意見》
- Measures for the Supervision and Administration of Online Sales of Pharmaceutical Products 《藥品網絡銷售監督管理辦法》
- Regulations for the Supervision and Administration of Internet Diagnosis and Treatment (Trial) 《互聯網診療監管細則(試行)》
- Drug Regulatory Information Standard System 《藥品監管信息化標準體系》
- Inspection Guidelines for Third-Party Online Drug Transaction Platforms (Trial) 《藥品網絡交易第三方平台檢查指南(試行)》
- Measures for the Supervision and Administration of Online Sales of Medical Devices 《醫療器械網絡銷售監督管理辦法》
- NMPA’s Notice on Standardising the Filing and Reporting of Online Drug Sales 《國家藥監局關於規範藥品網絡銷售備案和報告工作的公告》
- Measures for the Administration of Filing of Internet Drug and Medical Device Information Services 《互聯網藥品醫療器械資訊服務備案管理規定》
- Good Supply Practices for Online Sales of Medical Devices 《醫療器械網路銷售質量管理規範》

4 *Medical devices*

- Measures for the Administration of the Clinical Use of Medical Devices 《醫療器械臨床使用管理辦法》
- Regulation on the Supervision and Administration of Medical Devices 《醫療器械監督管理條例》
- Measures for the Administration of Medical Equipment in Medical and Health Institutions 《醫療衛生機構醫學裝備管理辦法》
- Measures for the Administration of the Standards for Medical Devices 《醫療器械標準管理辦法》
- Decision on Adjusting the Approval Procedures of the Administrative Approval Items for Certain Medical Devices 《關於調整部分醫療器械行政審批事項審批程序的決定》
- Measures for the Supervision and Administration of Quality in the Use of Medical Devices 《醫療器械使用質量監督管理辦法》
- Measures for the Supervision and Administration of Medical Devices 《醫療器械經營監督管理辦法》
- Measures for the Administration of Registration and Record of Medical Devices 《醫療器械註冊與備案管理辦法》
- Measures for the Supervision and Administration of Production of Medical Devices 《醫療器械生產監督管理辦法》
- Regulations on the Administration of Instructions and Labels of Medical Devices 《醫療器械說明書和標籤管理規定》
- Guiding Principles for On-site Inspection of Medical Device Supply Quality Control Regulations 《醫療器械經營質量管制規範現場檢查指導原則》
- NMPA's Notice on Further Strengthening the Supervision and Management of Entrusted Manufacturing by Registrants of Medical Devices 《國家藥監局關於進一步加強醫療器械註冊人委託生產監督管理的公告》
- Measures for the Supervision and Inspection of Medical Device Clinical Trial Institutions (Trial) 《醫療器械臨床試驗機構監督檢查辦法(試行)》

During the year ended 31 December 2025, the Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

KEY RELATIONSHIPS

1 *Employees*

Human resources are one of the greatest assets of the Group and the Group considers the personal development of its employees as highly important. The Group wants to continue to be an attractive employer for committed employees.

The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides on-the-job training and development opportunities to our staff members. The training programs cover areas such as managerial skills, sales and production, customer services, quality control and training of other areas relevant to the industry.

The Group offers competitive remuneration packages to our employees. The Group has also adopted share option schemes to recognise and reward the contribution of the employees to the growth and development of the Group.

2 *Suppliers*

We have developed long-standing relationships with a number of our vendors and take great effort to ensure that they share our commitment to quality and ethics. We carefully select our suppliers and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

3 *Marketing agents and distributors*

We sell our products to hospitals and medical providers through RSOs, marketing agents and distributors. We require our RSOs, marketing agents and distributors to comply with the relevant laws and regulations and our sales and marketing policies, including but not limited to the selling price and promotional activities. We also monitor the financial condition and repayment history of our distributors, and the sales performance of them.

4 *Hospitals and doctors*

The vast distribution network enabled the Group's therapeutic products to be prescribed in over 14,600 hospitals and medical providers, as well as approximately 2,600 pharmaceutical stores, covering major cities, provinces and county cities throughout the PRC.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year under review are set out in note 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

There was no movement in the Company's authorised share capital during the year under review. Please refer to the sub-section headed "Purchase, Redemption or Sale of Listed Securities of the Company" for details of the share repurchase of the Company conducted during the year under review. For the year ended 31 December 2025, there was no grant, exercise, lapse or cancellation of share options (the "Options") under the Company's share option scheme as approved by the shareholders of the Company at the annual general meeting held on 9 June 2023 (the "Scheme"). Details of the Company's share capital and details of the Scheme are set out in notes 32 and 34 respectively to the financial statements.

Summary of the Scheme

1. Purpose of the Scheme:
 - (a) To recognise and acknowledge the contributions that the Eligible Participants (as defined below) have (or may have) made or may make to the Group (whether directly or indirectly).
 - (b) To attract and retain and appropriately remunerate the best possible quality of Employees (as defined below) and other Eligible Participants (as defined below).
 - (c) To motivate the Eligible Participants (as defined below) to optimise their performance and efficiency for the benefit of the Group.
 - (d) To enhance its business, employee and other relations.
 - (e) To retain maximum flexibility as to the range and nature of rewards and incentives which the Group can offer to Eligible Participants (as defined below).

2. Participants of the Scheme:

- (a) any director of the Company or any of its subsidiaries or any employee employed by the Company and/or any of its subsidiaries (whether full time or part time, including persons who are granted options under the Scheme as an inducement to enter into employment contract with any of such companies) ("Category A Participant"); or
- (b) any director or employee (whether full time or part time) of any of the Company's holding companies, fellow subsidiaries and associated companies ("Category B Participant"); or
- (c) any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including consultants and advisors of the Company with relevant expertise in fields related to biotechnology and capital market, and investor relations consultants, which could provide insights on areas such as investor relations, market development and promotion, technological trends and innovations, as well as management (excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) ("Category C Participant")

(Category A Participant, Category B Participant and Category C Participant collectively referred to as the "Eligible Participants"). The basis of eligibility of any of the above categories of the Eligible Participants to the grant of any right(s) to subscribe for fully paid share(s) of HK\$0.10 each of the Company (or such other nominal amount prevailing from time to time) (the "Share(s)") granted pursuant to the Scheme shall be determined by the Board taking into account (i) the experience of the Eligible Participants on the Group's business; (ii) the length of service of the Eligible Participants with the Group if the Eligible Participant is an employee or a director of the Group; (iii) the actual degree of involvement in and/or cooperation with the Group; and (iv) the amount of support, assistance, guidance, advice, efforts and contribution the Eligible Participant has given or made, or may give or make, towards the success of the Group in the future.

- ### 3.
- (a) The maximum number of Shares in respect of which Options may be granted under the Scheme shall not, in aggregate, exceed 10.0% of the Shares in issue as at the date of approval of the Scheme, i.e. 57,064,900 (the "Scheme Mandate Limit").
 - (b) The maximum number of Shares in respect of which Options may be granted to all Category C Participants under the Scheme shall not, in aggregate, exceed 1.0% of the Shares in issue as at the date of approval of the Scheme and 10.0% of the Scheme Mandate Limit, i.e. 5,706,490.
 - (c) Number of Options available for grant under the Scheme as at 31 December 2025 and the date of this report is 57,064,900.
 - (d) Number of Options available for grant to Category C Participants under the Scheme as at 31 December 2025 and the date of this report is 5,706,490.
 - (e) Number of Shares that may be issued in respect of the Options granted under the Scheme and all other schemes or awards of the Company, if any, during the year under review (i.e. nil) divided by the weighted average number of Shares in issue for the year under review:

Not applicable.

- (f) Total number of ordinary shares of HK\$0.10 each in the capital of the Company available for issue under the Scheme as at the date of this report:

57,064,900 Shares.

- (g) Percentage of the issued share capital that it represents as at the date of this report:

10.06%.

4. Maximum entitlement of each Eligible Participant under the Scheme and all other schemes or awards of the Company, if any:

Not to exceed an aggregate of 1.0% of the Shares in issue in any 12-month period unless approved by shareholders of the Company and meeting the other requirements as stipulated under the Scheme.

5. Period within which the Shares must be taken up under an Option:

Within 10 years from the date on which necessary resolutions in relation to the Scheme have been approved by the shareholders of the Company in general meeting and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the approval for the listing of and permission to deal in the Shares to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the Scheme (i.e. 9 June 2023) (the "Effective Date") or such shorter period as the Board may determine.

6. Minimum period for which an Option must be vested:

Not less than 12 months, save and except that Options to be granted to a Category A Participant may be subject to a vesting period of less than 12 months (or no vesting period) in the following circumstances:

- (a) grants of "make-whole" Options to new joiners to replace the share awards they forfeited when leaving the previous employer;
- (b) grants of Options to a Category A Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants of Options that are made in batches during a year for administrative and compliance reasons;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period 12 months; and
- (e) grants of Options with a total vesting and holding period of more than 12 months.



REPORT OF THE DIRECTORS

7. (a) Price payable on application or acceptance of the Option:
HK\$1.00.
 - (b) The period within which payments or calls must or may be made:
No offer shall be capable of or open for acceptance after the expiry of ten years from the Effective Date.
 - (c) The period within which loans for the purposes of the payments or calls must be repaid:
Not applicable.
8. Basis of determining the exercise price:
The exercise price shall be determined by the Board and notified to each grantee under the offer letter and shall not be less than the highest of:
 - (a) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant of the relevant Option;
 - (b) the average closing price of a Share as stated in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant of the relevant Option; and
 - (c) the nominal value of a Share.
 9. The remaining life of the Scheme:
Approximately 7.3 years (expiring on 8 June 2033).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient prescribed public float under the Listing Rules throughout the year under review and up to the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year under review, the Company repurchased 123,000 of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company as at the date of this report. The total amount paid for the repurchases of HK\$325,270 was paid wholly out of retained profits of the Company. Details of those transactions are as follows:

Month	Number of shares repurchased	Price per share		Total price paid HK\$
		Highest HK\$	Lowest HK\$	
January 2025	53,000	2.80	2.68	145,970
February 2025	70,000	2.58	2.55	179,300
	<u>123,000</u>			<u>325,270</u>

The repurchase of the Company's shares was effected by the Directors, pursuant to the mandate granted by the shareholders of the Company to the Directors at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the year under review. As at 31 December 2025, the Company did not hold any treasury shares.

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreements during the year under review. Other than the Scheme as disclosed under the paragraph headed "Share Capital and Share Options" in this Report of the Directors and note 34 to the financial statements, no equity-linked agreements were subsisted at the end of or at any time during the year under review.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year under review are set out in note 33 to the financial statements and in the consolidated statement of changes in equity on page 59, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had reserves of HK\$18,554,216 available for distribution, calculated in accordance with the provisions of the Companies Act of the Cayman Islands as detailed in note 33 to the financial statements. Prior to the date of this report, subsidiaries of the Company had declared dividends to the Company and the Company's reserves available for distribution, calculated in accordance with the relevant provisions of the Companies Act of the Cayman Islands amounted to HK\$108,554,216, of which HK\$39,690,420 has been proposed as a final dividend for the year under review.

CHARITABLE DONATIONS

During the year under review, the Group made charitable donations amounting to approximately HK\$535,000 (2024: approximately HK\$887,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for approximately 50.4% of the Group's total sales for the year and sales to the largest customer included therein accounted for approximately 25.7% of the Group's total sales.

During the year under review, purchases from the Group's five largest suppliers accounted for approximately 43.6% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 16.5% of the Group's total purchases.

None of the Directors, or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers during the year under review.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Ngiam Mia Je Patrick (*Chairman*)
Fang Haizhou (*Managing Director*)
Ngiam Hian Leng Malcolm (*Chief Executive Officer*)
Yau Lai Man

Independent non-executive Directors:

Fung Chi Ying
Yeow Mee Mooi
Yan Man Sing Frankie

In compliance with the Company's articles of association and as recommended by the nomination committee of the Company, Fang Haizhou, Fung Chi Ying and Yan Man Sing Frankie will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company to be held on Tuesday, 26 May 2026.

DIRECTORS' SERVICE CONTRACTS

Each executive Director has entered into a service agreement with the Company.

Details of the appointments of the independent non-executive Directors are set out in the Corporate Governance Report on page 117 of this report.

Save as disclosed in note 11 to the financial statements, there were no other emoluments, pensions or any compensation arrangements for the Directors and past Directors which are required to be disclosed under the Listing Rules, or section 383 of the Companies Ordinance (Chapter 622, Laws of Hong Kong) or the Companies (Disclosure of Information about Benefits of Directors) Regulation (Chapter 622G, Laws of Hong Kong). Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory obligations.

CONFIRMATION OF INDEPENDENCE

The Company considers all the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules, and has received from each of the independent non-executive Directors a written confirmation of independence.

PERMITTED INDEMNITY PROVISION

Article 164(1) of the Articles of Association of the Company provides, among other things, that the Directors and other officers shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may be attached to any of them. Such permitted indemnity provision is currently in force and was in force during the year ended 31 December 2025.

DIRECTORS' OR CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There has been no transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with the Director or controlling shareholders of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year under review. There has also been no contract of significance for the provision of services to the Company or any of its subsidiaries by controlling shareholders of the Company or any of its subsidiaries during the year under review.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is implemented by the human resources department on the basis of their merit, qualifications, and competence and is reviewed by the executive Directors.

The Company has adopted the model whereby the remuneration committee of the Board (the "Remuneration Committee") makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management, which should include benefits in kind, pension rights and compensation payments and any compensation payable for loss or termination of their office(s) or appointment(s), and to make recommendations to the Board on the remuneration of non-executive Directors (if any).

In determining or recommending the remuneration packages of the Directors and senior management, the Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration. In reviewing and approving performance-based remuneration, reference will be made by the Remuneration Committee to the Group's corporate goals and objectives resolved by the Board from time to time.

For the year ended 31 December 2025, there was no arrangement under which a Director or the chief executive of the Company waived or agreed to waive any emolument.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST-PAID EMPLOYEES

Details of the remuneration of Directors (on a named basis) and the five highest-paid employees are set out in notes 11 and 12 to the financial statements, respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in shares of the Company:

Name	Capacity	Number of ordinary shares/underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital as at 31 December 2025
Ngiam Mia Je Patrick	Beneficial owner and interests of controlled corporations	153,945,667 (Note 1)	27.15%
Fang Haizhou	Beneficial owner	5,244,300 (Note 2)	0.92%
Ngiam Hian Leng Malcolm	Beneficial owner	2,039,000 (Note 3)	0.36%
Yau Lai Man	Beneficial owner	46,000 (Note 4)	0.01%

Notes:

1. (a) 147,279,000 ordinary shares were registered in the name of Ngiam Mia Je Patrick.

 (b) 6,666,667 ordinary shares were held by Dynatech Ventures Pte Ltd ("Dynatech") which was wholly owned by Essex Investment (Singapore) Pte Ltd ("Essex Singapore"). Since Essex Singapore is owned by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in equal shares, Ngiam Mia Je Patrick was deemed to be interested in these shares under the SFO as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings.
2. 5,244,300 ordinary shares were registered in the name of Fang Haizhou.
3. 2,039,000 ordinary shares were registered in the name of Ngiam Hian Leng Malcolm.
4. 46,000 ordinary shares were registered in the name of Yau Lai Man.

