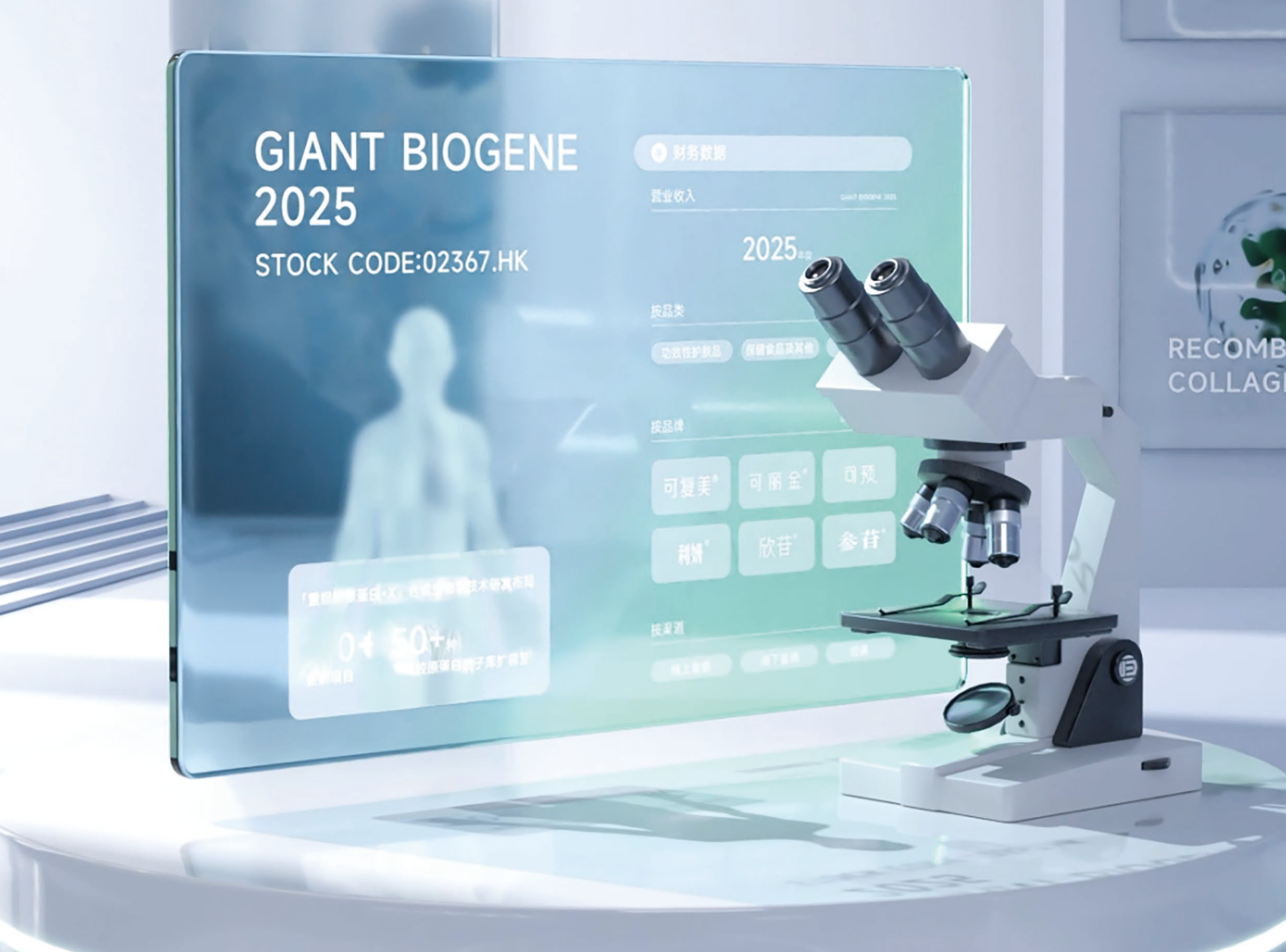
巨子生物
GIANT BIOGENE

巨子生物控股有限公司
GIANT BIOGENE HOLDING CO., LTD

(An exempted company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的獲豁免有限公司)

Stock Code 股份代號：2367

2025 年報
2025 ANNUAL REPORT



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CORPORATE INFORMATION

As of the date of this report

DIRECTORS

Executive Directors

Mr. Yan Jianya (嚴建亞)
(Chairman and chief executive officer)
Ms. Ye Juan (葉娟)
Ms. Fang Juan (方娟)
Ms. Zhang Huijuan (張慧娟)
Ms. Yan Yubo (嚴鈺博)

Independent Non-executive Directors

Mr. Huang Jin (黃進)
Mr. Shan Wenhua (單文華)
Ms. Wong Sze Wing (黃斯穎)

AUDIT COMMITTEE

Ms. Wong Sze Wing (黃斯穎) (Chairperson)
Mr. Huang Jin (黃進)
Mr. Shan Wenhua (單文華)

REMUNERATION COMMITTEE

Mr. Shan Wenhua (單文華) (Chairman)
Mr. Yan Jianya (嚴建亞)
Ms. Wong Sze Wing (黃斯穎)

NOMINATION COMMITTEE

Mr. Yan Jianya (嚴建亞) (Chairman)
Mr. Huang Jin (黃進)
Ms. Wong Sze Wing (黃斯穎)

CORPORATE GOVERNANCE COMMITTEE

Mr. Yan Jianya (嚴建亞) (Chairman)
Ms. Fang Juan (方娟)
Mr. Shan Wenhua (單文華)

JOINT COMPANY SECRETARIES

Ms. Yan Yubo (嚴鈺博)
Ms. Au-Yeung Nelly (歐陽麗妮) (ACG, HKACG)

AUTHORIZED REPRESENTATIVES

Mr. Yan Jianya (嚴建亞)
Ms. Au-Yeung Nelly (歐陽麗妮)

REPORTING ACCOUNTANT AND INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountant
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
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COMPANY'S LEGAL ADVISORS

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COMPANY'S WEBSITE

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STOCK CODE

2367

Corporate information
As of the date of this report

HONG KONG SHARE REGISTRAR

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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KY1-1102
Cayman Islands

PRINCIPAL BANKERS

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No. 1 Zhangbayilu
High-tech Development Zone
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Shanghai Pudong Development Bank Co., Ltd. (Xi'an Branch)
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High-tech Development Zone
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Shaanxi Province, PRC

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F, Lee Garden One
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Causeway Bay, Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2025 RMB million	2024 RMB million	Changes
Revenue	**5,518.5**	5,538.8	-0.4%
Gross profit	**4,433.4**	4,546.9	-2.5%
Profit before tax	**2,350.3**	2,457.8	-4.4%
Net profit	**1,914.7**	2,061.7	-7.1%
Earnings attributable to the owners of parent company	**1,914.8**	2,062.3	-7.2%
Adjusted net profit for the year (non-IFRS measure)	**1,959.9**	2,151.5	-8.9%
Basic earnings per Share (RMB yuan)	**1.83**	2.10	-12.9%
Diluted earnings per Share (RMB yuan)	**1.81**	2.06	-12.1%

The Board proposed to distribute final dividends of RMB0.5390 per ordinary share and proposed to distribute special dividends of RMB0.6714 per ordinary share.

5-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	**5,518,512**	5,538,812	3,524,143	2,364,445	1,552,486
Gross profit	**4,433,350**	4,546,915	2,947,137	1,995,240	1,354,337
Profit before tax	**2,350,304**	2,457,754	1,745,089	1,177,749	972,917
Profit for the year	**1,914,662**	2,061,727	1,448,202	1,001,586	828,132
Profit for the year attributable to owners of the parent	**1,914,836**	2,062,347	1,451,753	1,002,025	828,132
Profit for the year attributable to non-controlling interests	**(174)**	(620)	(3,551)	(439)	–

ASSETS AND LIABILITIES

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	**10,841,423**	8,037,958	4,973,078	3,138,225	7,878,208
Total liabilities	**916,637**	918,136	602,028	301,192	6,861,397
Total equity	**9,924,786**	7,119,822	4,371,050	2,837,033	1,016,811
Non-current assets	**1,822,878**	1,636,001	837,999	600,490	436,886
Current assets	**9,018,545**	6,401,957	4,135,079	2,537,735	7,441,322
Current liabilities	**799,964**	835,995	530,612	280,905	6,843,042
Net current assets	**8,218,581**	5,565,962	3,604,467	2,256,830	598,280
Non-current liabilities	**116,673**	82,141	71,416	20,287	18,355
Total equity	**9,924,786**	7,119,822	4,371,050	2,837,033	1,016,811

CHAIRMAN'S STATEMENT

Taking root deeply enables sustained growth. We extend our sincere appreciation to all partners for their trust and support, which have allowed us to maintain resilience and upward momentum amid an evolving industry landscape. In 2025, we strengthened our internal capabilities while expanding externally, opening up new growth opportunities through breakthroughs in research, brand advancement and global expansion, and continuously consolidating a solid foundation for long-term development.

Advancing through depth, our foundation remains firmly anchored in scientific research.

In October 2025 and January 2026, our products, *Recombinant Type I α1 Subtype Collagen Freeze-dried Fibers* and *Recombinant Type I α1 Subtype Collagen and Sodium Hyaluronate Composite Solution*, were successively approved by the National Medical Products Administration of China. Our recombinant collagen molecular library expanded to over 50 types, with more than 140 R&D projects accelerating towards commercialization. We added over 40 new patents and patent applications, participated in drafting the industry standard for *Recombinant Collagen Dressings*, and were approved to establish the "20th Batch of Shaanxi Provincial Enterprise Technology Center" and the "Shaanxi Provincial Bio-manufacturing Innovation Center for Active Substances". These continuously accumulated advancements have provided us with clearer direction and stronger confidence to move forward steadily in the broader field of life sciences.

Connecting with users, we bring our brands into real-life scenarios.

Leveraging diversified scenarios, we continuously strengthen the perception and recognition of our brand value. KOMFYMED enhanced its professional skincare positioning through initiatives such as participation in "*Paris Partners*", the "Skin Repair Renewal Journey", and campus engagement programs. Collgene advanced its brand narrative around self-acceptance through its "Recombinant" themed campaigns. Ke Yu completed its brand upgrade, integrating health protection into everyday life. Meanwhile, we actively participated in over 100 academic conferences, translating professional and cutting-edge scientific research into consumer-perceptible experiences and making professional skincare more accessible.

Expanding outward, we connect to a broader world.

We continued to extend our service reach by strengthening our omni-channel network, enabling our products to transcend scenarios and geographical boundaries to reach more consumers. KOMFYMED and Collgene established a total of 44 brand experience stores, and successfully entered retail channels such as Sephora and China Duty Free Group, while expanding into multiple international markets across North America, Southeast Asia and East Asia, bringing China's biotechnology strength to the world. Our direct sales and offline channels advanced in synergy, further expanding our "medical professional + mass consumer" sales landscape.

Returning to fundamentals, we remain anchored in long-termism.

The Company recorded total revenue of RMB5,519 million and adjusted net profit of RMB1,960 million for the year. Revenue from the two flagship brands, KOMFYMED and Collgene, reached RMB4,470 million and RMB918 million, respectively, demonstrating a solid earnings foundation and a continuously optimized business structure. The Company's long-term value is driven not only by the trust and choice of consumers, but also reflected in its ongoing returns to shareholders and society. Accordingly, the Board has recommended the distribution of final and special dividends totaling approximately RMB1,290 million, enabling all shareholders to share in the Company's development achievements.

The year 2026 marks the beginning of China's "15th Five-Year Plan" and a critical stage for the high-quality and in-depth development of bio-manufacturing. As technological advancement converges with industrial upgrading, opportunities and responsibilities go hand in hand. In the coming year, we will continue to deepen our research efforts, advance the "Recombinant Collagen + X" R&D strategy, and accelerate the approval and commercialization of more Class III medical devices. We will further optimize our multi-brand portfolio and product ecosystem to enhance operational efficiency and user experience, while accelerating globalization to bring China's biotechnology capabilities to a broader global stage, where they can be seen and trusted.

While the world continues to evolve, our direction has become increasingly clear. We sincerely thank all stakeholders for your continued support and companionship. Looking ahead, we will move forward together, walking steadily and farther along the path of long-termism.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

The year 2025 was an extraordinary year for us. Facing a highly competitive, complex, and ever-changing industry environment, compounded by external shocks, the short-term growth of the Group moderated. However, amidst the twists and turns, we also saw opportunities demanding change and felt the trust consumers have in our brands and products. The team's resolve and resilience are stronger than ever, enabling us to continuously achieve breakthroughs in long-term capability building. Confronting yesterday is for moving forward better; the Giant Biogene team strides with confidence into yet another spring.