Save as disclosed above, as at 31 December 2025, none of the Directors and the chief executive of the Company had any interest and short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and the Scheme as disclosed under the paragraph headed "Share Capital and Share Options" above, at no time during the year under review were rights to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 31 December 2025, the following persons or entities, other than the Director or chief executive of the Company had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company:

Name	Capacity	Number of ordinary shares/underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital as at 31 December 2025
Ngiam Mia Kiat Benjamin	Beneficial owner and interests of controlled corporations	152,020,667 (Note 1)	26.81%
Lauw Hui Kian	Family interest	153,945,667 (Note 2)	27.15%

Notes:

- 145,354,000 ordinary shares were registered in the name of Ngiam Mia Kiat Benjamin.
 - 6,666,667 ordinary shares were held by Dynatech which was wholly owned by Essex Singapore, which in turn was owned by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in equal shares. Therefore, Ngiam Mia Kiat Benjamin was deemed to be interested in these shares under the SFO as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings.
- Lauw Hui Kian is the spouse of Ngiam Mia Je Patrick (an executive Director). Therefore, Lauw Hui Kian was deemed to be interested in 153,945,667 ordinary shares in which Ngiam Mia Je Patrick was interested/deemed to be interested under the SFO.



REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2025, no other persons or entities (other than the Directors and chief executive of the Company whose interests are set out under the paragraph headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” above) had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under section 336 of the SFO.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the related party transactions for the year under review are set out in note 42 to the financial statements. None of these related party transactions constitutes connected transaction or continuing connected transaction which is required to be disclosed under the Listing Rules. The Directors confirm that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year under review.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the substantial shareholders of the Company and any of their respective close associates has engaged in any businesses that compete or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group during the year under review which are required to be disclosed under the Listing Rules.

AUDITOR

BDO Limited will retire and a resolution for the re-appointment of auditor of the Company will be proposed at the forthcoming annual general meeting to be held on Tuesday, 26 May 2026.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the year under review. Please refer to the Corporate Governance Report on pages 116 to 129 of this report.

ON BEHALF OF THE BOARD

Ngiam Mia Je Patrick

Chairman

Hong Kong
23 March 2026

* For identification purpose only

INDEPENDENT AUDITOR'S REPORT



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To the Shareholders of Essex Bio-Technology Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Essex Bio-Technology Limited (the "Company") and its subsidiaries (hereafter referred to as the "Group") set out on pages 57 to 114, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Recognition and subsequent measurement of other intangible assets

Refer to Notes 4(g), 5 and 21 to the consolidated financial statements.

Other intangible assets amounted to the net carrying value of approximately HK\$1,266.2 million as at 31 December 2025, which comprised capitalised expenditure for development of biopharmaceutical products and acquired intangible assets. The Group capitalises eligible product development costs upon meeting the criteria of HKFRS Accounting Standards. Capitalisation criteria assessment requires significant judgement and measurement of uncertainty at inception and throughout the lives of the individual projects. Judgements involved to determine the eligibility of the costs for capitalisation, and the subsequent measurement requires detailed analysis. The Group's intangible assets are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and impairment losses.



INDEPENDENT AUDITOR'S REPORT

Our Response

Our audit procedures included, amongst others, the following:

- (i) Assessing the eligibility of the development costs for capitalisation as intangible assets under HKFRS Accounting Standards by (a) reviewing the design of the controls identified by the management surrounding the intangible assets capitalisation and subsequent settlement; (b) obtaining an understanding of and evaluating the specific recognition timing and conditions for the capitalisation of development costs by management; (c) inquiring management about the reasons for periodical fluctuations in capitalised development costs and analysing those fluctuations for subsequent measurement; for which we considered as key areas, (d) performing substantive test of details on a sample basis and reviewing related supporting documents in relation to the recognition of capitalised development costs; and (e) evaluating the progress of the development projects based on the inspection of supporting documents on a sample basis; and
- (ii) With the assistance of our own valuation specialists where appropriate, evaluating the assumptions and methodologies used by the Group to test the appropriateness of impairment assessment of the intangible assets in accordance with the relevant HKFRS Accounting Standards.

Other Information in the Annual Report

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

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

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

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

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

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

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

BDO Limited

Certified Public Accountants

Lai Cheuk Wai

Practising Certificate Number: P07921

Hong Kong, 23 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$	2024 HK\$
Turnover	6 & 7	1,813,807,257	1,669,816,770
Cost of sales		(195,921,227)	(171,154,250)
Gross profit		1,617,886,030	1,498,662,520
Other revenue, and other gains and losses	8	12,161,872	33,964,595
Distribution and selling expenses		(984,179,192)	(934,180,643)
Administrative expenses		(223,228,996)	(213,947,904)
Finance costs	9	(7,815,031)	(6,087,256)
Share of loss of an associate		(162,383)	(2,911,081)
Profit before income tax	10	414,662,300	375,500,231
Income tax	14	(96,571,137)	(68,278,413)
Profit for the year		318,091,163	307,221,818
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		72,173,508	(56,207,805)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of equity instruments at fair value through other comprehensive income		(26,863,157)	9,643,772
Other comprehensive income for the year		45,310,351	(46,564,033)
Total comprehensive income for the year		363,401,514	260,657,785
Earnings per share attributable to owners of the Company			
Basic	16	HK56.10 cents	HK54.14 cents
Diluted	16	HK56.10 cents	HK53.18 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK\$	2024 HK\$
Non-current assets			
Property, plant and equipment	17	497,822,118	393,979,768
Right-of-use assets	18(a)	19,306,919	20,226,464
Land use rights	19	13,957,760	13,701,944
Goodwill	20	56,547,208	53,950,779
Other intangible assets	21	1,266,181,333	1,127,654,183
Investment in an associate		–	159,303
Convertible loan receivables	22	–	14,545,374
Financial assets at fair value through other comprehensive income	23	14,562,460	44,223,974
Financial assets at fair value through profit or loss	23	380,387	2,589,859
Deposits and prepayments	26	1,877,577	28,712,150
Total non-current assets		1,870,635,762	1,699,743,798
Current assets			
Inventories	24	79,398,026	58,938,488
Trade and other receivables	25	690,663,919	586,295,190
Deposits and prepayments	26	48,960,109	46,604,231
Convertible loan receivables	22	16,960,885	30,724,762
Financial assets at fair value through profit or loss	23	1,411,978	3,572,345
Cash and cash equivalents	27	782,730,099	557,166,527
Total current assets		1,620,125,016	1,283,301,543
Total assets		3,490,760,778	2,983,045,341
Current liabilities			
Trade and other payables	28	571,311,414	545,396,348
Bank borrowings	29	65,006,750	69,798,439
Lease liabilities	18(b)	4,093,825	3,265,185
Current tax liabilities		126,493,166	90,517,863
Total current liabilities		766,905,155	708,977,835
Net current assets		853,219,861	574,323,708
Total assets less current liabilities		2,723,855,623	2,274,067,506
Non-current liabilities			
Bank borrowings	29	260,641,893	95,549,757
Lease liabilities	18(b)	17,161,622	18,425,411
Deferred tax liabilities	31	32,966,464	36,372,158
Total non-current liabilities		310,769,979	150,347,326
Total liabilities		1,077,675,134	859,325,161
NET ASSETS		2,413,085,644	2,123,720,180
Capital and reserves attributable to owners of the Company			
Share capital	32	56,700,600	56,712,900
Reserves		2,356,385,044	2,067,007,280
TOTAL EQUITY		2,413,085,644	2,123,720,180

On behalf of the Board

Ngiam Hian Leng Malcolm

Yau Lai Man

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Equity attributable to owners of the Company										
	Share capital HK\$ Note 32	Share premium HK\$	Capital reserve HK\$ Note 33(i)	Statutory surplus reserve HK\$ Note 33(ii)	Foreign currency translation reserve HK\$ Note 33(iii)	Fair value through other comprehensive income reserve HK\$ Note 23	Fair value reserve HK\$	Conversion component of loan payable HK\$ Note 30	Retained earnings HK\$	Total HK\$
At 1 January 2024	56,758,500	73,278,953	362,442	90,682,921	(100,704,975)	(74,915,334)	18,095,900	15,227,318	1,844,991,500	1,923,777,225
Profit for the year	-	-	-	-	-	-	-	-	307,221,818	307,221,818
Other comprehensive income:										
- Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	9,643,772	-	-	-	9,643,772
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(56,207,805)	-	-	-	-	(56,207,805)
Total comprehensive income for the year	-	-	-	-	(56,207,805)	9,643,772	-	-	307,221,818	260,657,785
2023 final dividend paid	-	-	-	-	-	-	-	-	(25,539,300)	(25,539,300)
2024 interim dividend paid	-	-	-	-	-	-	-	-	(34,044,000)	(34,044,000)
Shares repurchased and cancelled	(45,600)	(792)	-	-	-	-	-	-	(1,085,138)	(1,131,530)
Transfer of fair value reserve upon the disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(1,183,031)	-	-	1,183,031	-
Transfer of fair value reserve upon the repayment of convertible loan payable	-	-	-	-	-	-	(18,095,900)	(15,227,318)	33,323,218	-
At 31 December 2024 and 1 January 2025	56,712,900	73,278,161	362,442	90,682,921	(156,912,780)	(66,454,593)	-	-	2,126,051,129	2,123,720,180
Profit for the year	-	-	-	-	-	-	-	-	318,091,163	318,091,163
Other comprehensive income:										
- Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(26,863,157)	-	-	-	(26,863,157)
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	72,173,508	-	-	-	-	72,173,508
Total comprehensive income for the year	-	-	-	-	72,173,508	(26,863,157)	-	-	318,091,163	363,401,514
2024 final dividend paid	-	-	-	-	-	-	-	-	(34,020,360)	(34,020,360)
2025 interim dividend paid	-	-	-	-	-	-	-	-	(39,690,420)	(39,690,420)
Shares repurchased and cancelled	(12,300)	(214)	-	-	-	-	-	-	(312,756)	(325,270)
Transfer of fair value reserve upon the disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	10,718,772	-	-	(10,718,772)	-
At 31 December 2025	56,700,600	73,277,947	362,442	90,682,921	(84,739,272)	(82,598,978)	-	-	2,359,399,984	2,413,085,644

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$	2024 HK\$
Cash flows from operating activities			
Profit before income tax		414,662,300	375,500,231
Adjustments for:			
Interest income from convertible loan receivables	8	(1,413,493)	(1,852,363)
Interest income from bank deposits	8	(10,415,272)	(9,593,998)
Change in fair value of financial assets at fair value through profit or loss	8	1,954,328	(930,695)
Write-off of other intangible assets	8	–	2,876,931
Impairment loss on other intangible assets	8	8,466,362	–
Impairment loss on trade receivables	8	–	7,186,607
Expenses/(income) from litigation claim, net	8	10,162,265	(21,140,015)
Gain on bargain purchase	8	(12,659,942)	–
Finance costs	9	7,815,031	6,087,256
Share of loss of an associate		162,383	2,911,081
Amortisation of land use rights	10	359,857	360,208
Amortisation of other intangible assets	10	24,968,045	24,894,619
Depreciation of property, plant and equipment	10	30,955,705	25,830,661
Depreciation of right-of-use assets	10	6,308,053	4,787,466
Exchange (gains)/losses, net		(7,793,538)	2,757,349
Loss on disposal of property, plant and equipment	10	181,486	479,791
Write-off of inventories	10	1,036,222	3,870,565
Operating cash flows before working capital changes		474,749,792	424,025,694
Increase in inventories		(18,350,428)	(2,246,799)
(Increase)/decrease in trade and other receivables		(86,817,387)	12,942,986
Decrease/(increase) in deposits and prepayments		656,888	(21,056,827)
Increase in trade and other payables		6,493,287	17,084,478
Cash generated from operations		376,732,152	430,749,532
Tax paid		(70,413,611)	(62,279,451)
Net cash generated from operating activities		306,318,541	368,470,081
Cash flows from investing activities			
Acquisition of property, plant and equipment		(106,661,643)	(19,652,305)
Deposits paid for acquisition of property, plant and equipment		(844,161)	(24,745,126)
Increase in other intangible assets		(67,100,925)	(75,073,613)
Increase in investment in an associate		–	(2,160,819)
Purchase of convertible loan receivables		–	(3,134,872)
Acquisition of a subsidiary	35	(1,050,767)	–
Bank interest received		10,415,272	9,593,998
Decrease in restricted cash		–	3,348,283
Proceeds from disposal of property, plant and equipment		71,045	746,045
Proceeds from disposal of financial assets at fair value through other comprehensive income		–	4,487,570
Net cash used in investing activities		(165,171,179)	(106,590,839)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$	2024 HK\$
Cash flows from financing activities		
Proceeds from bank borrowings	233,872,257	106,897,860
Repayments of bank borrowings	(82,439,033)	(28,100,113)
Payments of lease liabilities	(7,005,714)	(5,277,154)
Repayment of convertible loan payable	–	(150,000,000)
Payments for shares bought back	(325,270)	(1,131,530)
Interest paid on bank borrowings	(8,293,798)	(4,090,957)
Interest and make whole premium paid on convertible loan payable	–	(59,527,750)
Dividends paid to owners of the Company	(73,710,780)	(59,583,300)
Net cash generated from/(used in) financing activities	62,097,662	(200,812,944)
Net increase in cash and cash equivalents	203,245,024	61,066,298
Cash and cash equivalents at beginning of year	557,166,527	509,845,284
Effect of exchange rate changes on cash and cash equivalents	22,318,548	(13,745,055)
Cash and cash equivalents at end of year	782,730,099	557,166,527
Analysis of balances of cash and cash equivalents		
Cash and bank balances	572,756,812	331,148,944
Non-pledged time deposits with original maturity of less than three months when acquired	209,973,287	226,017,583
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	782,730,099	557,166,527

Non-cash transactions

During the year ended 31 December 2025, additions of property, plant and equipment of HK\$28,281,303 (2024: HK\$5,886,706) were transferred from deposits and prepayments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. General

Essex Bio-Technology Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 31 July 2000 under Companies Act Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock code: 1061). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at Room 3206, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in investment holding, and development, manufacture and sale of biologic drugs.

2. Basis of Preparation

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) *Basis of measurement*

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values. The measurement bases are fully described in the accounting policies set out in note 4 below.

(c) *Functional and presentation currency*

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

3. Adoption of HKFRS Accounting Standards

(a) *Adoption of revised HKFRS Accounting Standards with effect from 1 January 2025*

The Group has adopted the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time for the current year's financial statements.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of these amendments has no material impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Adoption of HKFRS Accounting Standards *(Continued)*

(b) New/revised HKFRS Accounting Standards that have been issued but are not yet effective and not early adopted

The following new/revised HKFRS Accounting Standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

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

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

² Effective for annual periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 is a new standard on presentation and disclosure in financial statements, which supersedes HKAS 1 *Presentation of Financial Statements*. HKFRS 18 introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- (a) Presentation of new defined subtotals in the statement of profit or loss;
- (b) Disclosures about management-defined performance measures; and
- (c) Enhanced requirements for grouping (aggregation and disaggregation) of information.

The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements. Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) *Subsidiaries*

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) *Associates*

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interests in the associates are not recognised unless there is an obligation to make good those losses.

(d) *Business combination and goodwill*

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition-date fair value which is the sum of the acquisition-date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(d) Business combination and goodwill (Continued)

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interests in the acquiree over the fair value of identifiable assets and liabilities acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Property, plant and equipment, other than construction in progress, are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The annual rates are as follows:

Buildings and leasehold improvements	2%-20% or the remaining lease period whichever is shorter
Plant and machinery	9%-18%
Furniture, fixtures and equipment	10%-33%
Motor vehicles	10%-20%

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(f) Leases

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

Group as a lessee

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

(i) Right-of-use assets

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

Leasehold buildings	3-10 years
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(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(g) Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on straight-line basis over their useful lives. The amortisation expense is recognised in profit or loss.

Distribution rights	10-25 years
Development costs amortised under straight-line method	10 years

(ii) Research and development expenditure

Expenditure on internally developed products is capitalised if it can be demonstrated that:

1. it is technically feasible to develop the product for it to be sold;
2. adequate resources are available to complete the development;
3. there is an intention to complete and sell the product;
4. the Group is able to sell the product;
5. sale of the product will generate future economic benefits; and
6. expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

Capitalised development expenditure amortised under license period	10 years
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Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Impairment

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets that are not yet available for use are tested for impairment at least annually.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(h) Financial instruments

(i) Financial assets

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVTOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as fair value through profit or loss ("FVTPL"), whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVTOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

For other debt financial assets, the ECLs are based on the 12 months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 to 90 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 to 180 days past due, depending on credit worth of customers.

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

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, bank borrowings and the debt component of convertible loan issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(h) Financial instruments (Continued)

(iv) Convertible loan payable

Convertible loan payable issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan into equity, is included in equity (conversion component of convertible loan payable).

In subsequent periods, the liability component of the convertible loan payable is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in conversion component of convertible loan payable until the embedded option is exercised (in which case the balance stated in conversion component of convertible loan payable will be transferred to share capital and share premium. Where the option remains unexercised at the expiry dates, the balance stated in conversion component of convertible loan payable will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

(i) Development, manufacture and sale of biologic drugs

Customers obtain control of the biologic drugs when the goods are delivered to and have been accepted. Revenue is thus recognised at a point in time upon when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 90 days.

The Group's contracts with customers from the sale of product provides customers a right of return (a right to exchange another product or to be refunded in cash). The right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised. The directors of the Company (the "Directors") considered that the financial impact of the returned goods is minimal, with reference to the historical returned goods pattern and the management assessment of possible return of goods.

(ii) Provision of healthtech e-platform related medical services

Revenue from healthtech e-platform related medical services is recognised at a point in time when those services are provided.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

(l) Foreign currency

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve.

(m) Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(n) Impairment of other assets (other than financial assets)

At the end of each reporting period, the Group assesses whether there is any indication that any of other intangible assets may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. If the asset does not generate cash flows that are largely independent of those from other assets or group of assets, the recoverable amount of the cash-generating unit for which the asset belongs to is estimated.

If the recoverable amount (i.e. the higher of the fair value less costs of disposal and value in use) of an asset/cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Material Accounting Policies *(Continued)*

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Research and development costs

In accordance with the accounting policy set out in note 4, costs associated with research activities are expensed in profit or loss as they are incurred, while costs that are directly attributable to development activities are recognised as other intangible assets provided they meet all the requirements. This requires the management to make judgements to distinguish the research phase and development phase of the projects being undertaken. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research, findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. Determining the amounts to be expensed in profit or loss or to be capitalised required management to make judgement, and assumptions regarding the expected progress and outcome of the research and development activities, the future expected cash generation of the assets, discount rates to be applied, and also the expected period of, probable future economic benefits.

(b) Impairment of trade and other receivables

The Group makes allowance for impairment on trade and other receivables based on assumptions about risk of default and ECL rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management reassesses the estimations at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

(d) Impairment of non-financial assets

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable, except that intangible assets that are not yet available for use and goodwill are tested for impairment at least annually. The Group assesses whether there are any indicators of impairment for all applicable non-financial assets at the end of each reporting period. An impairment exists when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) Income taxes

The Group is subject to income taxes in different jurisdictions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Fair value measurement

The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

(f) Fair value measurement (Continued)

(i) Financial instruments measured at fair value

As at the end of the reporting period, convertible loan receivables and equity investments included in the consolidated financial statements require measurement at, and disclosure of, fair value.

The fair value of financial instruments with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key unobservable inputs and fair value are set out in notes (iii) and (iv) below.

(ii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, bank borrowings and lease liabilities.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current portion of bank borrowings and lease liabilities approximate to their fair values due to the short term maturities of these instruments.

The fair values of non-current portion of bank borrowings and lease liabilities for disclosure purposes have been determined using discounted cash flow models and are classified as level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the Group.

(iii) Information about level 2 fair value measurement

The fair values of the financial instruments included in the level 2 category have been determined with reference to generally accepted pricing models based on quoted prices for identical or similar assets or liabilities in markets that are not active.

(iv) Information about level 3 fair value measurement

The fair values of the financial instruments included in the level 3 category as at the end of the current year have been determined by the Directors with reference to the valuation performed by International Valuation Limited, an independent firm of professionally qualified valuers, details of which are set out in note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(f) Fair value measurement (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Recurring fair value measurement Financial assets:	As at 31 December 2025			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Listed equity investments	15,974,438	–	–	15,974,438
Unlisted equity investments	–	380,387	–	380,387
Convertible loan receivables	–	–	16,960,885	16,960,885

Recurring fair value measurement Financial assets:	As at 31 December 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Listed equity investments	33,199,653	–	–	33,199,653
Unlisted equity investments	–	17,186,525	–	17,186,525
Convertible loan receivables	–	–	45,270,136	45,270,136

There was no transfer under the fair value hierarchy classification during the years ended 31 December 2025 and 2024. Please refer to notes 22 and 23 for the respective valuation techniques and the inputs used in the fair value measurement of financial assets categorised within level 2 and level 3 of the fair value hierarchy.

6. Segment Reporting

The Group manages its businesses by business lines. The segment information is reported internally to the chief operating decision-maker (i.e. executive Directors) for the purposes of resources allocation and performance assessment. The Group's reportable and operating segments for financial reporting purposes are as follows:

- Ophthalmology: Development, manufacture and/or sale of products including Beifushu® series (Beifushu® eye drops, Beifushu® eye gel and Beifushu® unit-dose eye drops), Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Moxifloxacin Hydrochloride Eye Drops, Diquafosol Sodium Eye Drops, 適麗順® (Iodized Lecithin Capsules*), Soft Hydrophilic Contact Lens and other medical devices for myopia control and prevention such as eye-protection lamp and Seewant defocus customised glasses;
- Surgical: Development, manufacture and/or sale of products including Beifuji® series (Beifuji® spray, Beifuji® lyophilised powder and Beifuxin® gel), Carisolv® dental caries removal gel, 伊血安顆粒 (Yi Xue An Granules*), Portable Ultraviolet Phototherapy Devices, PELNAC™ collagen-based artificial dermis, SCALGEN™ double-layered artificial dermis and Osteopore's bioresorbable implants (Osteomesh® and Osteoplug®) for dental surgery in Singapore; and
- Healthcare and Partner Services: 佻典醫生 (Dr. YaDian*) oral care products, online and offline healthcare services and products, contract manufacturing organisation (CMO)/contract development and manufacturing organisation (CDMO) service and trades in equipment and parts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. Segment Reporting *(Continued)*

(a) Reportable segments

The chief operating decision-maker monitors the results of its business units separately for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on the results from the reportable segments as explained in the table below.

For the year ended 31 December 2025

	Ophthalmology HK\$	Surgical HK\$	Healthcare and Partner Services HK\$	Total HK\$
Reportable segment revenue				
– Revenue from external customers	835,031,993	895,903,688	82,871,576	1,813,807,257
Reportable segment profit	230,141,667	250,974,379	11,364,107	492,480,153

For the year ended 31 December 2024

	Ophthalmology HK\$	Surgical HK\$	Healthcare and Partner Services HK\$	Total HK\$
Reportable segment revenue				
– Revenue from external customers	771,489,697	879,902,941	18,424,132	1,669,816,770
Reportable segment profit	209,689,673	237,420,025	12,419,198	459,528,896

The totals presented for the Group's operating segments were reconciled to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2025 HK\$	2024 HK\$
Reportable segment profit	492,480,153	459,528,896
Unallocated corporate income and expenses, net	(68,048,494)	(78,872,104)
Change in fair value of financial assets at FVTPL	(1,954,328)	930,695
Finance costs	(7,815,031)	(6,087,256)
Profit before income tax	414,662,300	375,500,231

Major corporate expenses comprised mainly the staff costs including Directors' emoluments.

Analysis of segment assets and liabilities has not been presented as the measure of segment assets and liabilities is not regularly provided to the executive Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. Segment Reporting *(Continued)*

(b) Geographical information

(i) Revenue from external customers

For the years ended 31 December 2025 and 2024, the Group's revenue from external customers of HK\$1,803,109,780 (2024: HK\$1,662,297,999) and HK\$10,697,477 (2024: HK\$7,518,771) was derived from its operations in the People's Republic of China (the "PRC") and overseas, respectively.

(ii) Non-current assets

	2025 HK\$	2024 HK\$
PRC	1,482,007,105	1,330,879,465
Hong Kong	272,534,168	274,228,997
Overseas	101,151,642	33,276,129
	1,855,692,915	1,638,384,591

The non-current assets information above excludes convertible loan receivables, financial assets at FVTOCI and financial assets at FVTPL, and is based on the physical locations of the respective assets, except for goodwill and other intangible assets of which is based on the areas of the group entities' operations.

(c) Information about major customers

For the year ended 31 December 2025, revenue of HK\$466,399,161 (2024: HK\$451,629,803 and HK\$179,528,392) was derived from the sales to one customer (2024: two customers, respectively), which individually accounted for over 10% of the Group's total revenue.

7. Turnover

Turnover represents the sales value of goods supplied to customers and service income (net of sales tax, value-added tax, commercial discounts and sales returns), further details of which are set out in note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. Other Revenue, and Other Gains and Losses

	2025 HK\$	2024 HK\$
Change in fair value of financial assets at FVTPL	(1,954,328)	930,695
Interest income from convertible loan receivables	1,413,493	1,852,363
Government grants (Note (a))	2,974,818	4,550,475
Interest income from bank deposits	10,415,272	9,593,998
Write-off of other intangible assets (Note 21)	–	(2,876,931)
Impairment loss on other intangible assets (Note 21)	(8,466,362)	–
Impairment loss on trade receivables (Note 25)	–	(7,186,607)
Gain on bargain purchase (Note 35)	12,659,942	–
(Expenses)/income from litigation claim, net (Note (b))	(10,162,266)	21,140,015
Sundry income	5,281,303	5,960,587
	12,161,872	33,964,595

Notes:

- (a) These government grants were received for the purpose of supporting the development of new pharmaceutical products, and there were no conditions to be fulfilled or contingencies relating to these grants.
- (b) The amount was related to the disputes with the main contractor in charge of the construction work of the Group's second factory in the PRC.

9. Finance Costs

	2025 HK\$	2024 HK\$
Interest expense on bank borrowings	8,293,798	4,090,957
Interest expense on lease liabilities	1,104,384	1,155,785
Imputed interest expense on convertible loan payable	–	29,067,335
Less: Amount capitalised to construction in progress included in property, plant and equipment	(1,583,151)	(1,624,178)
Less: Amount capitalised to other intangible assets	–	(26,602,643)
	7,815,031	6,087,256

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. Profit before Income Tax

This is arrived at after charging/(crediting):

	2025 HK\$	2024 HK\$
Amortisation of land use rights	359,857	360,208
Amortisation of other intangible assets	24,968,045	24,894,619
Auditor's remuneration	1,544,500	1,604,700
Cost of inventories	156,771,021	165,280,217
Cost of services	38,113,984	2,003,468
Depreciation of property, plant and equipment	30,955,705	25,830,661
Depreciation of right-of-use assets	6,308,053	4,787,466
Employee costs excluding Directors' emoluments:		
– Salaries and other benefits	305,390,840	309,070,741
– Pension fund contributions	21,891,848	18,738,060
Exchange (gains)/losses, net	(4,835,321)	4,604,485
Write-off of inventories	1,036,222	3,870,565
Loss on disposal of property, plant and equipment	181,486	479,791
Research and development costs recognised as expenses	37,867,245	25,009,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. Directors' Emoluments

	Executive Directors				Independent Non-executive Directors			Total HK\$
	Ngiam Hian		Yau Lai Man HK\$	Ngiam Mia Je Patrick HK\$	Fung Chi Ying HK\$	Yeow Mee Mooi HK\$	Yan Man Sing Frankie HK\$	
	Fang Haizhou HK\$	Leng Malcolm HK\$						
For the year ended 31 December 2025:								
Fee	-	-	-	-	250,000	220,000	220,000	690,000
Other emoluments:								
Salaries and other benefits	1,435,783	1,673,500	500,200	2,975,000	-	-	-	6,584,483
Pension fund contributions	51,610	-	12,850	-	-	-	-	64,460
Discretionary bonuses (Note)	150,000	350,000	250,000	350,000	-	-	-	1,100,000
Total emoluments	1,637,393	2,023,500	763,050	3,325,000	250,000	220,000	220,000	8,438,943
For the year ended 31 December 2024:								
Fee	-	-	-	-	250,000	220,000	220,000	690,000
Other emoluments:								
Salaries and other benefits	1,671,309	1,547,000	524,800	2,975,000	-	-	-	6,718,109
Pension fund contributions	56,288	-	12,580	-	-	-	-	68,868
Discretionary bonuses (Note)	100,000	250,000	200,000	250,000	-	-	-	800,000
Total emoluments	1,827,597	1,797,000	737,380	3,225,000	250,000	220,000	220,000	8,276,977

Note:

The performance related incentive payment is at the discretion of the Directors depending on the financial performance of the Group.

For the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a Director waived or agreed to waive any remuneration for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. Five Highest Paid Individuals and Senior Management

Of the five individuals with the highest pay in the Group, three (2024: three) were Directors whose emoluments are included in note 11 above. The emoluments of the remaining two individuals (2024: two individuals) were as follows:

	2025 HK\$	2024 HK\$
Salaries and other benefits	4,703,461	4,760,826
Pension fund contributions	32,689	142,754
	4,736,150	4,903,580

Their emoluments were within the following bands:

	2025 Number of employees	2024 Number of employees
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	1	1

For the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the highest paid, non-director individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

For the year ended 31 December 2025, the emoluments were paid to three (2024: two) members of the senior management (other than the Directors) which fell within the band of HK\$1,000,001 to HK\$1,500,000, HK\$1,000,001 to HK\$1,500,000 and HK\$2,500,001 to HK\$3,000,000 (2024: HK\$1,000,001 to HK\$1,500,000 and HK\$2,500,001 to HK\$3,000,000), respectively.

13. Retirement Benefits

The employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC government, or in the case of the employees in Hong Kong, a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance. The Group is required to contribute a certain percentage of its payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The Group's contribution to retirement benefits schemes for the year ended 31 December 2025 amounted to HK\$21,956,308 (2024: HK\$18,806,928).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. Income Tax

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK\$	2024 HK\$
Current tax – the PRC		
– Provision for the year	95,179,720	63,712,961
– Underprovision in the prior year	980,026	1,950,260
Deferred tax (Note 31)	411,391	2,615,192
	96,571,137	68,278,413

No provision for Hong Kong profits tax has been made as the Group has no assessable profit arising in Hong Kong.