During the Reporting Period, the Group's sales revenue was approximately RMB5.52 billion, remaining largely flat year-on-year; the Group's net profit was approximately RMB1.91 billion, a year-on-year decrease of 7.1%; the Group's adjusted net profit was approximately RMB1.96 billion, a year-on-year decrease of 8.9%.

Deeply Rooted in Scientific Research with Unswerving Commitment

As the industry evolves, technology remains the unchanging core of competitiveness. Dedicated scientific research is our starting point and the future we continue to invest in heavily. During the Reporting Period, the Company's research and development expenditure were approximately RMB88.8 million, accounting for 1.6% of revenue. As of the end of the Reporting Period, the Group had over 140 ongoing research projects. As of the end of the Reporting Period, the Company has been granted and applied for 209 patents, including 42 new patents granted or applied during the Reporting Period.

After years of research and development accumulation, the Group achieved a milestone with its class III medical devices. In October 2025 and January 2026, the Company's Recombinant Type I α1 Subtype Collagen Freeze-dried Fibers and the Recombinant Type I α1 Subtype Collagen and Sodium Hyaluronate Composite Solution received approval from China National Medical Products Administration. This fully demonstrates our continuously leading innovation capabilities and strategic focus, officially embarking on a new journey into the vast market space of skin rejuvenation. Starting from 2026, we will accelerate the preparation for the market launch of the approved products and continue to advance the research and development and regulatory submission of subsequent pipeline products, providing strong support for the Group's dual-aesthetic strategy.

Through continuous exploration into the research and development and industrialization of collagen technology, the Group leads the industry in pushing the boundaries of innovation. During the Reporting Period, we obtained multiple invention patents concerning the application of Type I, IV, VI, and XVII collagen in areas such as skin health, whitening, and hair health, exploring new subtypes, new molecules, and new scenarios. This provides a continuous stream of technical support for the industrial application of recombinant collagen, the Chinese-developed ingredient. Concurrently, the Group actively explored the applications of ginsenosides in scenarios like sleep health, anemia improvement and anti-fatigue, and memory enhancement, securing several exclusive patents with notable innovation and application prospects. In the future, the Group will continue its intensive research focus on these two core ingredients, building the most solid and enduring barriers with technological achievements, while also reserving more proprietary bioactive materials.

During the Reporting Period, the Pharmaceutical Industry Standard of the PRC "Recombinant Collagen Dressing" (《重組膠原蛋白敷料》), in the drafting of which the Company participated, and the group standard "Recombinant Type IV Collagen for Cosmetics" (《化妝品用重組IV型膠原蛋白》) formulated under the lead of the Company were officially released. The Company's Synthetic Biology R&D Center was honored with the title of "National Advanced Collective in Light Industry Sector (全國輕工行業先進集體)", and approvals were granted for the establishment of the "Shaanxi Provincial Enterprise Technology Center (20th Batch) (第二十批陝西省企業技術中心)" and the "Shaanxi Active Substance Biomanufacturing Innovation Center (陝西省活性物質生物製造創新中心)". These recognitions reflect our contributions to the standardization and high-quality development of the industry.

Product-Oriented, Committed to Excellence

KOMFYMED continued to strengthen its development strategy of "synergy of medical device and cosmetics (械妝協同)". As of the end of the Reporting Period, it had formed a matrix comprising the medical device series and five functional skincare series, closely targeting consumers' skin concerns in real-life scenarios. Each series has already established a leader product in terms of mindshare or sales volume.

Within the medical device series, building on the reputation and recognition of KOMFYMED Repair Dressing accumulated over more than a decade within the professional medical aesthetics system, we have established a strong mindshare in the post-aesthetic treatment scenario and secured a leading market share position in the dressing market. During the Reporting Period, the Group expanded into more product formats, penetrating various problem-solution scenarios with categories such as lotions, creams and essence. In the future, supported by professional mindshare, professional channels, and professional leader products, we aim to achieve growth for this series.

Within the Collagen Repair Series, during the Reporting Period, the Group launched the KOMFYMED Recombinant Collagen Restoration Single-Use Essence ("**Collagen Stick 2.0**"). This iteration upgrade of the leader product, Collagen Stick, incorporates proprietary recombinant Type IV collagen to enhance its efficacy in scenarios like quickly fade redness, thereby improving consumer perception and trust. At the 2025 Tmall Beauty Awards (2025年天貓金妝獎), Collagen Stick 2.0 once again won the Annual Essence Award (年度精華獎) and also received the Annual Top Single Product Award (年度TOP單品獎) and the Annual Youth Choice Award (年度年輕人選擇獎). In the future, the Group will continue to invest more in brand promotion targeting gifting occasions, innovative scenarios, and brand value, continuously opening new growth avenues for Collagen Stick. In 2026, the Group plans to launch important new products within the Collagen Repair Series to offer consumers a richer repair experience.

Within the Focus Series, the leader product, Focus Cream, achieved rapid and healthy growth during the Reporting Period, establishing market recognition for the Focus Series in improving sub-healthy skin conditions. In 2026, the Group plans to launch important new products under this Series to enrich the product matrix and sustain its upward momentum. During the Reporting Period, the Group launched the new Precise and Intensive Repair Series, precisely targeting skin thermal damage and skin barrier impairment following minimally invasive aesthetic procedures like laser and light-based treatments. These products have entered high-mindshare channels such as the brand's offline flagship stores and Sephora, contributing to an elevation of the overall KOMFYMED brand image. Furthermore, the Hydration Series targeting dry skin and the Regular Series targeting acne-prone skin have gained greater understanding and trust among consumers.

For the Collgene brand, during the Reporting Period, the Group launched Version 3.0 of its high-volume leader product, Collagen Mask King. This iteration achieved breakthroughs in formula efficacy, visual identity, and product packaging, further strengthening mindshare in the anti-aging mask category and garnering positive market feedback. In 2026, the Group plans to launch important new products under the Collgene brand and gradually reorganize and reshape the brand and its product line structure in the future.

For the Ke Yu brand, during the Reporting Period, the Group reorganized and planned its product series lines, with the positioning of a one-stop health lifestyle toolkit, adding new series such as facial and oral care, and scar care. It launched or refreshed products like Medical Recombinant Collagen Repair Dressing, Medical Recombinant Collagen Nasal Care Solution, and Recombinant Collagen Scar Repair Silicone Gel, providing more comprehensive solutions for family health care.

Brand Promotion Speaks Out with Sincerity and Resonance

Technology-driven, sincere and reliable. During the Reporting Period, the KOMFYMED brand was invited to participate in top-tier industry academic conferences, including the ICIC 2025 International Cosmetic Innovation Conference, the CSD 2025 30th Annual Meeting of Chinese Society of Dermatology, and the CDA 2025 20th Annual Meeting of China Dermatologist Association, thereby linking up with scientific consensus. It collaborated with the Cosmetic Evaluation Center of West China Hospital of Sichuan University and partnered with Umer Doctor to professionally evaluate the efficacy of Collagen Stick 2.0. Concurrently, the KOMFYMED brand launched the second season of Empty Bottle Recycling Program, contributing to sustainable development and rural education aspirations; initiated the first Journey of Restoration and Regeneration, experiencing the vitality of cultural heritage; and partnered with YAN LAB to start a new journey of taking domestic brands overseas in the romantic capital.

A year of "Reconfiguration", a new chapter in Self-pleasure. During the Reporting Period, the Collgene brand, with "reconfiguration" as its central theme, organized activities including identity exploration, energy balance, emotional care, and open mic sessions to fully establish a physical and mental connection with consumers. It participated in industry events such as the CAME Summit, the Mevos Congress, and the IMAAC, and collaborated with Xiaohongshu for a session by session ingredient education initiative, building a foundation of technology and trust.

Nurturing companionship, beauty and warmth. During the Reporting Period, the Ke Yu brand underwent a revitalization and upgrade, opening a new chapter in its brand development. Ke Yu planned a series of activities centered on family moments, companionship moments, and healing moments, projecting glimmers of health and beauty into daily life experiences. In offline events, Ke Yu engaged with university campuses, urban street corners, specialized hospitals, and industry exhibitions, responding to expectations with professionalism and building a brand perception of reassurance and trust for consumers.

Channel Change, Moving Forward with Breakthrough

During the Reporting Period, the Group further deepened the dual-track offline presence in both professional and mass channels, solidifying its endorsement by opinion leaders and optimizing the service experience. As of the end of the Reporting Period, the Company's brands and products had entered approximately 1,700 public hospitals, approximately 3,000 private hospitals and clinics, more than 130,000 chain pharmacies, and approximately 6,000 CS/KA stores. In shopping malls, the KOMFYMED brand stores expanded from Northwest China to East China and North China, with a total of 32 stores opened by the end of the Reporting Period. Continuous iterations in product display and store operations helped refine the store model. In overseas markets, during the Reporting Period, the KOMFYMED brand expanded its presence by entering Watsons in Singapore and Malaysia, Shilla Duty Free in Seoul, South Korea, and online channels in North America, reaching consumers around the world.

For the online channel, the Group implemented a differentiated operational strategy. On the Tmall platform, we focused on deep cultivation of user value, with brand and product mindshare forming the Group's foundation and long-term focus. On the Douyin platform, we leveraged multi-account live streaming to mitigate external fluctuations, relying on user and platform insights to refine content and advertising placement. On the JD.com platform, we fully developed professional scenarios to enhance the value derived from trust and consumer behavior, achieving steady business growth. Admittedly, the Group also recognized that traditional dividends are no longer available, and the uncertainty of external traffic has become pronounced. Healthy and sustainable growth will stem from undertaking difficult but fundamentally sound initiatives. The Group will increase investment in its self-operated system, more firmly implement the construction of independent, controllable, and multi-channel operations, and coordinate with the launch and promotion of multiple new products this year to form a balanced, high-quality business structure.

During the Reporting Period, the Group's direct sales channel revenue amounted to approximately RMB4.14 billion, accounting for 74.9%; the distribution channel generated revenue of RMB1.38 billion, accounting for 25.1%.

Committed to Society, Delivering Goodwill

Undertaking social responsibility is the initial intention and duty of the Group, and we hope to practice the corporate value of technology for good through each of our initiatives. During the Reporting Period, the Group carried out more than 10 public welfare and environmental protection activities to convey goodwill and hope. The Group partnered with non-profit social organizations to carry out several donation campaigns, bringing warmth and care to people from all walks of life. Together with its major brands, the Group continued to participate in public welfare activities such as the 19th National Skincare Day on 25 May, the 8th China Acne Week and World Psoriasis Day, so as to convey scientific and healthy skin care concepts to the public and contribute to the advancement of dermatological health. The Group launched the second phase of KOMFYMED Empty Bottle Recycling Program, introduced replacement cores for various products, and partnered with Ant Forest to carry out hiking activities, and actively implemented the environmental protection advocacy.

II. BUSINESS OUTLOOK

The resilience of an enterprise lies not only in its ability to ride the waves during favorable times, but is also deeply rooted in its composure and perseverance amidst volatility. The challenges and difficulties of 2025 made us realize: The development of a brand and enterprise will not always be smooth sailing. Adversity is never an end, but a starting point for gathering strength and setting off again. Especially in times of difficulty and challenge, we must remain true to our original aspiration, stay optimistic, and move forward with firm resolve. We believe that the underlying logic for our future growth remains unchanged, our core advantages are still solid, and new business segments and growth drivers are becoming increasingly clear. In 2026, the Company's goal is to return to growth, and the Group will be extremely focused on every aspect of value creation to achieve a comprehensive leap forward.

R&D and Innovation: We are advancing full steam ahead in the R&D and mass production of innovative raw materials, providing a continuous stream of synthetic biology ingredients to support the Company's future development in the serious medical, consumer medical and health sectors. We are accelerating the approval and registration of Class III medical devices to build long-term technological barriers and a robust product pipeline.

Products and Brands: The product team aims to develop a replicable capability for creating blockbuster products, continue to innovate and launch new products. The brand team, guided by its own brand philosophy and values, conducts authentic, professional and efficient brand promotion activities. At the group level, we continue to implement the dual-track brand strategy of B2C (delivering professional value) and C2B (responding to user needs), and build a diversified brand matrix.

Channels and Operations: Online e-commerce focuses on deepening our owned brand operations and building a network of key opinion leaders (KOLs) who highly align with the brand positioning and target audience to create a healthy and sustainable online sales ecosystem. The offline team adheres to the dual-track strategy of leveraging trust endorsement in medical channels and value expansion in consumer channels, further consolidating a nationwide network covering professional to mass markets.