The Group's major operating subsidiary in Zhuhai, the PRC, was established and carries on business in the Special Economic Zones of the PRC as a high technology enterprise. This subsidiary has obtained a 高新技術企業證書 (High Technology Enterprise Certificate) and is entitled to enjoy the enterprise income tax at the concessionary rate of 15% for the years ended 31 December 2025 and 2024. The income tax rate applicable to other PRC subsidiaries is 25%.

Enterprise income tax of the Group's other operating subsidiaries is calculated at tax rates prevailing in the jurisdictions in which they operate.

Income tax for the year can be reconciled to the profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$	2024 HK\$
Profit before income tax	414,662,300	375,500,231
Tax calculated at Hong Kong profits tax rate of 16.5% (2024: 16.5%)	68,419,280	61,957,538
Effect of different tax rates of subsidiaries operating in other jurisdictions	12,339,659	(4,767,784)
Tax effect of expenses not deductible for tax purposes	17,615,891	12,875,517
Tax effect of revenue not taxable for tax purposes	(1,158,032)	(5,164,280)
Tax benefits of research and development expenditure	(11,479,046)	(18,475,581)
Tax losses not recognised	3,490,463	3,079,769
Underprovision in the prior year	980,026	1,950,260
Withholding tax arising from distributable profits of a subsidiary in the PRC	5,664,082	15,447,416
Others	698,814	1,375,558
Income tax	96,571,137	68,278,413

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For the year ended 31 December 2025

15. Dividends

	2025 HK\$	2024 HK\$
Interim dividend – HK\$0.07 (2024: HK\$0.06) per share	39,690,420	34,044,000
Proposed final dividend – HK\$0.07 (2024: Final dividend – HK\$0.06) per share	39,690,420	34,020,360
	79,380,840	68,064,360

The Directors propose a final dividend of HK\$0.07 (2024: HK\$0.06) per ordinary share to be paid. The amount of proposed final dividend is based on the number of issued ordinary shares as at the end of the reporting period. This proposed dividend is not reflected as dividend payable as at the end of the reporting period but will be reflected as an appropriation of retained earnings for the year ending 31 December 2026.

16. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2025 HK\$	2024 HK\$
Profit attributable to owners of the Company for the purposes of calculating basic earnings per share	318,091,163	307,221,818
Interest expense on convertible loan payable, net of amount capitalised	N/A	2,464,692
Profit attributable to owners of the Company for the purposes of calculating diluted earnings per share	318,091,163	309,686,510

Number of shares

	2025	2024
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	567,020,515	567,489,139
Effect of dilutive potential ordinary shares: – convertible loan payable	N/A	14,830,508
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	567,020,515	582,319,647

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For the year ended 31 December 2025

17. Property, Plant and Equipment

	Buildings and leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cost:						
At 1 January 2024	116,625,971	205,729,925	71,458,812	7,213,928	140,486,516	541,515,152
Additions	1,875,303	9,323,621	15,849,133	–	23,691,514	50,739,571
Disposals	–	(7,139,660)	(1,862,895)	(351,600)	–	(9,354,155)
Exchange adjustment	(4,304,862)	(7,557,704)	(2,857,930)	(225,992)	(5,320,312)	(20,266,800)
At 31 December 2024	114,196,412	200,356,182	82,587,120	6,636,336	158,857,718	562,633,768
Additions	9,179,151	14,350,066	3,863,411	1,319,014	86,221,696	114,933,338
Acquisition of a subsidiary	–	1,937,280	1,230,007	–	–	3,167,287
Disposals	–	(736,836)	(322,855)	(2,343,383)	–	(3,403,074)
Transfers	–	33,823,194	223,594	–	(34,046,788)	–
Exchange adjustment	5,503,734	10,336,758	3,895,106	249,834	8,236,977	28,222,409
At 31 December 2025	128,879,297	260,066,644	91,476,383	5,861,801	219,269,603	705,553,728
Accumulated depreciation:						
At 1 January 2024	22,647,755	91,686,082	37,220,818	5,419,074	–	156,973,729
Charge for the year	2,510,348	12,175,748	10,722,609	421,956	–	25,830,661
Disposals	–	(6,076,644)	(1,730,629)	(321,046)	–	(8,128,319)
Exchange adjustment	(878,251)	(3,470,313)	(1,503,839)	(169,668)	–	(6,022,071)
At 31 December 2024	24,279,852	94,314,873	44,708,959	5,350,316	–	168,654,000
Charge for the year	5,547,363	14,167,535	10,877,626	363,181	–	30,955,705
Acquisition of a subsidiary	–	1,738,444	1,210,070	–	–	2,948,514
Disposals	–	(687,344)	(272,235)	(2,190,964)	–	(3,150,543)
Exchange adjustment	1,251,872	4,627,139	2,272,660	172,263	–	8,323,934
At 31 December 2025	31,079,087	114,160,647	58,797,080	3,694,796	–	207,731,610
Carrying amount:						
At 31 December 2025	97,800,210	145,905,997	32,679,303	2,167,005	219,269,603	497,822,118
At 31 December 2024	89,916,560	106,041,309	37,878,161	1,286,020	158,857,718	393,979,768

The carrying amount of construction in progress represented the costs incurred for the construction of the new factory which will be reclassified to buildings and leasehold improvements, plant and machinery and equipment when the construction is completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. Leases

(a) Right-of-use assets

The carrying amount of right-of-use assets in respect of the lease of factory premises and the movements are as follows:

	HK\$
At 1 January 2024	21,317,529
Additions	4,477,244
Depreciation expense	(4,787,466)
Exchange adjustment	(780,843)
At 31 December 2024	20,226,464
Additions	4,483,554
Depreciation expense	(6,308,053)
Exchange adjustment	904,954
At 31 December 2025	19,306,919

(b) Lease liabilities

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

	2025 HK\$	2024 HK\$
At beginning of year	21,690,596	22,100,734
Additions	4,483,554	4,477,244
Interest expense	1,104,384	1,155,785
Payments	(7,005,714)	(5,277,154)
Exchange adjustment	982,627	(766,013)
At end of year	21,255,447	21,690,596
Analysed into:		
– Current portion	4,093,825	3,265,185
– Non-current portion	17,161,622	18,425,411

The maturity analysis of lease liabilities is disclosed in note 39(b) to the financial statements.

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

	2025 HK\$	2024 HK\$
Interest on lease liabilities	1,104,384	1,155,785
Depreciation of right-of-use assets	6,308,053	4,787,466
Expenses related to short-term leases and leases of low-value assets	6,753,520	6,851,891
Total amount recognised in profit or loss	14,165,957	12,795,142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. Land Use Rights

	HK\$
Cost:	
At 1 January 2024	18,309,983
Exchange adjustment	(668,763)
At 31 December 2024	17,641,220
Exchange adjustment	804,619
At 31 December 2025	18,445,839
Accumulated amortisation:	
At 1 January 2024	3,355,781
Charge for the year	360,208
Exchange adjustment	(129,744)
At 31 December 2024	3,586,245
Charge for the year	359,857
Exchange adjustment	172,845
At 31 December 2025	4,118,947
Carrying amount:	
At 31 December 2025	14,326,892
Portion classified as current assets (included in deposits and prepayments)	(369,132)
Non-current assets	13,957,760
At 31 December 2024	14,054,975
Portion classified as current assets (included in deposits and prepayments)	(353,031)
Non-current assets	13,701,944

The Group's interests in leasehold lands are held in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. Goodwill

	HK\$
Cost, net of accumulated impairment:	
At 1 January 2024	56,016,106
Exchange adjustment	(2,065,327)
At 31 December 2024	53,950,779
Exchange adjustment	2,596,429
At 31 December 2025	56,547,208

Impairment testing on goodwill

The recoverable amount of the goodwill is determined based on each cash-generating unit (“CGU”) of the Group to which the goodwill belongs on the value-in-use basis. The following table sets out the details of goodwill and the key assumptions made for the purpose of analysis:

CGU	2025				2024			
	Goodwill HK\$	Gross margin ratio	Applicable pre-tax discount rate	Average annual revenue growth rate for a five-year period	Goodwill HK\$	Gross margin ratio	Applicable pre-tax discount rate	Average annual revenue growth rate for a five-year period
Sales of biologic drugs and other pharmaceutical products	2,217,301	89%	16.6%	3.2%	2,097,824	88%	13.2%	7.4%
Sales of dental pharmaceuticals and devices	13,926,528	82%	11.9%	12.9%	13,319,044	81%	15.4%	17.7%
Operation of clinical management system	5,799,844	93%	34.4%	34.7%	5,459,513	89%	35.8%	51.0%
Sales of therapeutic products and medical devices in healthcare industry	1,308,760	78%	16.8%	27.1%	1,231,963	60%	23.5%	67.6%
Sales of pharmaceutical products	33,294,775	87%	47.4%	4.5%	31,842,435	87%	38.0%	9.2%
	<u>56,547,208</u>				<u>53,950,779</u>			

Management determined the gross margin mainly based on past performance of the CGU and management’s expectations for the market development. The discount rate is determined based on the risk-free interest rate adjusted by the specific risk associated with the CGU. The recoverable amounts of respective CGUs have been determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2024: 3%), which does not exceed the long-term growth rate for respective industries.

The recoverable amount of the goodwill determined in the above manner suggested that there was no impairment in the carrying amount of goodwill as at 31 December 2025 and 2024.

The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of respective CGUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. Other Intangible Assets

	Development expenditure HK\$	Acquired intangible assets HK\$	Total HK\$
Cost:			
At 1 January 2024	298,727,348	854,313,383	1,153,040,731
Additions	27,370,590	104,213,921	131,584,511
Write-off	–	(2,876,931)	(2,876,931)
Exchange adjustment	(9,140,010)	(25,771,426)	(34,911,436)
At 31 December 2024	316,957,928	929,878,947	1,246,836,875
Additions	6,008,917	61,092,008	67,100,925
Acquisition of a subsidiary	64,509,602	7,718,809	72,228,411
Exchange adjustment	10,435,634	34,850,720	45,286,354
At 31 December 2025	397,912,081	1,033,540,484	1,431,452,565
Accumulated amortisation and impairment losses:			
At 1 January 2024	57,887,593	40,314,943	98,202,536
Amortisation	4,805,446	20,089,173	24,894,619
Exchange adjustment	(2,099,498)	(1,814,965)	(3,914,463)
At 31 December 2024	60,593,541	58,589,151	119,182,692
Amortisation	4,801,423	20,166,622	24,968,045
Acquisition of a subsidiary	–	6,677,901	6,677,901
Impairment (Note)	8,466,362	–	8,466,362
Exchange adjustment	2,936,362	3,039,870	5,976,232
At 31 December 2025	76,797,688	88,473,544	165,271,232
Carrying amount:			
At 31 December 2025	321,114,393	945,066,940 [#]	1,266,181,333
At 31 December 2024	256,364,387	871,289,796 [#]	1,127,654,183

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For the year ended 31 December 2025

21. Other Intangible Assets (Continued)

The amount mainly represented the following:

- (i) In 2018, the Group entered into a co-development agreement (and as supplemented and revised from time to time) with an independent third party, Mitotech S.A. under which the Group has agreed to fund for a clinical development in the United States Food and Drug Administration phase 3 clinical trial of an ophthalmic solution containing SkQ1 as its sole active pharmaceutical ingredient (the "SkQ1 Product") which shall be provided as a pharmaceutical product in the field of dry eye disease, in return for a share of certain income received by Mitotech S.A. from the SkQ1 Product.

In 2022, the Group acquired from Mitotech S.A. all the rights of a list of inventions and patents relating to SkQ1 in the field of ophthalmology and all ophthalmic indications.

As at 31 December 2025, the carrying amount of the SkQ1 Product was HK\$350,846,998 (2024: HK\$344,004,639).

The Group carried out an impairment assessment on the SkQ1 Product by estimating the recoverable amount. The key assumptions and inputs used in the impairment assessment include probability of obtaining regulatory approval of 46.7%, pricing and market access risks of 43.3% and annual discount rate of 32.5%. The result of the impairment assessment indicated that there was no impairment as at 31 December 2025 and 2024. The Directors believe that any reasonable possible change in such key assumptions would not cause an impairment loss to the Group.

- (ii) In 2020, the Group entered into a co-development and exclusive license agreement with an independent third party, Shanghai Henlius Biotech, Inc. ("Henlius") under which the Group has agreed to fund 80% of the development costs of a pharmaceutical product that contains an anti-vascular endothelial growth factor (anti-VEGF) as a drug substance (the "Licensed Product"), which is intended for the treatment of exudative (wet) age-related macular degeneration. In return, the Group has obtained an exclusive license for the regulatory development, manufacture and commercialisation of the Licensed Product worldwide, subject to commercial sales milestone payment and royalties levied on net sales of the Licensed Product payable to Henlius.

During the year ended 31 December 2025, the development cost incurred in the Licensed Product was HK\$61,078,770 (2024: HK\$103,924,486). As at 31 December 2025, the carrying amount of the Licensed Product was HK\$451,450,016 (2024: HK\$371,837,404).

The Group carried out an impairment assessment on the Licensed Product by estimating the recoverable amount. The key assumptions and inputs used in the impairment assessment include annual discount rate of 32.5%. The result of the impairment assessment indicated that there was no impairment as at 31 December 2025 and 2024. The Directors believe that any reasonable possible change in such key assumptions would not cause an impairment loss to the Group.

- (iii) In 2022, the Group acquired intellectual property rights and right of Marketing Authorisation Holder relating to 適麗順® (Iodized Lecithin Capsules*) at an effective consideration of HK\$144,079,537. As at 31 December 2025, the carrying amount was HK\$91,829,003 (2024: HK\$101,177,843).

Note:

During the year ended 31 December 2025, the capitalised costs of a development project were impaired by the Group as a result of the Group deciding not to further proceed with this development project which deviated from the Group's business direction. Accordingly, an aggregate loss of HK\$8,466,362 on the development expenditure was recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. Convertible Loan Receivables

- (i) In 2018, the Group entered into an agreement with an independent third party (“Investee A”) to subscribe for a convertible loan with principal amount of US\$4,500,000 (approximately HK\$35,278,200) which carries interest at 5% per annum with maturity on 31 July 2022 (“Convertible Loan A”), and the maturity date was extended to 31 July 2026 by several supplementary agreements. The entire principal amount of Convertible Loan A can be converted into such number of shares representing 45% of the enlarged and fully diluted share capital of Investee A at any time before the maturity date. In the event that no conversion has been taken place before maturity date, Investee A shall repay the Group on the maturity date the outstanding principal amount plus an amount calculated by the Group which would yield a return for the Group on the principal amount of Convertible Loan A of 8% per annum. As at 31 December 2025, the principal amount of US\$1,600,000 (equivalent to HK\$12,497,650) was disbursed to Investee A and it is classified as financial assets at FVTPL upon the initial recognition.
- (ii) From 2020 to 2022, the Group made available certain convertible loans to Antikor Biopharma Limited (“Antikor”) in the aggregate principal amount of US\$3,250,000 (equivalent to HK\$25,302,724) which carry interest at 5% per annum with maturity on 30 September 2023 (“Convertible Loan B”), and the maturity date was extended to 31 March 2025 by several amendment agreements. The aggregate principal amount of Convertible Loan B can be converted into such number of shares representing 22.57% of the enlarged and fully diluted share capital of Antikor at any time before the maturity date. Convertible Loan B is classified as financial asset at FVTPL upon the initial recognition.

During the year ended 31 December 2025, Convertible Loan B was eliminated at consolidation level upon the acquisition of 100% equity interest in Antikor (Note 35).

The Group’s convertible loan receivables are as follows:

	HK\$
At 31 December 2025	
Convertible Loan A, classified under current assets	16,960,885
	HK\$
At 31 December 2024	
– Convertible Loan A	14,545,374
– Convertible Loan B	30,724,762
Total	45,270,136
Less: Current portion	(30,724,762)
Non-current portion	14,545,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. Convertible Loan Receivables (Continued)

The movements in fair values of convertible loan receivables classified as level 3 in the fair value hierarchy are as follows:

	HK\$
At 1 January 2024	41,820,601
Additions	3,134,872
Change in fair value recognised in profit or loss	314,663
At 31 December 2024	45,270,136
Elimination at consolidation level upon the acquisition of a subsidiary	(30,724,762)
Change in fair value recognised in profit or loss	2,415,511
At 31 December 2025	16,960,885

As at 31 December 2025, the fair values of convertible loan receivables are calculated using Binomial Share Option Model with the following key assumptions:

	Convertible Loan A
Stock price	US\$0.00998
Conversion price	US\$1
Expected volatility	62%

The key significant unobservable inputs to determine the fair value of convertible loan receivables are the stock price and expected volatility. A higher in the stock price and expected volatility would result in an increase in the fair value of convertible loan receivables, and vice versa.

During the loan period, the Group was entitled to appoint one director of Investee A in accordance with the agreement of the convertible loan receivable. Taking into account the right to appoint director and the potential voting right in accordance with HKAS 28 *Investments in Associates and Joint Ventures*, the Group has regarded Investee A as an associate of the Group. As at 31 December 2025 and up to the date of approval of these financial statements, the Group has not converted the convertible loan receivable into equity interest of Investee A, and therefore the Group is not entitled to share the profit or loss of Investee A and accordingly, has no interest in this associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. Financial Assets at Fair Value Through Other Comprehensive Income and Financial Assets at Fair Value Through Profit or Loss

	2025 HK\$	2024 HK\$
Non-current		
Equity investments designated at FVTOCI (Note (a))		
– Listed equity investments (Note (b))	14,562,460	29,627,308
– Unlisted equity investments (Note (c))	–	14,596,666
	14,562,460	44,223,974
Equity investments designated at FVTPL (Note (d))		
– Unlisted equity investments (Note (c))	380,387	2,589,859
Current		
Equity investments designated at FVTPL (Note (d))		
– Listed equity investments (Note (b))	1,411,978	3,572,345

Notes:

- (a) The equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.
- (b) The balance as at 31 December 2025 represents four (2024: four) listed equity securities which are listed on the NASDAQ Stock Market of the United States, namely AC Immune SA, Humacyte Inc., CytoMed Therapeutics Limited and Abpro Holdings, Inc. (2024: AC Immune SA, Humacyte Inc., CytoMed Therapeutics Limited and Abpro Holdings, Inc.). The fair value was based on quoted market price as at 31 December 2025.
- (c) The balance as at 31 December 2025 represents one unlisted equity investment (2024: two unlisted equity investments), namely the investment in series pre-A preferred stock of a private company incorporated in Singapore ("Equity A") (2024: (i) Equity A; and (ii) ordinary shares of Antikor ("Equity B")). During the year ended 31 December 2025, Equity B was derecognised and became part of the purchase consideration in relation to the acquisition of 100% equity interest in Antikor (Note 35).
- (d) The equity investments were irrevocably designated at FVTPL as the Group considers these investments to be held for trading.

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For the year ended 31 December 2025

23. Financial Assets at Fair Value Through Other Comprehensive Income and Financial Assets at Fair Value Through Profit or Loss *(Continued)*

During the year ended 31 December 2025, a gross loss amounted to HK\$26,863,157 and a gross loss amounted to HK\$4,369,839 were recognised in other comprehensive income and profit or loss respectively.

During the year ended 31 December 2024, a gross gain amounted to HK\$9,643,772 and a gross gain amounted to HK\$616,032 were recognised in other comprehensive income and profit or loss respectively.

As at 31 December 2025, the fair value of investment in Equity A classified as level 2 in the fair value hierarchy are calculated using Value Allocation Model with the following key assumptions:

	Equity A
Expected volatility	79%
Risk-free interest rate	1.81%

24. Inventories

	2025	2024
	HK\$	HK\$
Raw materials	14,367,506	14,265,186
Work in progress	6,724,435	10,630,908
Finished goods	58,306,085	34,042,394
	79,398,026	58,938,488

During the year ended 31 December 2025, the Group has carried out regular reviews of the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption, physical condition and management judgement. As a result, inventories of HK\$1,036,222 (2024: HK\$3,870,565) have been written off and recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. Trade and Other Receivables

	2025 HK\$	2024 HK\$
Trade receivables	661,501,918	528,102,048
Impairment	(4,949,932)	(7,043,413)
	656,551,986	521,058,635
Other receivables (Note)	34,111,933	65,236,555
	690,663,919	586,295,190

Note:

Other receivables as at 31 December 2024 included a loan to Antikor in the principal amount of US\$800,000 (equivalent to HK\$6,235,512) which bore a fixed interest rate at 8% with a loan period of 9 months. During the year ended 31 December 2025, the loan receivable was derecognised and became part of the purchase consideration in relation to the acquisition of 100% equity interest in Antikor (Note 35).

The Group's policy is to allow a credit period of 90 days to its trade customers.

The Directors have considered the track records of customers and age of the outstanding balances and are of the view that a provision of HK\$4,949,932 (2024: HK\$7,043,413) is required as at 31 December 2025.

The ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2025 HK\$	2024 HK\$
0-60 days	470,353,160	349,680,004
61-90 days	61,945,407	54,166,531
Over 90 days	124,253,419	117,212,100
	656,551,986	521,058,635

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2025 HK\$	2024 HK\$
Neither past due nor impaired	532,298,567	403,846,535
Less than 3 months past due	89,235,114	66,461,645
Over 3 months past due	35,018,305	50,750,455
	656,551,986	521,058,635

The Group recognised impairment loss based on the accounting policies set out in note 4(h).

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26. Deposits and Prepayments

	2025 HK\$	2024 HK\$
Deposits paid for acquisition of property, plant and equipment	1,877,577	28,712,150
Prepayments for purchase of finished goods	24,138,259	25,717,901
Other deposits	2,346,304	1,935,414
Other prepayments	22,475,546	18,950,916
Total	50,837,686	75,316,381
Less: Current portion	(48,960,109)	(46,604,231)
Non-current portion	1,877,577	28,712,150

Deposits and prepayments do not contain impaired assets and their carrying amounts approximate to their fair values.

27. Cash and Cash Equivalents

As at 31 December 2025, cash and cash equivalents denominated in Renminbi (“RMB”) amounted to approximately HK\$535,993,000 (2024: approximately HK\$407,246,000). RMB is not freely convertible into foreign currencies in the PRC. Under the PRC’s Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. Trade and Other Payables

	2025 HK\$	2024 HK\$
Trade payables	11,563,276	7,359,087
Other payables and accruals (Note)	559,748,138	538,037,261
	571,311,414	545,396,348

Note:

Other payables and accruals included the accruals for sales and marketing costs of HK\$458,859,786 (2024: HK\$402,399,025).

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

	2025 HK\$	2024 HK\$
0-60 days	8,516,240	7,123,665
61-90 days	1,222,156	45,650
Over 90 days	1,824,880	189,772
	11,563,276	7,359,087

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For the year ended 31 December 2025

29. Bank Borrowings

	2025 HK\$	2024 HK\$
Bank loans		
Due for repayment within one year	65,006,750	69,798,439
Due for repayment more than one year but not exceeding two years	103,319,863	42,146,751
Due for repayment more than two years but not exceeding five years	157,322,030	53,403,006
Total bank borrowings	325,648,643	165,348,196
Less: Current portion	(65,006,750)	(69,798,439)
Non-current portion	260,641,893	95,549,757
Carrying amount of bank loans due for repayment within one year, or more than one year but contain a repayment on demand clause effective within one year after the end of the reporting period	–	30,231,013

As at 31 December 2025, certain of the bank borrowings and banking facilities were secured by corporate guarantees provided by the Company and two of its subsidiaries.

As at 31 December 2024, certain of the bank borrowings and banking facilities were secured by corporate guarantees provided by the Company and one of its subsidiaries.

The bank borrowings bear interest at floating rate. The interest rate of the Group's bank borrowings ranged from 2.4% to 4.5% (2024: 2.5% to 3.0%) per annum as at 31 December 2025.

The Group obtained non-revolving banking facilities of HK\$952,660,292 (2024: HK\$631,175,043), of which HK\$389,837,941 (2024: HK\$206,324,418) was utilised at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Convertible Loan Payable

On 6 July 2016, the Group entered into a convertible loan agreement with International Finance Corporation (“IFC”), pursuant to which IFC agreed to lend, and the Group agreed to borrow, a convertible loan in an aggregate principal amount of HK\$150,000,000 at an interest rate of 1.9% per annum (the “Convertible Loan Payable”). Subject to the terms of the convertible loan agreement, IFC has the right to convert all or any part of the outstanding principal amount of the Convertible Loan Payable into shares of the Company at a conversion price of HK\$5.90 per share (subject to anti-dilutive adjustments as set out in the convertible loan agreement) at any time prior to the maturity date on 2 August 2021.

On 10 July 2020, the Group and IFC entered into an amendment agreement to the convertible loan agreement to extend the maturity date for a period of 3 years to 2 August 2024. The Company shall repay the outstanding principal amount of the Convertible Loan Payable on the maturity date together with the make whole premium calculated at (i) 6% per annum; or (ii) 8% per annum if there exists a change of control which occurs when, among others, (a) there is a decrease in the shareholdings of the Company’s certain shareholders as a group under specified conditions as stipulated in the convertible loan agreement; (b) certain shareholders of the Company as a group cease to be the single largest direct and indirect shareholder of the Company; or (c) any person (other than certain shareholders as a group) by itself or through its affiliates have obtained the power to appoint a majority of the board of directors of the Company. The fair value of the debt component and the equity conversion component were determined at the issuance/extinguishment of the Convertible Loan Payable where appropriate. The fair value of the debt component was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity. The make whole premium, being an embedded derivative, was measured at fair value separately.

On 31 July 2024, the Group repaid the outstanding principal amount of the Convertible Loan Payable in full, together with the accrued interest and the make whole premium, to IFC.

The movements of the Convertible Loan Payable are as follows:

	Debt component	Conversion component	Total
	HK\$	HK\$	HK\$
As at 1 January 2024	180,460,415	15,227,318	195,687,733
Imputed interest expense	29,067,335	–	29,067,335
Interest and make whole premium paid	(59,527,750)	–	(59,527,750)
Repayment	(150,000,000)	(15,227,318)	(165,227,318)
As at 31 December 2024	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. Deferred Tax Liabilities

Details of the deferred tax liabilities recognised and movements are as follows:

	Depreciation allowance in excess of related depreciation	Development expenditure	Undistributed earnings of PRC subsidiaries	Total
	HK\$	HK\$	HK\$	HK\$
At 1 January 2024	8,961,002	27,614,746	–	36,575,748
Settled during the year	(890,548)	(620,127)	–	(1,510,675)
Charged to profit or loss for the year	–	115,192	2,500,000	2,615,192
Exchange differences	(309,552)	(998,555)	–	(1,308,107)
At 31 December 2024	7,760,902	26,111,256	2,500,000	36,372,158
Settled during the year	(910,945)	(1,889,479)	(2,500,000)	(5,300,424)
Charged to profit or loss for the year	–	411,391	–	411,391
Exchange differences	330,496	1,152,843	–	1,483,339
At 31 December 2025	7,180,453	25,786,011	–	32,966,464

The Group has tax losses arising in Hong Kong of approximately HK\$249 million (2024: approximately HK\$228 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Withholding tax on undistributed earnings is calculated at 5% on the distributable earnings of the subsidiaries in the PRC expected to be distributed to the holding company with its principal place of business located in Hong Kong. At the end of the reporting period, undistributed earnings of the subsidiaries in the PRC on which deferred tax has not been provided for amounted to approximately HK\$1,135 million (equivalent to approximately RMB1,020 million) (2024: approximately HK\$815 million (equivalent to approximately RMB766 million)) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. Share Capital

Authorised

	2025		2024	
	Number	HK\$	Number	HK\$
Ordinary shares of HK\$0.1 each	1,000,000,000	100,000,000	1,000,000,000	100,000,000

Issued and fully paid

	2025		2024	
	Number	HK\$	Number	HK\$
At beginning of year	567,129,000	56,712,900	567,585,000	56,758,500
Shares repurchased and cancelled (Note)	(123,000)	(12,300)	(456,000)	(45,600)
At end of year	567,006,000	56,700,600	567,129,000	56,712,900

Note:

During the year ended 31 December 2025, the Company repurchased 123,000 of its shares on the Stock Exchange for a total consideration of HK\$325,270 which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The repurchased shares were cancelled during the year ended 31 December 2025 and the total amount paid for the repurchase of the shares has been charged to retained profits of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. Reserves

The Company	Share premium	Fair value	Conversion	Retained	Total
	HK\$	reserve	component	earnings	
	HK\$	HK\$	of convertible	HK\$	HK\$
			loan payable		
			HK\$		
Balance at 1 January 2024	73,278,953	18,095,900	15,227,318	15,348,759	121,950,930
Profit for the year	-	-	-	49,070,994	49,070,994
2023 final dividend paid	-	-	-	(25,539,300)	(25,539,300)
2024 interim dividend paid	-	-	-	(34,044,000)	(34,044,000)
Shares repurchased and cancelled	(792)	-	-	(1,085,138)	(1,085,930)
Transfer of fair value reserve upon the repayment of convertible loan payable	-	(18,095,900)	(15,227,318)	33,323,218	-
Balance at 31 December 2024	73,278,161	-	-	37,074,533	110,352,694
Profit for the year	-	-	-	55,503,219	55,503,219
2024 final dividend paid	-	-	-	(34,020,360)	(34,020,360)
2025 interim dividend paid	-	-	-	(39,690,420)	(39,690,420)
Shares repurchased and cancelled	(214)	-	-	(312,756)	(312,970)
Balance at 31 December 2025	73,277,947	-	-	18,554,216	91,832,163

The nature and purpose of each reserve of the Group are set out below:

(i) Capital reserve

The capital reserve represents discount on acquisition of a subsidiary in prior years.