Emerging Business Segments: We are committed to making a strong impact with the launch for Giant Medical Aesthetics. We are proactively incubating new brands such as Leeyen. We are promoting an overseas expansion strategy covering channels, brands, organization and industrial ecosystem.

Plants thrive and flourish; a promising spring awaits. The Group will strive relentlessly for the long-term value we share, with clear strategies, focused execution and an open mindset.

III. OPERATING RESULTS

Revenue

For the year ended 31 December 2025, the Group's total revenue amounted to approximately RMB5,518.5 million and remained substantially flat year-on-year, mainly due to the combined effects of intensified industry competition and external headwinds.

(i) Revenue by Product Category

We sell products under multiple product categories in the beauty and health sectors in China, namely (i) professional skin treatment products, and (ii) functional foods and others. The following table sets forth the breakdown of the Group's revenue by product category (medical dressings classified as medical devices) for the years indicated:

	For the year ended 31 December			
	2025		2024	
	Amount	%	Amount	%
	(RMB in millions other than percentages)			
Professional skin treatment products				
– functional skincare products	**4,336.8**	**78.6**	4,302.3	77.7
– medical dressings	**1,160.0**	**21.0**	1,218.1	22.0
Functional foods and others	**21.7**	**0.4**	18.4	0.3
Total	**5,518.5**	**100.0**	5,538.8	100.0

The Group's total revenue remained substantially flat year-on-year, primarily attributable to fluctuations in the sales of professional skin treatment products, among which, the increase in revenue from functional skincare products was driven by our continued efforts to strengthen marketing activities across all channels, as well as the sustained sales growth of the star product, KOMFYMED Focus Cream, and the successful launch of the upgraded version 3.0 of Collgene Collagen Mask King. The decline in revenue from medical dressings was mainly due to the Company's initiative to reinforce channel sales control in order to maintain its product pricing system, which had a temporary impact on short-term revenue scale.

(ii) Revenue by Sales Channel

During the Reporting Period, the Group sold its products through direct sales and to distributors. The Group sold directly to (i) consumers through direct-to-customer (DTC) stores on e-commerce and social media platforms; (ii) consumers on e-commerce platforms; and (iii) hospitals, clinics, pharmacy chains, cosmetic store chains and supermarket chains. The Group also engaged distributors to sell and distribute its products to individual consumers, hospitals, clinics, pharmacy chains, cosmetic store chains and supermarket chains. The following table sets forth the breakdown of the Group's revenue by sales channel in absolute amounts and as a percentage of the Group's total revenue for the years indicated:

	For the year ended 31 December			
	2025		2024	
	Amount	%	Amount	%
	(RMB in millions other than percentages)			
Direct sales				
– Online direct sales through our DTC stores	**3,402.1**	**61.6**	3,587.2	64.8
– Online direct sales to e-commerce platforms	**508.5**	**9.2**	377.1	6.8
– Offline direct sales	**224.7**	**4.1**	169.9	3.0
Subtotal	**4,135.3**	**74.9**	4,134.2	74.6
Sales to distributors	**1,383.2**	**25.1**	1,404.6	25.4
Total	**5,518.5**	**100.0**	5,538.8	100.0

Direct sales

Online direct sales through our DTC stores

During the Reporting Period, revenue from online direct sales through our DTC stores, mainly including our official brand flagship stores on Tmall, Douyin and other platforms, amounted to approximately RMB3,402.1 million, representing a decrease of 5.2% as compared to 2024 and accounting for 61.6% of the total revenue in 2025. Such decrease was mainly driven by intensified industry price competition and external shocks, which led to a drop in revenue from KOL livestreaming channels. However, the DTC stores achieved positive overall revenue growth in self-operated livestreaming by launching new self-operated livestreaming rooms and enhancing refined operation of the self-operated segment. This initially demonstrates the effectiveness of the Company's strategy to deepen self-operated livestreaming and has partially offset the downward pressure on the performance of the DTC stores.

Online direct sales to e-commerce platforms

During the Reporting Period, revenue from online direct sales to e-commerce platforms, mainly including the Company's sales to e-commerce platforms such as JD.com and Vipshop, amounted to approximately RMB508.5 million, representing an increase of 34.8% as compared to 2024 and accounting for 9.2% of the total revenue in 2025. Such growth was mainly due to:(1) JD's self-operated channel continued to promote product portfolio innovation and the integration of marketing resources, achieving refined operation of beauty consumers and driving the rapid expansion of the beauty category; (2) Meanwhile, leveraging the platform's medical ecosystem resources, we strengthened the development strategy of "synergy between medical devices and cosmetics", further consolidating the core advantages of the health category.

Offline direct sales

During the Reporting Period, revenue from offline direct sales amounted to approximately RMB224.7 million, representing an increase of 32.2% as compared to 2024 and accounting for 4.1% of the total revenue in 2025. Such growth was attributable to the fact that, on the one hand, the Group continued to expand the number of stores and product coverage among offline direct customers such as cosmetic store chains and supermarket, actively developed new high-quality growth channels, and strengthened in-store marketing, terminal display and staff training. On the other hand, the Group continued to open KOMFYMED specialty stores in cities including Xi'an, Chengdu, Chongqing, Hangzhou, Nanjing, Tianjin and Yangzhou, which increased the number of points of contact for sales, and launched the KOMFYMED Precise and Intensive Repair Series, which broadened usage scenarios and thus further enhanced our revenue.

Sales to distributors

During the Reporting Period, revenue from sales to distributors amounted to approximately RMB1,383.2 million, representing a decrease of 1.5% as compared to 2024 and accounting for 25.1% of the total revenue in 2025. Such decrease was mainly due to the Company's initiative to reinforce channel sales control in order to maintain its product pricing system, which had a certain impact on the short-term revenue scale.

(iii) Revenue by Brand

During the Reporting Period, our Group generated revenue primarily from the sales of products under KOMFYMED and Collgene. The following table sets forth a breakdown of our revenue by brand for the years indicated:

	For the year ended 31 December			
	2025		2024	
	Amount	%	Amount	%
	(RMB in millions other than percentages)			
Professional skin treatment products				
– KOMFYMED	**4,470.0**	**81.0**	4,541.8	82.0
– Collgene	**917.9**	**16.6**	840.5	15.2
– Other brands	**108.9**	**2.0**	138.1	2.5
Functional foods and others	**21.7**	**0.4**	18.4	0.3
Total	**5,518.5**	**100.0**	5,538.8	100.0

Professional skin treatment products

KOMFYMED

During the Reporting Period, the sales revenue from KOMFYMED amounted to approximately RMB4,470.0 million, representing a decrease of 1.6% as compared to 2024 and accounting for 81.0% of the total revenue in 2025. Such decrease was mainly attributable to short-term revenue pressure amid external shocks and intensified price competition in the industry.

Collgene

During the Reporting Period, the sales revenue from Collgene amounted to approximately RMB917.9 million, representing an increase of 9.2% as compared to 2024 and accounting for 16.6% of the total revenue in 2025. Such increase was attributable to: (1) the Group actively expanded online channels to further enhance brand awareness; (2) the successful iterative upgrade of the star product Collagen Mask King, which contributed incremental revenue.

Functional foods and others

During the Reporting Period, the sales revenue from functional foods and others amounted to approximately RMB21.7 million, representing an increase of 17.8% as compared to 2024 and accounting for 0.4% of the total revenue in 2025.

Cost of sales

For the year ended 31 December 2025, cost of sales amounted to approximately RMB1,085.2 million, representing an increase of 9.4% from approximately RMB991.9 million for the year ended 31 December 2024. Such increase was mainly due to changes in product sales mix and the increase in other operating costs, which resulted in: (1) direct material costs amounted to approximately RMB752.0 million, representing an increase of approximately RMB50.0 million, or 7.1%, compared with approximately RMB702.0 million for the year ended 31 December 2024, mainly driven by changes in product sales mix; (2) the Company optimized and upgraded its logistics and delivery packaging standards to enhance consumers' shopping experience and strengthen customer loyalty, which resulted in a corresponding increase in logistics and delivery expenses; (3) to meet the needs of business development and expand production capacity, a new factory was put into operation during the year, and new production equipment was added simultaneously to improve the overall production capacity, leading to a corresponding increase in related costs.

Gross profit and gross profit margin

For the year ended 31 December 2025, gross profit amounted to approximately RMB4,433.4 million, representing a decrease of 2.5% from approximately RMB4,546.9 million for the year ended 31 December 2024, mainly due to the decrease in sales revenue and the increase in cost of sales.

Gross profit margin decreased from 82.1% for the year ended 31 December 2024 to 80.3% for the year ended 31 December 2025, mainly due to changes in product category mix.

Selling and distribution expenses

For the year ended 31 December 2025, selling and distribution expenses amounted to approximately RMB2,055.9 million, representing an increase of 2.4% from approximately RMB2,008.2 million for the year ended 31 December 2024. Such increase was mainly attributable to the continuous increase in investment in brand building, including brand promotion, marketing and channel development, so as to drive the steady development of the overall business.

Research and development costs

For the year ended 31 December 2025, research and development costs amounted to approximately RMB88.8 million, representing a decrease of 16.6% from approximately RMB106.5 million for the year ended 31 December 2024, accounting for 1.6% and 1.9% of our revenue in 2025 and 2024 respectively. Such decrease was mainly due to the fact that some R&D projects have entered the achievement transformation stage and the reduction in expenses related to share awards.

Other income

For the year ended 31 December 2025, other income amounted to approximately RMB189.9 million, representing an increase of 36.8% from approximately RMB138.7 million for the year ended 31 December 2024. Such increase was mainly attributable to the increase in interest income.

Other gains or losses, net

For the year ended 31 December 2025, other net gains amounted to approximately RMB31.6 million, representing a decrease of 27.9% from approximately RMB43.8 million for the year ended 31 December 2024. Such decrease was mainly due to an increase in exchange losses.

Administrative expenses

For the year ended 31 December 2025, administrative expenses amounted to approximately RMB168.5 million, representing an increase of 11.9% from approximately RMB150.5 million for the year ended 31 December 2024. Such increase was mainly due to the rise in remuneration expenses resulting from the expansion of management personnel and increased investment in digital upgrading.

Income tax expense

For the year ended 31 December 2025, income tax expense amounted to approximately RMB435.6 million, representing an increase of 10.0% from approximately RMB396.0 million for the year ended 31 December 2024. Such increase was mainly due to the withholding tax effect on the distributable profits of the Group's PRC subsidiaries.

Profit for the year

As a result of the foregoing, for the year ended 31 December 2025, profit for the year amounted to approximately RMB1,914.7 million, representing a decrease of 7.1% from RMB2,061.7 million for the year ended 31 December 2024.

Basic and diluted earnings per share

For the year ended 31 December 2025, the basic earnings per share amounted to RMB1.83, representing a decrease of 12.9% from RMB2.10 for the year ended 31 December 2024. For the year ended 31 December 2025, diluted earnings per share amounted to RMB1.81, representing a decrease of 12.1% from RMB2.06 for the year ended 31 December 2024. The decrease in basic and diluted earnings per share was mainly due to the decrease in profit for the year.

Gearing ratio

Gearing ratio represents the percentage of interest-bearing borrowings to total equity. As of 31 December 2025, our Group did not have any outstanding bank loans or other borrowings. As a result, gearing ratio was not applicable as of 31 December 2025.

INTEREST EXPENSE OF BANK AND OTHER BORROWINGS

As of 31 December 2025, the Group had no bank and other borrowings, and incurred no related interest expenses.

TREASURY POLICY

If the Company determines that its cash requirements exceed the amount of cash and cash equivalents then on hand, it may seek to issue equity or debt securities or obtain credit facilities.

PLEDGE OF ASSETS

As of 31 December 2025, the Group did not pledge any assets.

MATERIAL INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2025, the Group had no material investments with a value of 5% or more of the Group's total assets as of 31 December 2025 (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2025), nor had any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group had no specific plan for material investments and purchase of capital assets as of 31 December 2025.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended 31 December 2025, the Group's liquidity amounted to RMB6,306.2 million, which consisted of cash and cash equivalents, representing an increase of 56.5% from RMB4,030.2 million for the year ended 31 December 2024.

CONTINGENT LIABILITIES

As of 31 December 2025, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

As of 31 December 2025, the Group's capital commitments mainly consisted of property, plant and equipment, with an aggregate amount of approximately RMB316.4 million. The Company recorded capital expenditure of approximately RMB428.1 million for the year ended 31 December 2025, which were primarily used for the construction of new factories and the purchase of production line equipment.

DIRECTORS' REPORT

The Board hereby presents the audited financial statements of the Group for the year ended 31 December 2025.