(ii) Statutory surplus reserve

In accordance with the PRC Companies Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to statutory surplus reserve until the reserve reaches 50% of their registered capital. Such reserve may be used to reduce any loss incurred by the subsidiary or be capitalised as paid-up capital of the subsidiary. The statutory surplus reserve is non-distributable.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(l).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. Share-Based Payments

Equity-settled share option scheme – The 2023 Scheme

The Share Option Scheme was approved on 9 June 2023 (the “2023 Scheme”). The purpose of the 2023 Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the 2023 Scheme include (i) any director of the Company or any of its subsidiaries or any employee employed by the Company and/or any of its subsidiaries (whether full time or part time, including persons who are granted options under the 2023 Scheme as an inducement to enter into employment contract with any of such companies) (“Category A Participant”); (ii) any director or employee (whether full time or part time) of any of the Company’s holding companies, fellow subsidiaries and associated companies (“Category B Participant”); or (iii) any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including consultants and advisors of the Company with relevant expertise in fields related to biotechnology and capital market, and investor relations consultants, which could provide insights on areas such as investor relations, market development and promotion, technological trends and innovations, as well as management (excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) (“Category C Participant”).

The maximum number of shares in respect of which share options may be granted under the 2023 Scheme shall not, in aggregate, exceed 10.0% of the shares in issue as at the date of approval of the 2023 Scheme (the “Scheme Mandate Limit”). The maximum number of shares in respect of which share options may be granted to all Category C Participants under the 2023 Scheme shall not, in aggregate, exceed 1.0% of the shares in issue as at the date of approval of the 2023 Scheme and 10.0% of the Scheme Mandate Limit. A nominal consideration of HK\$1 is payable by the grantee upon acceptance of an option.

The subscription price of shares under the 2023 Scheme may be determined by the board of directors at its absolute discretion but in any event will not be less than the highest of (i) the nominal value of the shares; (ii) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant; and (iii) the average of the closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant of the relevant share option.

Any grant of share options to any director, chief executive or substantial shareholder or any of their respective associates must be approved by the independent non-executive directors of the Company (but excluding, for all purposes, any independent non-executive director of the Company who is a proposed grantee). Where any grant of share options to a substantial shareholder or an independent non-executive director of the Company or their respective associates would result in the total number of the shares issued and to be issued upon exercise of the share options and awards granted under the 2023 Scheme or other schemes to such person in the 12-month period up to and including the date of the grant representing in aggregate over 0.1% of the shares in issue, such further grant of share options must be approved by the shareholders of the Company. The Company must send a circular to its shareholders. The relevant grantee, his or her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such share options must be taken on a poll in accordance with the Listing Rules.

During the years ended 31 December 2025 and 2024, no share option has been granted, exercised or lapsed under the 2023 Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. Business Combination

On 15 August 2025, the Group acquired 100% equity interest in Antikor from independent third parties with a purchase consideration of HK\$10,838,435. Antikor is engaged in the development of novel antibody-drug conjugates for cancer treatment. The acquisition was in line with the Group's expansion strategies.

The fair values of the identifiable assets and liabilities of Antikor as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$
Property, plant and equipment	218,773
Other intangible assets	65,550,510
Other receivables	5,217
Prepayments	1,099,454
Bank balances	753,799
Other payables	(13,404,614)
Convertible loan payable	(30,724,762)
	<hr/>
Total identifiable net assets at fair value	23,498,377
Gain on bargain purchase recognised in other revenue, and other gains and losses in the consolidated statement of profit or loss	(12,659,942)
	<hr/>
Consideration	<u>10,838,435</u>

The purchase consideration was satisfied as follows:

	HK\$
Cash	1,804,566
Loan receivable (Note 25)	6,235,512
Financial assets at FVTOCI (Note 23(c))	2,798,357
	<hr/>
	<u>10,838,435</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. Business Combination *(Continued)*

An analysis of the cash flows in respect of the acquisition of Antikor is as follows:

	HK\$
Cash consideration	1,804,566
Bank balances acquired	<u>(753,799)</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>1,050,767</u></u>

Since the acquisition, Antikor did not contribute any significant amount to the Group's revenue and profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue and profit of the Group for the year would have been approximately HK\$1,813.8 million and approximately HK\$244.2 million, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. Holding Company Statement of Financial Position

	Notes	2025 HK\$	2024 HK\$
Non-current assets			
Interests in subsidiaries		147,607,118	165,634,521
Current assets			
Prepayments		278,307	249,124
Cash and cash equivalents		2,658,832	3,055,084
Total current assets		2,937,139	3,304,208
Total assets		150,544,257	168,938,729
Current liabilities			
Other payables and accruals		2,011,494	1,873,135
Net current assets		925,645	1,431,073
NET ASSETS		148,532,763	167,065,594
Capital and reserves attributable to owners of the Company			
Share capital	32	56,700,600	56,712,900
Reserves	33	91,832,163	110,352,694
TOTAL EQUITY		148,532,763	167,065,594

On behalf of the Board

Ngiam Hian Leng Malcolm

Yau Lai Man

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. Interests in Subsidiaries

Details of the Company's principal subsidiaries as at the end of the reporting period are as follows:

Name of subsidiary	Form of business structure	Place of incorporation and operation	Issued and fully paid share capital/ registered capital	Percentage of ownership interest		Principal activity
				directly	indirectly	
Essex Bio-Investment Limited	Limited liability company	British Virgin Islands/ Hong Kong	US\$5	100%	–	Investment holding
Essex Bio-Pharmacy Limited	Limited liability company	Hong Kong	HK\$8,000,000	–	100%	Investment holding
珠海億勝生物製藥有限公司 Zhuhai Essex Bio-Pharmaceutical Company Limited ⁽¹⁾	Limited liability company	PRC	RMB150,000,000	–	100%	Manufacture and sale of biologic drugs
珠海億勝醫藥有限公司 Essex Medipharma (Zhuhai) Company Limited*	Limited liability company	PRC	RMB3,000,000	–	100%	Marketing and distribution of pharmaceutical products
珠海全一科技有限公司 Zhuhai UNO Technology Company Limited ⁽¹⁾	Limited liability company	PRC	RMB50,000,000	–	100%	Investment holding
廣東漢豐百盛醫藥有限公司 Guangdong Hanfeng Baisheng Pharmaceutical Company Limited*	Limited liability company	PRC	RMB3,000,000	–	100%	Sale of pharmaceutical products

⁽¹⁾ These subsidiaries are registered as wholly-foreign-owned enterprises under the law of the PRC.

38. Capital Commitments

	2025 HK\$	2024 HK\$
Contracted but not provided for:		
– property, plant and equipment	347,009	591,441
– development expenditure (Note)	9,764,652	9,338,712
– acquired intangible assets	57,336,219	117,919,181
– construction of the new factory	135,818,943	170,607,164
– expansion of the existing factory	516,201	18,722,540
	203,783,024	317,179,038

Note:

Development expenditure represented the contract fees to independent third parties for carrying out the research and development on the Group's projects.

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For the year ended 31 December 2025

39. Financial Risk Management

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables, convertible loan receivables and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments including ECL rates when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade receivables. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on ECL risk. At the end of the reporting period, the Group has a certain concentration of credit risk as 27% (2024: 29%) and 51% (2024: 54%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

ECL rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. During the year ended 31 December 2025, no impairment loss (2024: an impairment loss of HK\$7,186,607) was recognised based on the amount of ECL on trade receivables. No impairment for other receivables is provided as the amount of additional impairment measured under the ECLs model is immaterial.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 25.

The credit risk on bank balances is limited because the counterparties are banks with high credit-rating or with good reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. Financial Risk Management *(Continued)*

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating based on rates current at the reporting date) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than 1 year but less than 5 years HK\$	More than 5 years HK\$
31 December 2025					
Trade and other payables	571,311,414	571,311,414	571,311,414	–	–
Bank borrowings	325,648,643	338,535,099	74,418,946	264,116,153	–
Lease liabilities	21,255,447	25,059,642	4,976,823	12,319,665	7,763,154
	918,215,504	934,906,155	650,707,183	276,435,818	7,763,154
31 December 2024					
Trade and other payables	545,396,348	545,396,348	545,396,348	–	–
Bank borrowings	165,348,196	171,648,333	73,261,134	98,387,199	–
Lease liabilities	21,690,596	26,263,268	4,198,315	11,740,229	10,324,724
	732,435,140	743,307,949	622,855,797	110,127,428	10,324,724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. Financial Risk Management *(Continued)*

(b) Liquidity risk (Continued)

Maturity analysis based on scheduled repayments of bank loans which contain a repayment on demand clause is as follows:

	Carrying amount HK\$	Within 1 year HK\$	More than 1 year but less than 5 years HK\$	Total contractual undiscounted cash flow HK\$
At 31 December 2025				
Bank borrowings	147,147,555	13,024,320	147,808,613	160,832,933
At 31 December 2024				
Bank borrowings	30,231,013	31,234,848	–	31,234,848

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at bank and bank borrowings. Borrowings bearing variable and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group has not implemented any procedures to hedge its interest rate risk.

At 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after income tax and retained earnings by approximately HK\$1,907,000.

At 31 December 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after income tax and retained earnings by approximately HK\$1,636,000.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each of the relevant periods and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis was performed on the same basis for 2024.

(d) Currency risk

The Group's main operations are currently in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

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40. Capital Risk Management

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

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

The capital structure of the Group consists of debts (which includes bank borrowings), cash and cash equivalents and total equity. The Group's management regularly reviews the capital structure. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio of the Group at the end of the reporting period was as follows:

	2025 HK\$	2024 HK\$
Bank borrowings	325,648,643	165,348,196
Less: Cash and cash equivalents	(782,730,099)	(557,166,527)
Net cash	(457,081,456)	(391,818,331)
Total equity	2,413,085,644	2,123,720,180
Net debt to equity ratio	N/A	N/A

The Group monitors capital using a gearing ratio, which is net debts divided by total equity. Net debts are calculated as borrowings less cash and cash equivalents as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level and the Directors are of the opinion that the Group's gearing ratio was maintained at reasonable level at the reporting dates.

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For the year ended 31 December 2025

41. Summary of Financial Assets and Financial Liabilities by Category

The following table shows the carrying amount and fair value of financial assets and liabilities:

	2025 HK\$	2024 HK\$
Financial assets		
FVTPL	18,753,250	51,432,340
FVTOCI	14,562,460	44,223,974
Loans and receivables at amortised cost (including bank balances and cash)	1,473,394,018	1,143,461,717
	1,506,709,728	1,239,118,031
Financial liabilities		
Financial liabilities measured at amortised cost	918,215,504	732,435,140

42. Related Party Transactions

Members of key management during the year comprised the executive Directors only whose remuneration is set out in note 11.

43. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Bank borrowings (Note 29) HK\$
At 1 January 2025	165,348,196
Changes from cash flows:	
Proceeds from bank borrowings	233,872,257
Repayments of bank borrowings	(82,439,033)
Interest paid	(8,293,798)
Total changes from financing cash flows	143,139,426
Other changes:	
Interest expenses	8,293,798
Exchange adjustment	8,867,223
At 31 December 2025	325,648,643

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43. Reconciliation of Liabilities Arising from Financing Activities *(Continued)*

	Bank borrowings (Note 29) HK\$	Convertible loan payable (Note 30) HK\$
At 1 January 2024	91,461,074	180,460,415
Changes from cash flows:		
Proceeds from bank borrowings	106,897,860	–
Repayments of bank borrowings	(28,100,113)	–
Repayment of convertible loan payable	–	(150,000,000)
Interest and make whole premium paid	(4,090,957)	(59,527,750)
Total changes from financing cash flows	74,706,790	(209,527,750)
Other changes:		
Interest expenses	4,090,957	29,067,335
Exchange adjustment	(4,910,625)	–
At 31 December 2024	165,348,196	–

44. Event After the Reporting Period

The new value-added tax (“VAT”) law in the PRC, announced on 30 January 2026 and effective retrospectively from 1 January 2026, alters the tax treatment for pharmaceutical wholesale enterprises selling ordinary biological products. Previously, these enterprises could choose a simplified tax rate of 3% but now face the standard tax rate of 13%, aligning with other pharmaceuticals. This change is expected to have impact on the Group’s biologics business, particularly Beifushu® and Beifuji® series.

For illustrative purposes, based on the Group’s turnover for the year ended 31 December 2025, applying the new 13% VAT would result in an estimated turnover impact of approximately HK\$133 million and an estimated gross profit impact of approximately HK\$116 million.

It is expected that the new VAT will have a similar effective impact on the Group’s turnover for the year ending 31 December 2026. This is because the Group cannot pass on the VAT increase to final customers since selling prices inclusive of VAT are fixed under the PRC’s centralised procurement system and turnover is reported net of VAT. While a corresponding impact will apply to the Group’s profit for the year ending 31 December 2026, the Group is proactively and systematically recalibrating operating and distribution costs to mitigate the impact without disrupting its focus on the Group’s development plans.

45. Approval of Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of Directors on 23 March 2026.

* For identification purpose only

FIVE YEAR FINANCIAL SUMMARY

The following is a summary of the consolidated results and of the assets and liabilities of the Group, prepared on the basis set out in notes 1 to 2 below:

RESULTS

	Year ended 31 December				
	2025 HK\$	2024 HK\$	2023 HK\$ (re-presented)	2022 HK\$	2021 HK\$
TURNOVER	1,813,807,257	1,669,816,770	1,736,972,134	1,317,710,616	1,637,659,431
Cost of sales	(195,921,227)	(171,154,250)	(174,943,412)	(128,381,601)	(241,892,649)
Gross profit	1,617,886,030	1,498,662,520	1,562,028,722	1,189,329,015	1,395,766,782
Other revenue, and other gains and losses	12,161,872	33,964,595	25,802,515	(3,131,001)	(2,374,656)
Distribution and selling expenses	(984,179,192)	(934,180,643)	(1,011,995,846)	(758,212,624)	(835,953,964)
Administrative expenses	(223,228,996)	(213,947,904)	(216,967,423)	(155,976,579)	(153,756,279)
Finance costs	(7,815,031)	(6,087,256)	(11,212,159)	(11,472,207)	(9,224,505)
Share of loss of an associate	(162,383)	(2,911,081)	(1,641,382)	(193,824)	–
PROFIT BEFORE INCOME TAX	414,662,300	375,500,231	346,014,427	260,342,780	394,457,378
Income tax	(96,571,137)	(68,278,413)	(70,754,810)	(34,931,470)	(48,489,295)
PROFIT FOR THE YEAR	318,091,163	307,221,818	275,259,617	225,411,310	345,968,083
Other comprehensive income for the year	45,310,351	(46,564,033)	(30,334,507)	(159,092,832)	20,537,243
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	363,401,514	260,657,785	244,925,110	66,318,478	366,505,326
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	363,401,514	260,657,785	244,925,110	66,318,478	366,505,326

ASSETS AND LIABILITIES

	As at 31 December				
	2025 HK\$	2024 HK\$	2023 HK\$	2022 HK\$	2021 HK\$
Non-current assets	1,870,635,762	1,699,743,798	1,582,280,872	1,498,418,728	1,316,047,654
Current assets	1,620,125,016	1,283,301,543	1,245,277,626	1,213,978,405	1,547,391,375
Current liabilities	(766,905,155)	(708,977,835)	(810,744,089)	(560,916,768)	(689,585,384)
Net current assets	853,219,861	574,323,708	434,533,537	653,061,637	857,805,991
Non-current liabilities	(310,769,979)	(150,347,326)	(93,037,184)	(420,113,560)	(439,576,352)
Net assets	2,413,085,644	2,123,720,180	1,923,777,225	1,731,366,805	1,734,277,293

Notes:

- The consolidated results of the Group for the years ended 31 December 2023, 2022 and 2021 are extracted from the published audited financial statements for these years. The consolidated results of the Group for the years ended 31 December 2025 and 2024 are as set out on page 57 of the audited financial statements.
- The consolidated assets and liabilities of the Group as at 31 December 2023, 2022 and 2021 are extracted from the published audited financial statements for the years ended 31 December 2023, 2022 and 2021. The consolidated assets and liabilities of the Group as at 31 December 2025 and 2024 are as set out on page 58 of the audited financial statements.