MAJOR BUSINESS

We are a leader in bioactive ingredient-based professional skin treatment product industry in China. We design, develop and manufacture professional skin treatment products with recombinant collagen as the key bioactive ingredient. We also develop and manufacture rare ginsenosides technology-based functional foods. We utilize proprietary synthetic biology technology to develop and manufacture multiple types of recombinant collagen and rare ginsenosides in-house.

BUSINESS REVIEW AND ANALYSIS OF KEY FINANCIAL INDICATORS

Please refer to the "Management Discussion and Analysis" section in this annual report, which forms part of this Directors' Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS OF THE COMPANY

We are of the view that establishing and implementing sound ESG principles and practices increase the investment value of our Company and provide a long-term return to our stakeholders. Our Board has the overall responsibility for ensuring an effective risk management and internal control mechanism and for reviewing its effectiveness to safeguard our assets and our Shareholders' interests. Upon the Listing, an enterprise risk assessment is conducted at least once each year to cover the current and potential risks in our business, including but not limited to the risks arising from ESG and climate-related matters. Our Board will continuously assess or engage qualified Independent Third Parties to evaluate the risks and review our existing strategy, metrics and targets as well as internal control measures, and implement necessary improvement measures to manage and mitigate such risks.

In order to effectively conduct ESG work, the Board of the Company established the Corporate Governance Committee which is responsible for reporting to the Board on ESG-related matters on a regular basis. We also set up ESG work targets, covering ESG performance indicators such as three wastes emissions, greenhouse gas emissions, energy use, quality and safety, etc. The Board of the Company regularly reviews the progress of achieving ESG targets and considers it as part of the key performance indicators and gives relevant action suggestions in respect of the indicators that require improvement.

For details of the Company's environmental protection, social responsibility and care for employees, please refer to the 2025 Environmental, Social and Governance Report separately published by the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best knowledge of the Board and the management, during the Reporting Period, the Group had complied with, in all material respects, the relevant laws and regulations that have a significant impact on the business and operations of the Group. For the year ended 31 December 2025, there was no material breach or non-compliance of applicable laws and regulations by the Group.

MAJOR RISKS AND UNCERTAINTIES

Risks Relating to Our Business and Industry

We operate in an industry that is subject to rapid and unpredictable changes in consumer demand and trends. The success of our business depends significantly on the continued demand for our products, which in turn depends on the level of acceptance and satisfaction from mass consumers and medical institutions for our products (such as products based on recombinant collagen and ginsenosides) within China' s beauty and health product market. The industry of and market for such products have been developing rapidly in recent years. However, the prospects of the industry and the market depend on many factors that are beyond our control. Our success is also dependent on our ability to identify and respond to such shifting consumer demand and trends, develop new and appealing products on a timely basis, and achieve acceptance of such new products by our customers. A number of factors could affect the market acceptance of our products, including but not limited to the following:

1. Our ability to address the evolving needs and preferences of our customers and consumers, part of which could in turn be impacted by the changes in Chinese regulatory environment;

2. The progress of our R&D efforts, as well as the time our products commence commercialization relative to competing products;

3. The safety and efficacy of our products and product candidates, including but not limited to the prevalence and severity of adverse reactions, if any;

4. Pricing and cost effectiveness of our products relative to competing products;

5. Public perception, perceived advantages and brand recognition of our products over competing products;

6. Effectiveness of our sales and marketing efforts and distribution network, as well as the general applicability of our products relative to competing products.

In addition, we operate in an industry that is highly regulated and evolving in China. Changes in such regulations may affect the approval and commercialization of our product candidates or cause us to be subject to new or more stringent policies.

Financial Risks

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies. As the Board considered foreign currency exposure to be insignificant to the Group, it did not use any financial instruments such as forward exchange rate contract to hedge the risks.

Credit Risk

Receivable balances are monitored on an on-going basis, and the Group's exposure to bad debts risk is not significant. As of the end of the Reporting Period, the Group was subject to concentrations of credit risk to some extent, as our cash and cash equivalents were deposited in a few financial institutions. As of the end of the Reporting Period, the cash and cash equivalents were deposited in highly trustworthy financial institutions without significant credit risk. There are no significant concentrations of credit risk within the Group in respect of trade and other receivables.

Liquidity Risk

In the management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents which are deemed adequate by the management of the Group to finance our operations and mitigate the effects of fluctuations in cash flows.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to Shareholders as a result of their holding of securities of the Company.

SHARE CAPITAL

See note 28 to the financial statements for details of the changes in the Company's total share capital for the year ended 31 December 2025.

RESERVES AVAILABLE FOR DISTRIBUTION

As of the end of the Reporting Period, the Company's retained profit available for distribution to our Shareholders amounted to RMB4,652 million.

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment movements of the Group during the Reporting Period are set out in note 13 to the financial statements, respectively.

As at the end of the Reporting Period, save as disclosed above, the Group had no other investment properties or properties held for development and/or sale with percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) exceeding 5%.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the total sales to the Company's top five customers accounted for less than 30%.

For the year ended 31 December 2025, the total purchases from the Company's top five suppliers accounted for less than 30%.

For the year ended 31 December 2025, to the best of the knowledge of the Directors, none of the Directors, their associates or Shareholders of the Company (whom to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in any of the Group's top five customers or top five suppliers during the year.

PRINCIPAL RELATIONSHIP WITH STAKEHOLDERS

The Group understands the importance of maintaining good relationships with its stakeholders (including Shareholders, employees, suppliers, customers and other business partners), which is the key to the Group's success. The Group will continue to ensure effective communications and maintain sound relationships with its respective stakeholders. For the Company's principal relationships with its key stakeholders, please refer to the 2025 Environmental, Social and Governance Report separately published by the Company.

CONNECTED TRANSACTION

Details of the related party transactions for the year ended 31 December 2025 are set out in note 33 to the financial statements. None of these related party transactions constitutes a "connected transaction" or a "continuing connected transaction" which requires to be disclosed in this annual report under Chapter 14A of the Listing Rules.

During the Reporting Period, the Group had no connected transactions or continuing connected transactions that are disclosable under the Listing Rules. No contract of significance or contract of significance for the provision of services has been entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the Reporting Period.

PRE-EMPTIVE RIGHT

There is no provision for pre-emptive rights under the Articles of Association or the Companies Law of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

PROCEEDS FROM THE GLOBAL OFFERING

On 4 November 2022, the Company was listed on the Main Board of the Hong Kong Stock Exchange. The number of Shares under Global Offering was 22,608,800 Shares, comprising the offer of 2,261,200 Shares under Hong Kong Public Offering and the offer of 20,347,600 Shares under International Offering at a par value of US$0.00001 each. Based on the final Offer Price of HK$24.30 per Offer Share, the net proceeds received by the Company from the Global Offering, after deduction of underwriting fees and commissions and the estimated expenses payable by the Company in connection with the Global Offering, amounting to approximately HK$573.7 million (including the net proceeds from the full exercise of the Overallotment Option), will be used in accordance with the use of proceeds as disclosed in the Prospectus as following:

- approximately 11% of the net proceeds will be used for the investment in research and development to enlarge our research and development team through recruitment, expand our research and development facilities and conduct testing and validation studies;
- approximately 28% of the net proceeds will be used for the expansion of manufacturing capacity with respect to our product portfolios and bioactive ingredients;
- approximately 46% of the net proceeds will be used to enhance our omni-channel sales and distribution network, and implement our science- and knowledge-driven marketing initiatives to enhance our brand recognition;
- approximately 5% of the net proceeds will be used for the enhancement of our operation and information systems; and
- approximately 10% of the net proceeds will be used for working capital and general corporate uses.

During the Reporting Period and as of the date of this annual report, there is no change to the intended use of the net proceeds disclosed above.

As of 31 December 2025, the use of net proceeds by the Group is set out below:

Purpose	% of use of proceeds raised	Net proceeds (HK$ million)	Unutilized amount as at 1 January 2025 (HK$ million)	Utilized amount in 2025 (HK$ million)	Accumulated amount utilized as at 31 December 2025 (HK$ million)	Unutilized amount as at 31 December 2025 (HK$ million)
Investment in our research and development t to enlarge our research and development team through recruitment, expand our research and development facilities and conduct testing and validation studies	11%	63.1	–	–	63.1	0
Expansion of manufacturing capacity with respect to our product portfolios and bioactive ingredients	28%	160.6	–	–	160.6	0
Enhancement of our omni-channel sales and distribution network, and implementation of our science-and knowledge-driven marketing activities to enhance our brand recognition	46%	263.9	–	–	263.9	0
Enhancement of our operation and information systems	5%	28.7	13.5	13.5	28.7	0
Working capital and general corporate uses	10%	57.4	–	–	57.4	0
Total	**100%**	**573.7**	**173.4**	**13.5**	**573.7**	**0**

As of the date of this Report, the Company has utilised all of the net proceeds from the Global Offering in the manner consistent with the disclosures set out above.

PROCEEDS FROM THE PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

Placing and Subscription Completed on 24 May 2024

On 16 May 2024 (after trading hours), the Company, Juzi Holding Co., Ltd (the "Top-up Vendor") and Goldman Sachs (Asia) L.L.C. (the "Placing Agent") entered into a placing and subscription agreement (the "Placing and Subscription Agreement"), pursuant to which, (i) the Top-up Vendor has agreed to sell, and the Placing Agent has agreed, as the Topup Vendor's agent, on a best effort basis, to procure not less than six placees, who will be professional, institutional, corporate or other investors, and who and whose ultimate beneficial owners shall be the Independent Third Parties, to purchase 33,220,000 shares held by the Top-up Vendor at a price of HK$49.40 per share (the "Vendor Placing"), and (ii) the Top-up Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, such number of new shares equal to the shares actually placed under the Vendor Placing at a price equal to the placing price (the "Subscription"). On 21 May 2024 and 24 May 2024, the Vendor Placing and the Subscription were completed respectively. For details, please refer to the announcements of the Company dated 17 May 2024 and 24 May 2024, respectively.

The net proceeds received by the Company from the Subscription are approximately HK$1,627 million (after deducting the commissions and estimated expenses), among which, (i) approximately 90%, or HK$1,464.3 million, will be used for development of core business and the layout of ecosystem, including but not limited to brand promotion, marketing and research and development investment; and (ii) approximately 10%, or HK$162.7 million, will be used for replenishment of liquidity and general corporate purposes.

During the Reporting Period and as of the date of this annual report, there is no change to the intended use of the net proceeds from the Vendor Placing and the Subscription disclosed above, and the Company plans to gradually utilize the net proceeds in accordance with such intended use within the next two years based on its actual business situations. Such expected timetable is based on the Company's best estimation of market conditions and business operation in the future, and is subject to change depending on the development of current and future market conditions as well as actual business needs.

As of 31 December 2025, the details of the Group's utilization of the net proceeds from the Subscription are set out in the table below:

Purpose	% of use of proceeds raised	Net proceeds (HK$ million)	Utilized amount in 2025 (HK$ million)	Unutilized amount as at 31 December 2025 (HK$ million)
Development of core business and the layout of ecosystem, including but not limited to brand promotion, marketing and research and development investment	90%	1,464.3	642.7	509.2
Replenishment of liquidity and general corporate purposes	10%	162.7	67.0	77.2
Total	**100%**	**1,627**	**709.7**	**586.4**

Placing and Subscription Completed on 28 April 2025

On 16 April 2025 (after trading hours), the Company, Juzi Holding Co., Ltd (the "Top-up Vendor"), and Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited and The Hongkong and Shanghai Banking Corporation Limited (collectively, the "Joint Bookrunners") entered into a placing and subscription agreement (the "Placing and Subscription Agreement"), pursuant to which, (i) the Top-up Vendor has agreed to sell, and the Joint Bookrunners have severally agreed, as agent for the Top-up Vendor, to use its best efforts to procure not less than six placees (who will be professional, institutional, corporate or other investors, and who and whose ultimate beneficial owners shall be Independent Third Parties) to purchase 35,000,000 shares held by the Top-up Vendor at a price of HK$66.65 per share (the "Vendor Placing"), and (ii) the Top-up Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, such number of new shares equal to the shares actually placed under the Vendor Placing at a price equal to the placing price (the "Subscription"). On 23 April 2025 and 28 April 2025, the Vendor Placing and the Subscription were completed, respectively. For details, please refer to the announcements of the Company dated 17 April 2025 and 28 April 2025, respectively.

The closing price of the Company's shares as quoted on the Stock Exchange on 16 April 2025, being the date of the Placing and Subscription agreement, was HK$73.65 per share. The net subscription price for the Placing Shares, after deducting commission and estimated expenses, was approximately HK$65.54 per Subscription Share. In view of the Company's intention to further enhance investment in brand promotion, marketing and research and development, while also expanding categories and overseas businesses, the Board is of the view that these businesses also need to continue to increase substantial capital. In view of the Company's good performance, ongoing growth plans and global market conditions, the Board therefore considers that the Placing and the Subscription provide an opportunity to further strengthen the Group's financial strength to capture each of the aforementioned growth opportunities.

The net proceeds received by the Company from the Subscription are approximately HK$2,294 million (after deducting commissions and estimated expenses), among which (i) 90% are proposed to be applied for the development of core business and the layout of ecosystem, including but not limited to brand promotion, marketing, category expansion, overseas business and R&D investment; and (ii) 10% are proposed to be used for the replenishment of liquidity and general corporate purposes. During the Reporting Period and as of the date of the Latest Practicable Date, there is no change to the intended use of the net proceeds from the Vendor Placing and the Subscription disclosed above, and the Company plans to gradually utilize the net proceeds in accordance with such intended use within the next five years based on its actual business situations. Such expected timetable is based on the Company's best estimation of market conditions and business operation in the future, and is subject to change depending on the development of current and future market conditions as well as actual business needs.

As of 31 December 2025, the details of the Group's utilization of the net proceeds from the Placing are set out in the table below:

Purpose	% of use of proceeds raised	Net proceeds (HK$ million)	Utilized amount in 2025 (HK$ million)	Unutilized amount as at 31 December 2025 (HK$ million)
Development of core business and the layout of ecosystem, including but not limited to brand promotion, marketing and research and development investment	90%	2,064.6	106.6	1,958.0
Replenishment of liquidity and general corporate purposes	10%	229.4	26.8	202.6
Total	**100%**	**2,294**	**133.4**	**2,160.6**

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

During the Reporting Period, the Company purchased certain of its shares pursuant to the general mandate granted to the Directors by the shareholders at the annual general meeting of the Company held on 13 June 2025. Details are set out below:

		Price Paid Per Share		
Month of Repurchase	Number and Method of Shares Repurchased	Highest Price Paid (HK$)	Lowest Price Paid (HK$)	Aggregate Consideration (excluding brokerage and other expenses) (HK$)
December 2025	5,200,000*	36.48	33.48	182,615,564

* Such repurchases were subsequently cancelled.

The purchase of such shares is intended to benefit all shareholders by improving financial indicators of the Company including earnings per share and to reflect the confidence of the Board and the management team in the long-term strategy and growth of the Group. Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's securities (including the sale of treasury shares) during the Reporting Period.

As at 31 December 2025, the Company held a total of 5,200,000 repurchased shares. As of the Latest Practicable Date, such repurchased shares have been cancelled.

DEBENTURES ISSUED

During the Reporting Period and up to the date of this annual report, the Group did not issue any debentures.

CHARITABLE AND OTHER DONATIONS

During the Reporting Period, the Group made charitable and other donations totaling approximately RMB4 million.

DIRECTORS

During the Reporting Period and up to the date of this annual report, the Directors were as follows:

Executive Directors

Mr. Yan Jianya (嚴建亞)
(Chairman and chief executive officer)
Ms. Ye Juan (葉娟)
Ms. Fang Juan (方娟)
Ms. Zhang Huijuan (張慧娟)
Ms. Yan Yubo (嚴鈺博)

Independent Non-executive Directors

Mr. Huang Jin (黃進)
Mr. Shan Wenhua (單文華)
Ms. Wong Sze Wing (黃斯穎)

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the independent non-executive Directors are independent individuals in accordance with the guidelines set out in the Listing Rules.

SERVICE CONTRACTS OF DIRECTORS

During the Reporting Period, none of the Directors had entered into any service contract with the Company or its subsidiaries which cannot be terminated within one year without compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors or their connected entities had a material interest, either directly or indirectly, in any transaction, arrangement or contract entered into by the Company or its subsidiaries which was significant to the Company.

PERMITTED INDEMNITY

Subject to the relevant regulations, each Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or which may attach thereto. The Company has purchased insurance against the liabilities and costs associated with proceedings which may be against the Directors.

DIRECTORS' RIGHTS TO SUBSCRIBE FOR SHARES OR DEBENTURES

Save for the Employee Incentive Plans disclosed in this annual report, during the Reporting Period, neither the Company nor its subsidiaries has entered into any arrangements which enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other legal entities.

EQUITY-LINKED AGREEMENTS

Save for the Employee Incentive Plans disclosed in this annual report, no equity-linked agreement was entered into by the Company or existed during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors had engaged in or had any interest in any business which, directly or indirectly, competes or is likely to compete with the businesses of the Group and would require disclosure pursuant to the Hong Kong Listing Rules.

ADMINISTRATION AND MANAGEMENT CONTRACTS

During the Reporting Period, the Company had not entered into any administration and management contracts with respect to the entire or principal business of the Company.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" chapter in this annual report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

AUDITORS

At the annual general meeting held on 13 June 2025, Ernst & Young was re-appointed as the auditor. There has been no change in the Company's auditors in the last three years. The financial statements of the Company for the year ended 31 December 2025, prepared in accordance with IFRS, have been audited by Ernst & Young.

RESULTS AND DIVIDENDS

The audited consolidated results of the Company for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income.

The Board has resolved to recommend the distribution of final dividends of RMB0.5390 per ordinary share and special dividends of RMB0.6714 per ordinary share for the year ended 31 December 2025, subject to approval by the Shareholders at the annual general meeting. The date for distribution of dividends is expected to be on or around 25 June 2026. The Group is not aware of any arrangement under which any Shareholder has waived or agreed to waive any dividends. The forthcoming annual general meeting is scheduled to be held on 28 May 2026. The record date for determining the entitlement to attend and vote at the annual general meeting is 28 May 2026. To determine the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 22 May 2026 to 28 May 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 21 May 2026. The proposed final dividends and special dividends are subject to the approval of the Shareholders at the forthcoming annual general meeting. The record date for entitlement to the proposed final dividends and special dividends is 8 June 2026. For determining the entitlement to the proposed final dividends and special dividends, the register of members of the Company will be closed from 3 June 2026 to 8 June 2026, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to qualify for the proposed final dividends and special dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 2 June 2026.

During the Reporting Period, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As of 31 December 2025, the Group had 2,201 full-time employees, the majority of whom are based in Shaanxi Province, China. The following table sets forth the number of employees of the Group categorized by function as of 31 December 2025:

Function	Number of Employees	% of Total
Manufacturing	909	41.3
Research and development	211	9.6
Sales and marketing	673	30.6
General and administration	408	18.5
Total	**2,201**	**100.0**

Our success depends on our ability to attract, retain and motivate qualified personnel. We recruit employees through channels such as campus recruitment and experienced personnel hiring to seek talents with educational backgrounds in relevant subjects or work experiences in relevant industries for our research and development, sales, management, operation and other teams. We evaluate each candidate based on his/her educational background, expertise, necessary skills, interview performance, relevant experience, and professional ethics. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. We have adopted a comprehensive training protocol, pursuant to which we provide pre-employment training to our new employees and internal transfer employees, and continuing technical training to our employees on a regular basis. We also provide necessary training to employees who are responsible for quality control to ensure that they are competent for their work.

INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

So far as is known to the Directors or chief executives of the Company, as of 31 December 2025, the interests or 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), which are required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) recorded in a register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are set out below.

Name of Director or chief executive	Nature of interest	Number of Shares interested[1]	Approximate percentage of shareholding in the Company as of 31 December 2025[2]
Mr. Yan Jianya ("Mr. Yan")	Interest of spouse; beneficiary of a trust [3][4]	593,577,572	55.43%
Ms. Ye Juan [5]	Beneficiary of a trust	1,049,800	0.10%
Ms. Fang Juan [6]	Beneficiary of a trust	1,157,601	0.11%
Ms. Zhang Huijuan [7]	Beneficiary of a trust	1,240,000	0.12%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,070,904,000 Shares in issue as at 31 December 2025.

(3) Mr. Yan is the spouse of Dr. Fan Daidi ("Dr. Fan"). As such, he is deemed to be interested in the 586,231,535 Shares held by Dr. Fan in the Company.

(4) As at 31 December 2025, under the RSU Scheme adopted by the Company on 8 December 2021, Mr. Yan, the executive Director, is entitled to RSUs equivalent to 7,346,037 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme.

(5) As at 31 December 2025, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Ye Juan, the executive Director, is entitled to RSUs equivalent to 449,800 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Ye Juan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.

(6) As at 31 December 2025, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Fang Juan, the executive Director, is entitled to RSUs equivalent to 557,601 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Fang Juan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.

(7) As at 31 December 2025, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Zhang Huijuan, the executive Director, is entitled to RSUs equivalent to 640,000 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Zhang Huijuan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.

INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors or chief executive of the Company, as of 31 December 2025, the following persons (other than Directors or chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of our Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity and nature of interest	Number of Shares[1]	Approximate percentage of shareholding in the Company as of 31 December 2025[2]
Dr. Fan	Interest in controlled corporation [3]	585,331,535	54.66%
	Interest in controlled corporation [4]	900,000	0.08%
	Interest of spouse [5]	7,346,037	0.69%
Juzi Holding[3]	Beneficial owner	585,331,535	54.66%
Refulgence Holding[3]	Interest in controlled corporation	585,331,535	54.66%
Trident Trust Company (B.V.I.) Limited[3]	Trustee	585,331,535	54.66%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,070,904,000 Shares in issue as at 31 December 2025.

(3) Juzi Holding is wholly owned by Refulgence Holding, the holding vehicle for the benefit of the FY Family Trust with Dr. Fan as the settlor and beneficiary. Refulgence Holding is legally owned by Trident Trust Company (B.V.I.) Limited as trustee for the benefit of the FY Family Trust. As such, each of Dr. Fan, Refulgence Holding and Trident Trust Company (B.V.I.) Limited is deemed to be interested in the 585,331,535 Shares held by Juzi Holding in the Company.

(4) Healing Holding is wholly owned by Dr. Fan. As such, Dr. Fan is deemed to be interested in the 900,000 Shares held by Healing Holding in the Company.

(5) As at 31 December 2025, under the RSU Scheme adopted by the Company on 8 December 2021, Mr. Yan, the executive Director, is entitled to RSUs equivalent to 7,346,037 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. Dr. Fan. is the spouse of Mr. Yan. As such, she is deemed to be interested in the 7,346,037 Shares.

Except as disclosed above, the Directors or chief executive of the Company are not aware of any other person who had any interests and/or short positions in the Shares or underlying shares of our Company as at 31 December 2025 which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of our Company.

EMPLOYEE INCENTIVE PLANS

RSU Scheme

The following is a summary of the principal terms of the RSU Scheme adopted by us on 8 December 2021. No further RSUs will be granted under the RSU Scheme after the Listing.

Purposes. The purposes of the RSU Scheme are to (i) improve the employee incentive and remuneration mechanism of our Group and align the interests of our Shareholders and employees to promote the Group's development in the long run; and (ii) attract and retain our senior management team and core talents, motivate their initiatives and creativity so as to enhance the operation efficiency and management performance of the Group.

RSU Scheme Limit. The maximum number of Shares underlying all RSUs to be granted under the RSU Scheme in aggregate shall not exceed 19,000,000 Shares, representing approximately 1.79% of the total issued share capital of the Company (excluding treasury shares) as of the date of this annual report. All the RSUs with a total of 19,000,000 underlying Shares had been granted prior to the Listing, and no further RSUs will be granted under the RSU Scheme after the Listing. There is no maximum entitlement for each participant under the RSU Scheme as the RSU Scheme was adopted before the adoption date of the current effective Chapter 17 of the Listing Rules.

Term of the RSU Scheme. Subject to any early termination upon occurrence of any termination events, the RSU Scheme shall be valid and effective for a period of 10 years, commencing on the date of adoption of the RSU Scheme by the Board. The remaining life of the RSU Scheme is 6 years.

Grant Price. The grant prices of RSUs granted to each participant of the RSU Scheme are RMB4.74 per share (granted on 8 December 2021) and RMB20 per share (granted on 26 September 2022), respectively. The grant price is determined by multiplying the latest round of financing price by a certain discount, and in principle, it shall not be lower than the audited net carrying amount of asset per share and the par value per share. The Grantee shall pay the grant price within the period stated in the Grant Notice.

Participants. Participants of the RSU Scheme (the "RSU Participant(s)") include (i) the Directors, members of senior and middle level management team, core talents of the Group and any other persons as the Board may deem necessary to incentivize; and (ii) any professional consultant to the Group as recognized by the Board and other person who, in the opinion of the Board, has contributed or will contribute to the Group.