CORPORATE GOVERNANCE REPORT

The principal objective of Essex Bio-Technology Limited (the “Company”, together with its subsidiaries, the “Group”) is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flows and dividend growth without compromising the Group’s financial strength and stability. At the same time, good environmental conditions, social influence and governance structure are crucial to the development of the Group. As such, while seeking to pursue growth in its performances, the Group has also been constantly striving for excellence in areas such as environmental protection, social responsibility and corporate governance.

The board (the “Board”) of directors of the Company (the “Directors”) plays a leading role in defining the purpose, values and strategic direction of the Group and in fostering a culture that is forward looking, change embracing and competitiveness focused. The desired culture is developed and reflected consistently in the general operating practices of the Group, workplace policies and practices as well as relations with stakeholders. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, value and strategies of the Group are aligned.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving good corporate governance practices by emphasising its accountability, transparency, independence, responsibility and fairness. The Company is dedicated to exercise corporate governance through regular reviews of its adopted practices with reference to the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and ensuring a quality Board and transparency and accountability to shareholders of the Company.

The Board also supports the Company’s commitment in fulfilling the environmental, social and governance (“ESG”) responsibilities by formulating the Company’s ESG management policies and strategies, identifying, prioritising and managing important ESG-related issues in combination with stakeholder communication and materiality assessment results, as well as setting ESG performance objectives and reviewing the completion progress regularly.

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the financial year ended 31 December 2025.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors’ securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “Model Code”). Having made specific enquiry of the Directors, all the Directors have confirmed that they have fully complied with the required standards and provisions as set out in the Model Code throughout the financial year ended 31 December 2025.

BOARD OF DIRECTORS

The Board, which currently comprises seven Directors and is led by Ngiam Mia Je Patrick, the chairman of the Board and an executive Director, is responsible for the determination and setting of corporate strategies, reviewing annual and interim results, succession planning, risk management, approving and reviewing major acquisitions, disposals and capital transactions, and overseeing other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Details of backgrounds and qualifications of the chairman of the Board and the other Directors are set out in the section headed "Profiles of Directors and Senior Management" in this report. Save for the father-son relationship between Ngiam Mia Je Patrick and Ngiam Hian Leng Malcolm, there is no other relationship (including financial, business, family or other material/relevant relationship(s)) between the Directors. All the Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

Ngiam Hian Leng Malcolm, an executive Director and Chief Executive Officer of the Company, is responsible for strategic corporate planning, business development and overall operational management of the Group.

The Company appointed three independent non-executive Directors who are considered to be having the appropriate and sufficient experiences and qualifications to carry out their duties so as to protect the interests of the shareholders of the Company. Fung Chi Ying, Yeow Mee Mooi and Yan Man Sing Frankie are the independent non-executive Directors. Each of their term of appointment will end on 30 September 2026, determinable by either party serving not less than one month's written notice on the other.

Directors	Length of tenure (Year)	Current period of appointment (Year)
<i>Executive Directors</i>		
Ngiam Mia Je Patrick	24	No fixed term
Fang Haizhou	24	No fixed term
Ngiam Hian Leng Malcolm	5	No fixed term
Yau Lai Man	5	No fixed term
<i>Independent Non-executive Directors</i>		
Fung Chi Ying	24	1
Yeow Mee Mooi	21	1
Yan Man Sing Frankie	2	2

All the Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's articles of association. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.



CORPORATE GOVERNANCE REPORT

The Company has arranged for appropriate insurance cover in respect of legal actions against the Directors.

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performances. The Board is delegated with the authority and responsibility for the management of the Group. In addition, the Board has also established various Board committees, including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the corporate governance committee (the "Corporate Governance Committee") and has delegated various responsibilities to these committees.

The Company has adopted the practice of holding regular Board meetings at least four times a year. In particular, the Board held a full board meeting for each quarter during the year ended 31 December 2025. Apart from regular board meetings, the Board will meet on other occasions when a board level decision on a particular matter is required. Each of the members of the Board has full access to relevant information at the meetings.

The executive Directors and senior management of the Company, as delegated by the Board, are responsible for implementing the determined strategies and policies and the day-to-day management of the Group's business.

The Company has received from each of the independent non-executive Directors a written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company thus considers all the independent non-executive Directors to be independent, and are able to provide independent views and inputs to the Board.

Four Board meetings and one annual general meeting were held during the year ended 31 December 2025. The attendance record for the Board meetings and general meeting is as follows:

Directors	Board meetings attendance	General meeting attendance
<i>Executive Directors</i>		
Ngiam Mia Je Patrick	4/4	1/1
Fang Haizhou	4/4	1/1
Ngiam Hian Leng Malcolm	4/4	1/1
Yau Lai Man	4/4	1/1
<i>Independent Non-executive Directors</i>		
Fung Chi Ying	4/4	1/1
Yeow Mee Mooi	4/4	1/1
Yan Man Sing Frankie	4/4	1/1

The Directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. The participation by individual Directors in the continuous professional development programme with appropriate emphasis on the roles, functions and duties of a director of a listed company during the year ended 31 December 2025 is recorded in the table below:

Directors	Reading regulatory updates	Attending external seminars/ programmes
<i>Executive Directors</i>		
Ngiam Mia Je Patrick	✓	✓
Fang Haizhou	✓	✓
Ngiam Hian Leng Malcolm	✓	✓
Yau Lai Man	✓	✓
<i>Independent Non-executive Directors</i>		
Fung Chi Ying	✓	✓
Yeow Mee Mooi	✓	✓
Yan Man Sing Frankie	✓	✓

During the year ended 31 December 2025, the training topic covered was the updates on the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

REMUNERATION COMMITTEE

The Remuneration Committee was established in August 2005. The chairperson of the committee is Yeow Mee Mooi, an independent non-executive Director, and other members include Ngiam Mia Je Patrick, the chairman of the Board and an executive Director, Fung Chi Ying and Yan Man Sing Frankie, both being independent non-executive Directors. The majority of the members of the Remuneration Committee are independent non-executive Directors.

The existing terms of reference of the Remuneration Committee have been adopted on 1 April 2012 in compliance with the amendments to the Listing Rules which became effective on 1 April 2012. Such terms of reference are available on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company.

The role and function of the Remuneration Committee include the making of recommendations to the Board on the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments (which include any compensation payable for loss or termination of their office or appointment), and the making of recommendations to the Board on the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

The Company has adopted the model whereby the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management, which should include benefits in kind, pension rights and compensation payments, and any compensation payable for loss or termination of their office(s) or appointment(s), and to make recommendations to the Board on the remuneration of non-executive Directors.

During the year under review, two meetings of the Remuneration Committee were held. Details of the attendance of the Remuneration Committee meetings are as follows:

Members	Attendance
Yeow Mee Mooi (<i>Chairperson</i>)	2/2
Ngiam Mia Je Patrick	2/2
Fung Chi Ying	2/2
Yan Man Sing Frankie	2/2

During the year under review, the Remuneration Committee has considered and reviewed the terms of employment contracts of the executive Directors and appointment letters of the independent non-executive Directors and has assessed the performance of the Directors. The Remuneration Committee considers that the terms of employment contracts of the executive Directors and appointment letters of the independent non-executive Directors are fair and reasonable.

Furthermore, the Remuneration Committee is also responsible for approving the granting of options to the grantees and any changes to the terms of the options granted to a grantee under the share option schemes as approved by the shareholders of the Company at the annual general meetings held on 3 May 2013 and 9 June 2023. As there was no grant or exercise of share options under the Company's share option schemes for the year ended 31 December 2025, the Remuneration Committee was not required to review and/or approve the relevant matters during the year ended 31 December 2025.

NOMINATION COMMITTEE

The Nomination Committee was established in August 2005. The chairperson of the committee is Yeow Mee Mooi, an independent non-executive Director, and other members include Ngiam Mia Je Patrick, the chairman of the Board and an executive Director, Fung Chi Ying and Yan Man Sing Frankie, both being independent non-executive Directors.

The existing terms of reference of the Nomination Committee have been adopted on 1 July 2025 in compliance with the amendments to the Listing Rules which became effective on 1 July 2025. Such terms of reference are available on the websites of the Stock Exchange and the Company.

The role and function of the Nomination Committee include recommending the appointment and removal of Directors. The Nomination Committee considers the past performance, qualification, general market conditions and the Company's articles of association in selecting and recommending candidates for directorship. The Nomination Committee also reviews the structure, size and composition of the Board, assists the Board in maintaining a board skills matrix, and assesses the independence of the independent non-executive Directors.

In addition, the Board adopted a board diversity policy on 7 March 2014 (the "Diversity Policy"). Under the Diversity Policy, the Company recognises the benefits of board diversity and supports the principle that diversity can strengthen the performance of the Board, promote effective decision-making and better corporate governance and monitoring. For the year ended 31 December 2025, the Board has reviewed the implementation of the Diversity Policy, and is of the view that the policy remains appropriate and effective.

The Company believes that a diversified board will include and make good use of the differences in skills, experience and background, technical and industry experience, ethnicity, gender, age, nationality, knowledge and length of service and other qualities of the members of the Board. These factors will be considered in determining the optimum composition of the Board and all Board appointments will be based on merit, having due regard to the overall effective function of the Board as a whole. Gender diversity of the Board stands at a relatively high level (29%, two females out of seven Directors) amongst companies listed on the Stock Exchange, and we aim to maintain the gender diversity of the Board going forward.

The Board also places tremendous emphasis and adopted a workforce diversity policy (including gender diversity) across all levels of the Group (including senior management). Among senior management of the Company, 20% are females (two out of ten senior management members). Among the workforce of the Group (excluding senior management), 54% are females. We aim to maintain the gender diversity of senior management and the workforce of the Group going forward. The Company will proactively provide trainings to Directors and senior management and will take into account the factor of gender diversity when recruiting suitable candidates for mid to senior management of the Company in the future, so as to develop a pipeline of potential successors for the Board and continue to enhance gender diversity in the Board in the coming years. To support diversity across all facets, beyond gender, including ethnicity, race, nationality, religion, age, political affiliation and marital status, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the workforce can be found in the 2025 Environmental, Social and Governance Report of the Company, which will be published at the same time as the publication of this report.

The Nomination Committee reviews and assesses the composition of the Board and, where appropriate, makes recommendations on any proposed changes to the Board to complement the Company's corporate strategies. With respect to the nomination of new Directors, the Nomination Committee (a) takes appropriate measures to identify and evaluate a candidate based on the criteria set out above; (b) may consider a candidate recommended or offered for nomination by the Board or shareholders of the Company; and (c) makes recommendation and submits the candidate's personal profile to the Board for consideration.

The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experiences appropriate to the requirements of its business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

During the year under review, one meeting of the Nomination Committee was held. Details of the attendance of the Nomination Committee meeting are as follows:

Members	Attendance
Yeow Mee Mooi (<i>Chairperson</i>)	1/1
Ngiam Mia Je Patrick	1/1
Fung Chi Ying	1/1
Yan Man Sing Frankie	1/1

During the year under review, the Nomination Committee reviewed and assessed each Director's time commitment and contribution to the Board. The assessment considered each Director's ability to discharge their responsibilities with referencing factors such as participation in Board meetings, existing listed company directorships, other significant external time commitments and the results of the performance evaluation for the Board. The Nomination Committee was satisfied that each Director can discharge their responsibilities effectively.

The Nomination Committee also considered and resolved that all the existing Directors shall be recommended to be retained by the Company. Further, in compliance with the Company's articles of association, Fang Haizhou, Fung Chi Ying and Yan Man Sing Frankie will retire by rotation, and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

AUDIT COMMITTEE

The Company established the Audit Committee in June 2001. The Audit Committee comprises three members, namely Fung Chi Ying, Yeow Mee Mooi and Yan Man Sing Frankie, all being independent non-executive Directors. The chairperson of the Audit Committee is Fung Chi Ying. The existing terms of reference of the Audit Committee have been adopted on 14 January 2019 in compliance with the amendments to the Listing Rules. Such terms of reference are available on the websites of the Stock Exchange and the Company.

The main responsibilities of the Audit Committee are to review and supervise the financial statements (including the interim and annual financial statements of the Group) and the auditors' reports and monitor the integrity of the financial statements of the Group. Other responsibilities include the appointment of auditor, approval of the auditor's remuneration, discussion of audit procedures and any other matters arising from the above. The Audit Committee is also responsible for overseeing the financial reporting system, internal control and risk management systems and their effectiveness.

The Audit Committee examines all matters relating to the accounting principles and policies adopted by the Group, auditing functions, internal control, risk management and financial reporting. External auditors and the executive Directors are invited to attend the committee meetings as and when necessary. The Audit Committee also serves as a channel of communication between the Board and the external auditor.

The Audit Committee held two meetings during the year under review. Details of the attendance of the Audit Committee meetings are as follows:

Members	Attendance
Fung Chi Ying (<i>Chairperson</i>)	2/2
Yeow Mee Mooi	2/2
Yan Man Sing Frankie	2/2

The work performed by the Audit Committee during the year under review and up to the date of this report included reviewing the audited consolidated financial statements of the Group for the year ended 31 December 2025, the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2025 and the effectiveness of the internal control and risk management practices of the Group. The Audit Committee has also reviewed the audit plan and approach of the external auditor and monitored the progress and results of the audit regularly. The Group's unaudited interim results for the six months ended 30 June 2025 and the audited annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been duly made.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established on 23 March 2012. The chairperson of the committee is Yeow Mee Mooi, an independent non-executive Director, and other members include Yau Lai Man, an executive Director, Fung Chi Ying and Yan Man Sing Frankie, both being independent non-executive Directors.

The existing terms of reference of the Corporate Governance Committee have been adopted on 1 April 2012 in compliance with the amendments to the Listing Rules which became effective on 1 April 2012. The role and function of the Corporate Governance Committee include developing and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board, reviewing and monitoring the Group's policies and practices in compliance with legal and regulatory requirements, reviewing and monitoring the code of conduct and compliance manual applicable to the Directors and employees, reviewing and monitoring the training and continuous professional development of Directors and senior management, and reviewing the Company's compliance with the Corporate Governance Code and disclosures in the Company's corporate governance report.

The Corporate Governance Committee held one meeting during the year under review. Details of the attendance of the Corporate Governance Committee meeting are as follows:

Members	Attendance
Yeow Mee Mooi (<i>Chairperson</i>)	1/1
Yau Lai Man	1/1
Fung Chi Ying	1/1
Yan Man Sing Frankie	1/1

During the year under review, the work performed by the Corporate Governance Committee included reviewing and monitoring appropriate training and continuous professional development of the Directors and senior management, and reviewing the Company's compliance with the Corporate Governance Code and disclosures in the Company's corporate governance report.

BOARD PERFORMANCE REVIEW

To ensure that the Directors have spent sufficient time on the affairs of the Company, all Directors have annually disclosed to the Company the level of time involved in performing the duties of his/her position held in the Company and other public companies or organisations or other major appointments.