Vesting of RSUs. The RSUs granted to each RSU Participant are expected to be vested in five equal installments, with 20% of the total number of Shares granted to such RSU Participant being vested after each of the twelve months starting from the date of grant, subject to any adjustment by the Board taking into consideration, among others, the business performance of the Company and results of the annual performance review of such RSU Participant.

Prior to the vesting date, the Board will review whether the vesting conditions are satisfied. If the vesting conditions are satisfied, the Board will serve a vesting notice to such RSU Participant. If such RSU Participant fails to satisfy the vesting conditions, the Board will decide whether to delay the vesting of the relevant RSUs or declare the relevant RSUs to be lapsed.

Details of the RSUs granted to Directors, connected persons of our Company and the five highest paid employees of the Group are set out as below:

RSU Participants	Relationship with the Company	Date of grant	Number of underlying Shares granted	Shares that are not vested and subject to the unlocking conditions as of 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Shares that are not vested and subject to the unlocking conditions as of 31 December 2025
Mr. Yan	Chairman of the Board, executive Director and chief executive officer	2021/12/8	5,107,833	1,021,569	–	1,021,569	–	–	0
		2022/9/26	5,351,669	3,211,003	–	1,070,333	–	–	2,140,670
Ms. Ye Juan	Executive Director and senior vice president	2021/12/8	475,000	95,000	–	95,000	–	–	0
		2022/9/26	206,000	123,600	–	41,200	–	–	82,400
Ms. Fang Juan	Executive Director and senior vice president	2021/12/8	633,333	126,669	–	126,669	–	–	0
		2022/9/26	222,000	133,200	–	44,400	–	–	88,800
Ms. Yan Yajuan	Senior vice president, an associate of Mr. Yan	2021/12/8	522,500	104,500	–	104,500	–	–	0
		2022/9/26	215,000	129,000	–	43,000	–	–	86,000
Ms. Zhang Huijuan	Executive Director and Chief financial officer	2022/9/26	800,000	480,000	–	160,000	–	–	320,000
Sub-total			*13,533,335*	*5,424,541*	–	*2,706,671*	–	–	*2,717,870*
Employees other than the Directors, connected persons or the five highest paid employees of the Group		2021/12/8	2,615,665	633,431	–	633,431	–	–	0
		2022/9/26	2,851,000	1,795,200	–	512,800	–	–	1,282,400
Total			**19,000,000**	**7,853,172**	**-**	**3,852,902**	**-**	**-**	**4,000,270**

Save as disclosed above, as of 31 December 2025, there were no RSU Participants to whom the number of underlying Shares granted or to be granted exceeded 1% of the total number of issued Shares.

During the Reporting Period, a total of 3,852,902 underlying shares were vested, of which, (i) a total of 1,981,169 vested underlying shares with a weighted average closing price of HK$38.30 per underlying share immediately before the vesting date of the restricted share units, and the grant price of these underlying shares was RMB4.74; and (ii) an aggregate of 1,871,733 vested underlying shares with a weighted average closing price of HK$53.70 per underlying share immediately before the vesting date of the restricted share units, and the grant price of these underlying shares was RMB20.

2023 Share Option Scheme and 2023 Share Award Scheme

The following summarizes the principal terms of the 2023 Share Option Scheme and 2023 Share Award Scheme (collectively, "2023 Schemes") adopted by us on 17 August 2023. Terms used herein shall have the same meaning as those defined in the circular of the Company dated 31 July 2023.

Purposes. The purposes of the 2023 Schemes are to provide an opportunity for the Participants to have a personal stake in the Company, to recognize, motivate and provide incentives to the Participants, to attract and retain the best available personnel, to provide additional incentives to the Participants, to promote the success of the business of the Group, and for such other purposes as the Board may approve from time to time.

Participant(s). Including: (i) Employee Participant(s): director (excluding the independent non-executive directors) or employee (whether full time or part time) of any member of the Group (including any person who is granted Option(s) or Awarded Share(s) as an inducement to enter into employment contract with any member of the Group); (ii) Related Entity Participant(s): director, supervisor or employee of the following: a "holding company" of the Company (as defined in the SFO); a "subsidiary" of a holding company of the Company (as defined in the SFO) other than the Group; or an "associate" of the Company (as defined in the Listing Rules); and (iii) Service Provider Participant(s): persons (including entities) providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) pursuant to criteria in the 2023 Schemes.

Scheme Limit and Service Provider Sublimit. The maximum number of Shares issuable pursuant to the 2023 Schemes in aggregate will be 99,500,000 Shares, being 9.37% of the total number of Shares in issue (excluding treasury shares) as at the data of this annual report. The maximum number of Shares issuable to Service Provider Participants in aggregate will be 19,900,000 Shares, being 1.87% of the total number of Shares in issue (excluding treasury shares) as at the date of this annual report.

Maximum Entitlement for Each Participant. Where any grant of Options or Awarded Shares to a Participant would result in the total number of Shares issued and to be issued in respect of all Options and awards granted (excluding any Options and awards lapsed in accordance with the terms of the 2023 Schemes or any other schemes of the Company) under the 2023 Schemes in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting.

Vesting Period. The minimum vesting period for an Option or an Awarded Share, in general, is 12 months before the Option or the Awarded Share can be exercised. A shorter vesting period may be granted to a Participant at the discretion of the Board (or the CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) as deemed appropriate at the sole discretion of the Board if such grants are:

(a) grants of "make-whole" Options or Awarded Shares to new joiners to replace the share awards they forfeited when leaving the previous employer;

(b) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event, which includes scenarios as illustrated in the terms of 2023 Schemes and would serve as compassionate arrangements for relevant Participants in line with market practice;

(c) grants that are made in batches during a year for administrative and compliance reasons, which include Option(s) or Awarded Share(s) that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which Option(s) or Awarded Share(s) would have been granted;

(d) grants with a mixed or accelerated vesting schedule such as where Option(s) or Awarded Share(s) may vest evenly over a period of 12 months under, including but not limited to, the circumstances set out in the terms of 2023 Schemes, which gives the Company more flexibility in providing incentives to the Participants and is in line with market practice; or

(e) grants with performance-based vesting conditions in lieu of time-based vesting criteria, in which the Company expects the Participants to achieve their performance targets as soon as possible by offering immediate vesting upon fulfilment of the performance targets, and the Participants could be incentivized to the largest extent.

Option exercise period. Option exercise period shall be a period to be determined and notified by the CEO or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board in its absolute discretion to each Grantee as being the period during which an Option may be exercised, and in any event, such period shall expire at the close of business on the business day immediately preceding the tenth anniversary of the date of the grant of the Options.

Option Exercise Price. No amount shall be payable for the application or acceptance of any Option. The Option Exercise Price shall be a price to be solely determined by the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) in its absolute discretion and notified to a Participant, but in any case the Option Exercise Price shall be at least the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Share Option Offer Date;

(b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Share Option Offer Date; and

(c) the par value per Share on the date of grant, provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

Awarded Share Purchase Price. The purchase price (if any) in respect of any particular Award shall be such price as the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) may in its absolute discretion determine at the time of grant of the relevant Award (and shall be stated in the Grant Notice) and taking into consideration of the factors such as prevailing closing price of the Shares, the purpose of the 2023 Share Award Scheme, the performance of the relevant Participant(s) and his/her potential and expected contribution to the growth and development of the Company. For avoidance of doubt, the Awards under the 2023 Share Award Scheme could be exercised at nil consideration or at certain price. If there is purchase price for the Awarded Shares, the Grantee shall pay the price within the period stated in the Grant Notice.

Remaining Lives of Schemes. The 2023 Schemes shall be valid and effective for a period of 10 years commencing on the Adoption Date. The remaining lives of the 2023 Schemes are 8 years as of the date of this report.

The Company granted an aggregate of 20,000,000 Options (the "Option(s)") to 128 eligible Participants (the "Grantees") on 28 December 2023 to subscribe for ordinary shares of US$0.00001 each in share capital of the Company. As of the date of this annual report, no share award has been granted under the 2023 Share Award Scheme.

Details of Options granted to Directors and senior management of the Company and associates of Directors are set out as below:

Grantees	Relationship with the Company	Date of grant	Number of Options granted	Outstanding as of 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of 31 December 2025
Ms. Fang Juan	Executive Director and senior vice president	2023/12/28	600,000	600,000	–	180,000	240,000	–	–	360,000
Ms. Ye Juan	Executive Director and senior vice president	2023/12/28	600,000	600,000	–	180,000	240,000	–	–	360,000
Ms. Zhang Huijuan	Executive Director and chief financial officer	2023/12/28	600,000	600,000	–	180,000	240,000	–	–	360,000
Ms. Yan Yajuan	Senior vice president and associate of Mr. Yan	2023/12/28	600,000	600,000	–	180,000	240,000	–	–	360,000
Other employees	–	2023/12/28	17,600,000	17,473,000	–	4,643,200	6,724,000	–	333,000	10,416,000
Total	**–**	**–**	**20,000,000**	**19,873,000**	**–**	**5,363,200**	**7,684,000**	**–**	**333,000**	**11,856,000**

For the aggregate of 20,000,000 Options granted on 28 December 2023, (1) the vesting period is: 40% of the Options granted shall be vested after one year from the date of grant; 30% of the Options granted shall be vested after two years from the date of grant; and the remaining 30% of the Options granted shall be vested after three years from the date of grant; (2) the exercise period will be subject to the respective letters of grant to the Grantees (and their respective vesting periods as stipulated thereunder), provided that under any circumstance such period shall not exceed 10 years from the date of grant and the Options shall lapse upon the expiry of such period; (3) no purchase price is payable by the Grantees on acceptance of the Options; (4) Exercise Price of Options granted is HK$35.05 per Share, and the closing price of the Shares of the Company on the date immediately preceding the grant of Options (being 27 December 2023) is HK$33.7 per Share; (5) each Grantee shall fulfill his/her respective appraisal targets during the vesting period, including (i) annual results and performance of the Group; (ii) the key performance indicators of respective department and/or business unit that the Grantee belongs to; and (iii) his/her individual position, annual appraisal result and other factors relevant to such Grantee; and (6) the fair value of relevant Options on the date of grant was HK$6.25 per Share, HK$125 million in total.

As at the beginning of the Reporting Period, the number of Shares available for future grant under the Scheme Mandate Limit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 79,627,000, and the number of Shares available for future grant under the Service Provider Sublimit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 19,900,000. As at the end of the Reporting Period, the number of Shares available for future grant under the Scheme Mandate Limit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 79,960,000, and the number of Shares available for future grant under the Service Provider Sublimit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 19,900,000. During the Reporting Period, the number of Shares (being 11,856,000) that may be issued in respect of Options and awards granted under all the share schemes of the Company divided by the weighted average number of Shares in issue for the Reporting Period of 1,046,688,011 is around 1.13%.

Save as disclosed above, as at the date of this annual report, none of the Grantees is (i) a Director, chief executive or substantial Shareholder of the Company, or an associate (as defined under the Listing Rules) of any of them; (ii) a Participant with Options granted and to be granted exceeding the individual limit of 1% of the Shares in issue under Rule 17.03D of the Listing Rules within the 12-month period up to and including the date of grant; or (iii) a Related Entity Participant or Service Provider with Options granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue.

MATERIAL LITIGATIONS

The Company was not involved in any material litigation or arbitration during the Reporting Period.

SUBSEQUENT EVENTS AFTER THE PERIOD

After the Reporting Period and as of the date of this annual report, no other material events that have a material adverse impact on the performance and value of the Group have occurred.

AUDIT COMMITTEE

The Company's Audit Committee is comprised of Ms. Wong Sze Wing (chairperson), Mr. Huang Jin and Mr. Shan Wenhua, all of whom are independent non-executive Directors. The Company's Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2025.

PUBLICATION OF THE ANNUAL REPORT

The Company's annual report has been published on the websites of the Stock Exchange www.hkexnews.hk and the website of the Company www.xajuzi.com.

SUFFICIENT PUBLIC FLOAT

According to the information publicly available to the Company and to the best knowledge of the Directors of the Company, the Company has maintained the sufficient public float required by the Listing Rules during the Reporting Period. According to the disclosure of interests in the Company's shares available on the Stock Exchange's website as at the latest practicable date prior to the issue of this annual report, the public float is not less than 25% of the total number of issued shares of the Company (excluding treasury shares).

APPRECIATION

The Company would like to express its sincere gratitude to all employees for their outstanding contributions to the development of the Group. The Board would like to express its profound appreciation to the management for their dedication and diligence, which are the key to the Company's continuous success in the future. In addition, the Company would like to express its genuine gratitude to our Shareholders, customers and business partners for their continuous support. The Company will remain committed to sustainable businesses, so as to create more value for Shareholders.

By order of the Board
Giant Biogene Holding Co., Ltd
YAN Jianya
Chairman of the Board

DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Yan Jianya, aged 59, was appointed as a Director of the Company on 30 November 2021 and is currently an executive Director, the chairman of the Board, the chief executive officer, chairman of both the Nomination Committee and the Corporate Governance Committee and a member of the Remuneration Committee of the Company. Mr. Yan founded our Group in May 2000. He is a director and general manager of certain operating subsidiaries of our Group, including Xi'an Giant Biogene and Shaanxi Giant Biotechnology. In 2002, Mr. Yan founded Xi'an Weili Communication Co., Ltd. (西安威力通信有限責任公司) (the predecessor of Xi'an Triangle Defense Incorporated Company (西安三角防務股份有限公司) (a company listed on the ChiNext Market of Shenzhen Stock Exchange, stock code: 300775) ("Triangle Defense")) and has been serving as the chairman of the board of Triangle Defense since September 2015. He served as a director of Xi'an Libang Clinical Nutrition Corporation., Ltd. (西安力邦臨床營養股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 835791) from August 2019 to March 2020. Mr. Yan obtained a bachelor's degree in chemical engineering from Northwest University (西北大學) in the PRC in July 1988. Mr. Yan is (i) the father of Ms. Yan Yubo, the executive Director and joint company secretary and board secretary and the chief product officer of the Company, (ii) the spouse of Dr. Fan Daidi, the controlling Shareholder and the chief scientific officer of the Company, and (iii) the brother of Ms. Yan Yajuan, the senior vice president of the Company.

Ms. Ye Juan, aged 55, was appointed as a Director of the Company on 30 November 2021 and is currently an executive Director and a senior vice president of our Company. Ms. Ye has around 23 years of experience in the biotechnology and technical engineering industries. Prior to joining our Group, Ms. Ye worked in the risk management department in China Construction Bank Corporation (a company listed on the Shanghai Stock Exchange (stock code: 601939) and the Hong Kong Stock Exchange (stock code: 939)) from July 1993 to May 2003. She then served as a deputy general manager and subsequently a board secretary in Xi'an Starwave (USA) Communication Equipment Co., Ltd. (西安達威(美國)通信設備有限公司) from July 2003 to February 2010. She then served as a board secretary in Well Logging Energy Technology Xi'an Co., Ltd. (西安威爾羅根能源科技有限公司) from April 2010 to December 2015. She joined our Group in April 2016 as a deputy general manager of Xi'an Giant Biogene and has served as its director since May 2020. Ms. Ye obtained a bachelor's degree in law from Northwestern Polytechnical University (西北工業大學) in the PRC in July 2002.

Ms. Fang Juan, aged 53, was appointed as a Director of the Company on 30 November 2021 and is currently an executive Director, a senior vice president and a member of the Corporate Governance Committee of the Company. Ms. Fang has over 23 years of experience in the biotechnology industry. She joined our Group in December 2000 as a manager of Xi'an Giant Biogene and has served as its deputy general manager and director since December 2003 and May 2020, respectively. Ms. Fang obtained a college degree in international enterprise management from Shaanxi College of Finance and Economics (陝西財經學院) (currently known as School of Economics and Finance of Xi'an Jiaotong University (西安交通大學經濟與金融學院)) in July 1995.

Ms. Zhang Huijuan, aged 39, is currently the chief financial officer of the Company and was appointed as executive Director on 3 October 2023. Ms. Zhang has approximately 17 years of experience in accounting and financial management. Prior to joining the Group, she was a senior auditor in Tianjin Branch of Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所（特殊普通合夥）) from July 2008 to December 2010. She then joined Xi'an Branch of PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所（特殊普通合夥）) as an audit manager from January 2011 to September 2018. She served as the director of financial department at Easy Click Worldwide Network Technology Co., Ltd. (易點天下網絡科技股份有限公司) from April 2019 to January 2022. Ms. Zhang obtained the certificate of certified public accountant from the PRC Ministry of Finance in December 2017, the certificate of certified internal auditor from the Institute of Internal Auditors in March 2015, and the certificate of intermediate accountant from the PRC Ministry of Human Resources and Social Security and the PRC Ministry of Finance in October 2013. Ms. Zhang obtained a bachelor's degree in Japanese (international business) from Tianjin Foreign Studies University (天津外國語大學) in July 2008.

Ms. Yan Yubo, aged 30, is currently a joint company secretary and the Board secretary of the Company and was appointed as executive director and the chief product officer on 3 October 2023. Ms. Yan joined Xi'an Giant Biogene Technology Co., Ltd. in October 2018 as the board secretary and has been responsible for the affairs related to the Group's financing, investor relationship management and corporate governance since then. Ms. Yan obtained the certificate of Financial Risk Manager (FRM) from the Global Association of Risk Professionals in March 2021, the securities qualification certificate from the Securities Association of China in April 2021, the certificate of board secretary from Shanghai Stock Exchange in September 2020, the certificate of board secretary from Shenzhen Stock Exchange in July 2020, and the qualification certificate of fund practitioner from the Asset Management Association of China in November 2019. Ms. Yan obtained a bachelor's degree from the University of Toronto in Canada in June 2017, double majoring in financial economics and statistics. Ms. Yan obtained a master's degree in applied economics from the University of California, Los Angeles in the United States in June 2018. Ms. Yan is (i) the daughter of Mr. Yan Jianya, the chairman of the Board, executive Director and chief executive officer, and Dr. Fan Daidi, the controlling Shareholder and chief scientific officer of the Company; and (ii) a niece of Ms. Yan Yajuan, a senior vice president of the Company.

Mr. Huang Jin, aged 67, has been an independent non-executive Director of the Company since 6 October 2022. Mr. Huang is currently a member of the Audit Committee and Nomination Committee of the Company respectively. Mr. Huang has around 43 years of experience in the field of law. He has held various positions in Wuhan University (武漢大學) from December 1984 to February 2009, including teaching assistant, lecturer, associate professor, professor, and vice principal. He then was appointed as a professor and the principal of China University of Political Science and Law (中國政法大學) from February 2009 to April 2019. He has been the president of the China Society of Private International Law (中國國際私法學會) since 2003. He has been a senior professor of humanities and social sciences in Wuhan University since July 2024. He is currently a professor of the Academy for the Rule of Law (China University of Political Science and Law) (中國政法大學全面依法治國研究院). He has served as an independent director of Beijing Baimtec Material Co., Ltd. (北京航空材料研究院股份有限公司) since December 2021 and an independent director of CINDA Securities Co., Ltd. (信達證券股份有限公司) since June 2023. Mr. Huang obtained a bachelor's degree in law from Hubei College of Finance and Economics (湖北財經學院) (currently known as the Zhongnan University of Economics and Law (中南財經政法大學)) in the PRC in January 1982. He obtained a master's degree in December 1984 and a doctoral degree in June 1988, both in international law, from Wuhan University in the PRC.

Mr. Shan Wenhua, aged 55, has been an independent non-executive Director since 6 October 2022. Mr. Shan is currently the chairman of the Remuneration Committee of the Company and a member of each of the Audit Committee and the Corporate Governance Committee of the Company. Mr. Shan has extensive experience in the field of law. He was a lecturer and a vice researcher at the School of Law at Xiamen University (廈門大學) from 1996 to 1998. He was a visiting researcher at the Lauterpacht Centre for International Law at the University of Cambridge from 1998 to 1999. He then held various positions including lecturer, senior lecturer, reader, and professor in the Law School of Oxford Brookes University from 2002 to 2013. He was a visiting researcher at the National University of Singapore from 2004 to 2005. From 2005 to 2007, he served as the dean of the School of Humanities and Social Science at Xi'an Jiaotong University (西安交通大學), during which he was appointed as The Distinguished Professor for the Soar Scholar Talent Program (騰飛學者特聘教授). He assisted Xi'an Jiaotong University to found its School of Law in 2008 and was appointed as its first dean. He served as a Senior Fellow at the Lauterpacht Centre for International Law at the University of Cambridge from 2013 to 2020, and the assistant to the principal of Xi'an Jiaotong University from 2016 to 2018. He concurrently served as the dean of the School of International Education at Xi'an Jiaotong University from 2016 to 2021. Mr. Shan obtained the PRC lawyer certificate from the PRC Ministry of Justice in 1994. He was selected as a Special Government Allowance Expert by the PRC State Council in 2009 and as a Changjiang Scholar Chair Professor by the PRC Ministry of Education in 2008. Mr. Shan obtained the Qian Duansheng Award for Legal Research in 2014 from the Fund of Qian Duansheng Award for Legal Research, the First Pioneer Award for Innovative Talents in Chinese Think Tanks from the Chinese Academy of Social Sciences and the Chinese Academy of Social Science Evaluation Studies in 2018, and the Springer-Nature Award for New Developments in China from Springer-Nature in 2019. He was awarded with the First Prize for Outstanding Achievements in Philosophy and Social Sciences of Shaanxi Province by the Shaanxi Provincial People's Government in 2019 and the First-class prize of Excellent Achievements in Scientific Research (Humanities and Social Sciences) of Higher Education Institutions by the PRC Ministry of Education in 2020. Mr. Shan obtained a bachelor's degree in law in July 1991 from the Sun Yet-Sen University in the PRC, a master's degree in corporate management from Jinan University (暨南大學) in the PRC in June 1994, a doctoral degree in international economic law from Xiamen University in July 1996, and a doctoral degree in international law from the University of Cambridge in the United Kingdom in May 2004.

Ms. Wong Sze Wing, aged 47, has been an independent non-executive Director of the Company since 6 October 2022. Ms. Wong is currently the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Company. Ms. Wong has over 24 years of experience in accounting and management. She served as a manager at PricewaterhouseCoopers from September 2001 to October 2006. She then successively served as the chief financial officer of Orange Sky Entertainment Group (International) Holding Company Limited (橙天娛樂集團（國際）控股有限公司) from August 2007 to July 2008. She served as the joint company secretary of Yingde Gases Group Company Limited (盈德氣體集團有限公司) from February 2009 to March 2017 and has served as its chief financial officer since July 2010. She has been an independent non-executive director of Orange Sky Golden Harvest Entertainment (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1132) since April 2010, an independent non-executive director of Rici Healthcare Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1526) since June 2016, an independent non-executive director of Wangsu Science & Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300017), from March 2017 to June 2023, an independent non-executive director of REPT BATTERO Energy Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 0666) since November 2022, and an independent non-executive director of Ganfeng Lithium Group Co., Ltd. (a company listed in Hong Kong Stock Exchange (stock code: 1772) and Shenzhen Stock Exchange (stock code: 002460)) from July 2018 to August 2024. She also served as an independent director of Zhejiang Dahua Technology Co., Ltd. (浙江大華技術股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002236) from April 2017 to August 2020 and an independent non-executive director of Xinjiang La Chapelle Fashion Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 06116) from January 2021 to June 2021. She has been an independent non-executive director of Wuxi Lead Intelligent Equipment Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 0470) and Shenzhen Stock Exchange (stock code: 300450)) since October 2025. She has also been an independent non-executive director of CNGR Advanced Material Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 2579) and Shenzhen Stock Exchange (stock code: 300919)) since November 2025. Ms. Wong obtained a bachelor's degree in business administration from the University of Hong Kong (香港大學) in Hong Kong in November 2001. She also obtained an EMBA from the China Europe International Business School (中歐國際工商學院) in the PRC in July 2012. Ms. Wong became a chartered member and then a fellow of the Hong Kong Institute of Certified Public Accountants in February 2004 and July 2016, respectively.

BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

For the biographies of Mr. Yan Jianya, Ms. Ye Juan, Ms. Fang Juan, Ms. Zhang Huijuan and Ms. Yan Yubo, please refer to the "Biographical Details of Directors" section above.