During the year under review, the Company has internally conducted a Board performance review covering the year ended 31 December 2025 by means of self-evaluation questionnaire completed by all Directors.

The following areas have been covered in the performance review:

- extent of participation in the Company's operations;
- ability to improve the quality of decision-making of the Board;
- composition and structure of the Board;
- election and continuing education of Directors; and
- internal control.



CORPORATE GOVERNANCE REPORT

The responses received from such Board performance review were analysed and a report summarising the findings was compiled. The results and recommendations were discussed and approved by the Board.

Summary of findings

- (i) The Board performance review indicates a strong understanding among Directors of their roles, Board functions, and committee responsibilities. Strategic alignment is robust, with majority of Directors affirming clarity in the Group's strategy and effective Board oversight.
- (ii) Oversight and financial review processes are generally effective. Internal controls and risk governance are well understood.
- (iii) Board diversity and independence are positively perceived. Directors are satisfied with professional development support and clarity in Board-management responsibilities. While collaboration and open dialogue are generally strong, more open discussion and interaction among Board members were encouraged.

Having considered the feedback from the Directors, certain recommendations have been made as follows:

- (i) starting from the year ending 31 December 2026, the Company will enhance Directors' training by incorporating more real case examples, providing materials relevant to the five specified topics under Rule 3.09G of the Listing Rules; and
- (ii) to involve full Board members for briefings on progress updates in relation to strategic issues so as to enhance Board cohesion and promote Board dynamics.

The Company will continue to conduct a formal evaluation of the Board's performance, either internally or by an external provider, at least every two years.

EMOLUMENTS OF SENIOR MANAGEMENT

During the year under review, the range of emoluments paid to members of the senior management (other than the Directors) of the Group is set out in note 12 to the financial statements.

NUMBER OF SHARES HELD BY EACH OF THE SENIOR MANAGEMENT

Details of the number of shares held by each of the senior management are set out in the section headed "Profiles of Directors and Senior Management" in this report.

DIVIDEND POLICY

Provided that the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the shareholders of the Company.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account various factors, including but not limited to, the operating results and performance, cash flow, financial position, capital requirements and future prospects of the Group, as well as the interests of the shareholders of the Company.

Declaration and payment of dividend by the Company are also subject to the laws of the Cayman Islands, the memorandum and articles of association of the Company and any applicable laws, rules and regulations.

For the avoidance of doubt, there can be no assurance that a dividend will be proposed or declared in any specific period.

During the year under review, all dividend decisions made by the Board were made in accordance with the Company's dividend policy.

COMPANY SECRETARY

Yau Lai Man, the company secretary of the Company, has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules during the year ended 31 December 2025.

AUDITOR'S REMUNERATION

During the year under review, the auditor's remuneration paid and payable by the Group to the external auditor in relation to the audit and non-audit services (i.e. agreed-upon procedures on the interim financial information and tax compliance services) amounted to HK\$1,440,000 and HK\$207,300 respectively.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to the Company's articles of association, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for shareholders to put forward proposals at a general meeting

Shareholders may suggest proposals relating to the Company to be discussed at a general meeting by sending written requisition to the Board or the company secretary of the Company and following the procedures set out in the paragraph headed "Procedures for shareholders to convene an extraordinary general meeting" above to convene an extraordinary general meeting for any business specified in such written requisition.

Procedures for shareholders to propose a person for election as a director

Subject to applicable laws and regulations, including the Companies Act, Cap. 22 (as revised and amended) of the Cayman Islands and the Listing Rules, and the memorandum and articles of association of the Company as amended from time to time, the Company may by ordinary resolution in general meeting elect any person to be a director of the Company either to fill a casual vacancy on the board of directors or as an addition to the existing board of directors. A shareholder of the Company may propose a person for election as a director of the Company by lodging a written notice to that effect at the head office and principal place of business of the Company in Hong Kong for the attention of the Company Secretary of the Company or at the branch register of members of the Company.

In order for the Company to inform shareholders of the Company of that proposal, the written notice must state the full name of the person proposed for election as a director of the Company, include the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected. The minimum length of the period during which such a written notice is given shall be at least seven days and the period for lodgment of such a written notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may direct their queries to the Board and may at any time make a request for the Company's information to the extent such information is publicly available through the company secretary of the Company whose contact details are as follows:

Address: Room 3206, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Fax: (852) 2587 7363
Email: essex@essexbio.com

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge that they are responsible for the preparation of financial statements for each financial period which gives a true and fair view of the state of affairs of the Group. In preparing the financial statements for the year ended 31 December 2025, the Directors have selected appropriate accounting policies and applied them consistently, and have prepared the financial statements on a going concern basis.

The external auditor of the Group has also stated its reporting responsibility in the auditor's report on the consolidated financial statements for the year ended 31 December 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that a sound system of internal control and risk management practices are essential in ensuring good corporate governance and pursuing the achievement of the strategic goals of the Group. The Board also acknowledges that it is the Board's responsibility to ensure that the Group maintains sound and effective internal controls to safeguard the assets of the Group at all times. The Board reviews and monitors the effectiveness of the internal control and risk management systems on a yearly basis to ensure that the systems in place are adequate, and it has conducted a review of the risk management and internal control systems during the year under review.

The risk management and internal control systems of the Group are designed to manage rather than to eliminate the risk of failure so as to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

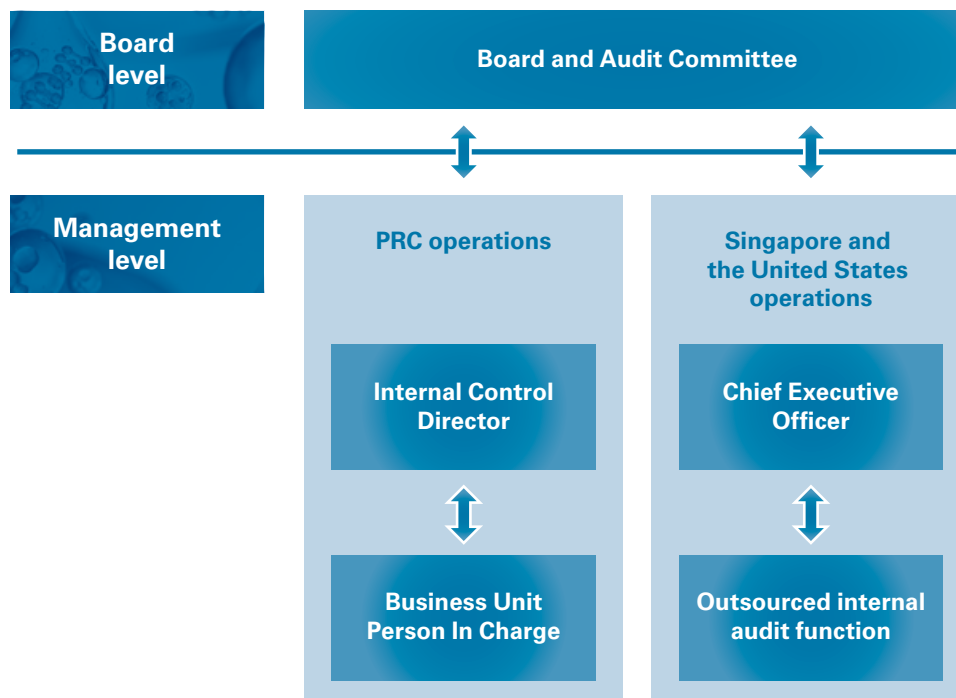
The Board is also involved in the materiality assessment and prioritisation of ESG-related issues that may have significant influence on the Company's long-term sustainability. Key ESG risks have been incorporated into the Company's risk management system and the Company has formulated risk response measures by considering the possibility, impact and trends of key ESG risks. The Board has regularly reviewed these key risks and has made recommendations to the measures taken.

The Company has established and given effect to its anti-corruption policy and whistleblowing policy and procedures, of which further details can be found in the 2025 Environmental, Social and Governance Report of the Company, which will be published at the same time as the publication of this report.

Risk Management and Internal Control Framework

Risk management

In order to continuously improve the risk management and internal control systems, as well as to enhance the level of management and risk prevention capabilities, the Company has developed a risk management manual (the “Risk Management Manual”), established risk management strategy and structure, as well as defined the measures for risk assessment and risk management reporting procedures since 2016. The organisational structure for risk management is set out as follows:



The Board and Audit Committee oversee the structure and performance of the risk management functions and assess the effectiveness of the underlying risk management system.

PRC operations

Management of business units work together with the internal control director to perform risk assessment at operational level, and are responsible for monitoring and managing the risks identified in activities and operations. The internal control director is responsible for coordinating and conducting risk assessments in accordance with the Risk Management Manual and reporting risk management status to the Audit Committee annually.

Singapore and the United States operations

Internal audit function is outsourced to perform risk assessment at operational level, monitor and manage the risks identified in activities and operations. Chief Executive Officer is responsible for coordinating and conducting risk assessments in accordance with the Risk Management Manual and reporting risk management status to the Audit Committee annually.

The four key steps in the risk management process are:

- **Risk identification and assessment** – identify the key risks of the Group and analyse the risk by considering the possibility of occurrence and their implication;
- **Risk handling** – adopt appropriate risk management strategy and risk response plans;
- **Risk monitoring** – create mechanisms for monitoring to ensure the risk response plans are executed smoothly;
- **Risk reporting** – summarise the result of risk assessment and report to the Audit Committee.

In the risk management process, the top risks within the Group are identified and assessed; and the respective risk management measures as well as the corresponding mitigating controls are discussed, agreed and implemented by the management. Risk assessment results are reported by the internal control director and Chief Executive Officer to the Audit Committee and the Board annually.

Internal control

The internal control framework of the Group has been established based on the framework developed by Committee of Sponsoring Organisations of the Treadway Commission for internal controls. To assist the Audit Committee in its overseeing and monitoring activities, the Group maintains an independent internal audit function for PRC operations and outsources the internal audit function for Singapore and the United States operations. The role of internal audit is to provide independent assurance that the risk management, governance and internal control processes of the Group are operating effectively. The internal auditors assess the operating effectiveness of the risk management and internal control systems during their course of audits. They carried out internal audits on all functions and the frequency is determined by the level of assessed risks in each function. Internal auditors shall provide independent and objective reports on operational and management activities of each function. The annual audit plans are reviewed and approved by the Audit Committee and audit findings are submitted to the Audit Committee for review.

The Audit Committee reviews internal control issues identified by the internal auditors, including the remedial actions taken to address and resolve the identified issues, and evaluates the adequacy and effectiveness of their risk management and internal control systems. The Audit Committee also reviews the internal control functions with particular emphasis on the scope and frequency of audits and the adequacy of resources.

To further strengthen the internal control systems, heads of all departments are required to confirm the effectiveness of the internal controls of their respective departments, including the identification of key issues in the control system and the developing of the action plan to remediate the weaknesses of the internal controls. Management is required to submit a confirmation to the Audit Committee and the Board annually to confirm the effectiveness of the risk management and internal control systems of the Group.

Review the effectiveness of the risk management and internal control systems

The internal control director and Chief Executive Officer reported to the Audit Committee for the annual risk assessment, internal control review and tests. Key risks are identified and their responsive mitigating controls are documented in the risk registers and reported to the Board by the Audit Committee.

For the year ended 31 December 2025, the Board has conducted the review of risk management and internal control system functions of the Group and considered them to be effective and adequate. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. No significant areas of concern that may affect the Company to achieve strategic goals have been identified.

During the review of risk management and internal control systems of the Group, the Board has assessed the adequacy of resources, staff qualifications, experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions as well as those relating to the Group's ESG performance and reporting, and considered that these resources are properly allocated.

Disclosure of inside information

The Company has established policies and internal controls for the handling and dissemination of inside information to ensure that disclosures are made and/or announcements are published on a timely basis in accordance with the applicable laws and regulations. The Company has implemented procedures for responding to external enquiries about the Group's affairs and has in place a strict prohibition on unauthorised use of inside information.

CONSTITUTIONAL DOCUMENTS

During the year under review, the Company's articles of association were amended for the purpose of, among others, bringing the articles of association in line with (i) the latest regulatory requirements in relation to the expanded paperless listing regime and electronic dissemination of corporate communications by listed issuers; (ii) amendments made to the Listing Rules relating to treasury shares; and (iii) amendments made to the Listing Rules relating to the further expanded paperless listing regime. The special resolution in relation to the amendments to the Company's articles of association and the adoption of the amended and restated articles of association of the Company was passed by way of poll at the annual general meeting of the Company held on 21 May 2025. For further details, please refer to the announcement of the Company dated 1 April 2025 and the circular of the Company dated 7 April 2025.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established the following communication channels with its shareholders and investors: (i) dispatching printed copies of corporate communication documents to shareholders of the Company; (ii) the opportunity for shareholders of the Company to raise comments and exchange views with the Board during each annual general meeting; (iii) providing the latest and key information of the Group through the website of the Company; and (iv) the Company's share registrar serves the shareholders of the Company in respect of all share registration matters. For the year ended 31 December 2025, the Board has reviewed the implementation of the existing shareholders' communication policy and is of the view that the policy remains appropriate and effective.

Important Shareholders' Dates in the Coming Financial Year

The Board meetings approving the Group's interim results for the six months ending 30 June 2026 and annual results for the year ending 31 December 2026 and the annual general meeting are expected to be held in August 2026, March 2027 and May/June 2027, respectively.

Board's Engagement with Shareholders

During the year under review, apart from the annual general meeting of the Company held on 21 May 2025, the Board also conducted offline surveys, inviting diverse shareholders to rate the materiality of the Group's 2025 ESG issues. After the survey, the Board analysed feedbacks from all participants and evaluated each topic's materiality from two dimensions: materiality to corporate development and materiality to stakeholders. This led to the Group's materiality matrix of ESG issues and the priority of the issues.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the percentage of public float is 45.92% as at the date of this report.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ngiam Mia Je Patrick (*Chairman*)
Fang Haizhou (*Managing Director*)
Ngiam Hian Leng Malcolm (*Chief Executive Officer*)
Yau Lai Man

Independent Non-executive Directors

Fung Chi Ying
Yeow Mee Mooi
Yan Man Sing Frankie

AUDIT COMMITTEE

Fung Chi Ying (*Chairperson*)
Yeow Mee Mooi
Yan Man Sing Frankie

REMUNERATION COMMITTEE

Yeow Mee Mooi (*Chairperson*)
Ngiam Mia Je Patrick
Fung Chi Ying
Yan Man Sing Frankie

NOMINATION COMMITTEE

Yeow Mee Mooi (*Chairperson*)
Ngiam Mia Je Patrick
Fung Chi Ying
Yan Man Sing Frankie

CORPORATE GOVERNANCE COMMITTEE

Yeow Mee Mooi (*Chairperson*)
Yau Lai Man
Fung Chi Ying
Yan Man Sing Frankie

COMPANY SECRETARY

Yau Lai Man MBA, ACA, CPA (practising)

AUTHORISED REPRESENTATIVES

Fang Haizhou
Yau Lai Man

AUDITOR

BDO Limited
(*Registered Public Interest Entity Auditors*)

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Hi-Tech Zone
Zhuhai
Guangdong, China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China
Bank of Communications Co., Ltd.
China Merchants Bank
China Construction Bank
Industrial and Commercial Bank of China (Asia) Limited

STOCK CODE

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