Mr. Duan Zhiguang, aged 45, is a senior vice president of our Company. Mr. Duan has around 18 years of experience in the development of biomedical materials and related medical devices, biomanufacturing research of highly active natural products and the development of related products. He has been the director of R&D at Shaanxi Giant Biotechnology (陝西巨子生物技術) since February 2012 and has taken charge of the development of recombinant collagen, rare ginsenosides and other highly active natural products, medical device products, functional foods and anti-tumor drugs. Before joining our Group, Mr. Duan was a lecturer of Northwest University from July 2012 to June 2018 and has been an associate professor of Northwest University since July 2018. He was appointed as a doctoral supervisor in January 2025. He has been serving as a member of the Third Council of Xi'an Chemical and Pharmaceutical Association since 2019, and he has served as a member and deputy secretary general of the special committee on daily chemicals of the Chemical Industry and Engineering Society of China since July 2024. Mr. Duan was awarded with the First Prize of Shaanxi Provincial Technical Invention and the First Prize of Science and Technology Award of Shaanxi Province by the People's Government of Shaanxi Province, respectively in December 2021 and in February 2018. He was awarded with the First Prize of Science and Technology Award of Shaanxi Higher Education Institution by the Department of Education of Shaanxi Province in April 2017, the First Prize of China Petroleum and Chemical Industry Federation Science and Technology Award by the China Petroleum and Chemical Industry Federation in November 2016, and the First Prize of Technology Invention Award of the China Petroleum and Chemical Industry Federation conferred by the China Petroleum and Chemical Industry Federation in 2024. Mr. Duan obtained a bachelor's degree in biotechnology from Henan Agricultural University (河南農業大學) in the PRC in July 2005, a master's degree in microbiology from Northwest University in the PRC in June 2008, and a doctoral degree in biochemical engineering from Northwest University in the PRC in June 2012.

Ms. Yan Yajuan, aged 56, is a senior vice president of our Company. Ms. Yan has over 31 years of experience in the biotechnology and technical engineering industries. Prior to joining our Group, Ms. Yan worked as a technician in Wugong Chemical Plant (武功化工廠) from July 1990 to July 1994, and subsequently as a workshop manager in Xianyang Great Wall Group Corporation (咸陽市長城集團總公司) from March 1994 to July 2002. Ms. Yan has been serving as the production technology director and deputy general manager of Xi'an Giant Biogene since March 2002, and its director since December 2020. Ms. Yan obtained a diploma in inorganic chemical engineering from the Northwest University in the PRC in December 1990.

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT UNDER RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed above, as of the date of this annual report, there is no change in the information of Directors and senior management required to be disclosed pursuant to the Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its Shareholders. The principles of the Company's corporate governance are to promote effective internal controls and to enhance the transparency and accountability of the Board to all Shareholders. The Directors are aware of the importance of incorporating elements of good corporate governance into the Group's management structure and internal control procedures to achieve effective accountability.

The Company has adopted the Corporate Governance Code contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period, save for the deviations from code provision C.2.1, as further explained in the section on "Chairman and Chief Executive Officer" below.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and development of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and are in line with latest development.

CORPORATE CULTURE

The Company is committed to cultivate its corporate culture on the basis of "correct direction, unity and persistence, proactive collaboration, frontline experience, efficient execution, leading by example, role model strength, loyalty and integrity, and responsible accountability". Such corporate culture is based on the mission of "biotechnology to empower beauty and health" and the value of "the relentless pursuit of innovative technologies and product R&D for natural beauty and health", enabling the employees in all levels across the Group to achieve development by acting lawfully, ethically and responsibly, and fully unleash their potential, which allows the Company to deliver sustainable long-term results and operate in a way that benefits society and environment.

Our Company's mission and values serve as guidance for the conduct and behavior of employees, ensuring that they are integrated into its business practices, workplace policies and routines as well as stakeholder relationships. The management is responsible for setting the tone and establishing the corporate culture for the Company, defining the mission, values, and strategic direction of the Group, which are reviewed by the Board. Considering that corporate culture is reflected on various occasions, such as labor participation, employee retention and training, legal and regulatory compliance, employee safety, welfare and support, the Group's culture, mission, values and strategy are aligned.

BOARD OF DIRECTORS

Composition of the Board

As of the date of this annual report, the members of the Board are set out below:

Executive Directors

Mr. Yan Jianya *(chairman of the Board and chief executive officer)*
Ms. Ye Juan
Ms. Fang Juan
Ms. Zhang Huijuan
Ms. Yan Yubo

Independent Non-executive Directors

Mr. Huang Jin
Mr. Shan Wenhua
Ms. Wong Sze Wing

An updated list of Directors and information on their roles and functions is available on the websites of the Company and the Hong Kong Stock Exchange. Biographical details of the Directors are set out in the chapter headed "Directors and Senior Management".

Save as disclosed in the chapter headed "Directors and Senior Management", to the best knowledge of the Company, there are no relationships (including financial, business, family or other material/relevant relationships) between the Directors and senior management.

The Company has taken out directors' and officers' liability insurance for its directors and officers.

Independent Non-executive Directors

During the Reporting Period, the Board has complied with the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules in relation to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Board has received an annual written confirmation from each of the independent non-executive Directors in respect of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company is of the view that all of them are independent.

The Board and Management

The Board is responsible for, and has the general authority of, the management and operation of the Company. It is in charge of all major decisions of the Company, including the approval and monitoring of all major policies and overall strategies of the Group, internal control and risk management systems, notifiable and connected transactions, nomination of Directors and joint company secretaries and other significant financial and operational matters. The senior management as delegated by the Board, is responsible for the day-to-day management of the business of the Company.

Chairman and Chief Executive Officer

According to code provision C.2.1 under the Corporate Governance Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman of the Board and chief executive officer should be clearly established and set out in writing. The roles of chairman of the Board and the chief executive officer are currently performed by Mr. Yan Jianya as the two functions have not been separated by the Company. In view of Mr. Yan Jianya's substantial contribution to the Group since its establishment and his extensive experience, the Company considers that having Mr. Yan Jianya acting as both the chairman of the Board and chief executive officer will provide strong and consistent leadership to the Group and facilitate the efficient execution of the business strategies of the Company. The Company considers it appropriate and beneficial to its business development and prospects that Mr. Yan Jianya continues to act as both the chairman of the Board and chief executive officer, and therefore it is currently not proposed to separate the functions of chairman of the Board and chief executive officer.

Board Meetings/General Meetings and Attendance of Directors

The Company adopts the practice of holding Board meetings regularly, at least four times a year and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings and Board committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board committee members at least three days before the date of such meeting to ensure that they have sufficient time to review the papers and are adequately prepared for the meeting. If Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to inform the chairman of their views prior to the meeting.

The matters considered and decisions reached by the Board and Board committees during the meetings are recorded in sufficient details in the minutes of the meetings. Details of such minutes include, but are not limited to, any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting should be sent to the relevant Directors for their comments within a reasonable time after the meeting is held. All minutes shall be maintained by the joint company secretaries and are available for inspection by the Directors and Board committee members.

The Company held 6 Board meetings, 2 Audit Committee meetings, 2 Nomination Committee meeting, 1 Remuneration Committee meeting and 1 Corporate Governance Committee meeting during the Reporting Period. The Company held 1 general meeting during the Reporting Period. The attendance of each Director at the above meetings is shown below:

	Attendance/Number of Meetings					
Name of Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Corporate Governance Committee**	**General Meeting**
Mr. Yan Jianya	6	–	2	1	1	1/1
Ms. Ye Juan	6	–	–	–	–	1/1
Ms. Fang Juan	6	–	–	–	1	1/1
Ms. Zhang Huijuan	6	–	–	–	–	1/1
Ms. Yan Yubo	6	–	–	–	–	1/1
Mr. Huang Jin	6	2	2	–	–	1/1
Mr. Shan Wenhua	6	2	2	1	1	1/1
Ms. Wong Sze Wing	6	2	–	1	–	1/1

In addition to the above meetings, during the Reporting Period, Mr. Yan Jianya, the chairman of the Board, held one meeting with the independent non-executive Directors without the presence of the other Directors.

Directors' Service Agreement

Each of the executive Directors of the Company has entered into a service contract with the Company for a term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules, unless terminated by not less than three months' notice in writing served by either party on the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules, unless terminated by not less than one month's notice in writing served by either party on the other.

During the Reporting Period, none of the Directors had entered into any service contract with the Company or its subsidiaries which is not determinable within one year without the payment of compensation (other than statutory compensation).

Appointment and Re-election of Directors

Pursuant to Article 26.3 of the Articles of Association, the Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director appointed in this way shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

Pursuant to Article 26.4 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Ms. Fang Juan, Ms. Zhang Huijuan and Ms. Yan Yubo will retire by rotation at the annual general meeting in accordance with the Articles of Association and, being eligible, offer themselves for re-election. Details of the re-election are set out in the circular of the general meeting to be published by the Company in due course.

Training and Professional Development

In accordance with Rule 3.09F of the Listing Rules, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, in order to ensure that their contribution to the Board remains informed and relevant.

To assist Directors in developing and updating their knowledge and skills, internally-facilitated Board briefings will be arranged and, where appropriate, written materials on relevant topics will be made available to Directors. All Directors are encouraged to attend relevant training courses at the Company's expense.

During the Reporting Period, the Company also arranged for its Hong Kong listing legal advisers to conduct training for all Directors, including independent non-executive Directors. The training sessions covered a wide range of relevant topics, including Directors' duties and responsibilities, the requirements of the Listing Rules and corporate governance. All Directors have provided the Company with their respective training records in accordance with the Corporate Governance Code.

During the Reporting Period, the Directors received the following trainings:

Name of Directors	Continuing Professional Development Training Categories
Mr. Yan Jianya	A & B
Ms. Ye Juan	A & B
Ms. Fang Juan	A & B
Ms. Zhang Huijuan	A & B
Ms. Yan Yubo	A & B
Mr. Huang Jin	A & B
Mr. Shan Wenhua	A & B
Ms. Wong Sze Wing	A & B

Notes:

A: Attend seminars, conferences, forums and/or training courses arranged by the Company or external organizations.

B: Read carefully materials provided by the Company or external parties, such as those relating to the Company's business updates, Directors' duties and responsibilities, corporate governance and regulatory updates and other applicable regulatory requirements.

Mechanism for Directors to Obtain Independent Views and Opinions

At Board meetings, the Directors are free to express their views and important decisions are subject to detailed discussion before they are made. If the Directors consider it necessary to seek advice from an independent professional institution, they may engage an independent professional institution in accordance with the procedures and at the expense of the Company. If a Director has an interest in a matter proposed by the Board, the relevant Director must withdraw from the discussion of the relevant proposal and abstain from voting, and the Director will not be counted in the quorum for voting on the resolution. In addition, the independent non-executive Directors should also express an objective and impartial independent opinion on matters discussed by the Company. The independent non-executive Directors of the Company do not hold any position in the Company other than that of a Director, do not have any relationship with the Company and the Company's substantial Shareholders that might influence their independent and objective judgements, and do not have any business or financial interests in the Company or the Company's subsidiaries. During the Reporting Period, the participation of independent non-executive Directors therefore effectively ensures that there is a strong and sufficient element of independence on the Board. The Board will review the implementation and effectiveness of the above mechanism annually. The Board has reviewed the implementation and effectiveness of such mechanisms for the year ended 31 December 2025 and considers that such mechanisms remain effective.

Board Committees

The Company has established four Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Audit Committee comprises Ms. Wong Sze Wing, Mr. Huang Jin and Mr. Shan Wenhua, each of whom is an independent non-executive Director of the Company. Ms. Wong Sze Wing, being the chairperson of the Audit Committee, has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assisting the Board to fulfill its responsibility over the audit. The principal terms of reference of the Audit Committee include (but not limited to):

(a) to be responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and addressing any questions relating to its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to monitor the integrity of the Company's financial statements, annual report and accounts, half year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

(d) to review the Company's financial controls, and to review the Company's risk management and internal control systems;

(e) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;

(f) to review the Company's internal audit function to ensure co-ordination between the internal and external auditors; and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer; and to review and monitor its effectiveness.

The Audit Committee is also responsible for performing the Company's corporate governance functions, including (but not limited to):

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Company and Directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report of the Company.

During the Reporting Period, the Audit Committee held 2 meetings to review the audited consolidated financial statements, results announcement and annual report draft of the Group for the year ended 31 December 2024; the consolidated financial statements, results announcement and interim report for the six months ended 30 June 2025; to review and discuss key internal audit matters, the financial reporting system and the risk management and internal control systems; to review and discuss the effectiveness of the internal audit function; to discuss the re-appointment of the external auditor and make recommendations to the Board.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing financial statements which should give a true and fair view of the state of affairs of the Company and of the results and cash flows for the relevant Reporting Period.

In preparing the financial statements, the Board adopts IFRS Accounting Standards and appropriate accounting policies and applies them consistently, makes judgements and estimates that are prudent, fair and reasonable, and prepares the financial statements on a going concern basis. The Board is responsible for ensuring that the Company maintains proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The auditor is responsible for auditing and reporting its opinion on the financial statements of the Company. The independent auditor's report for the Reporting Period is set out in the section headed "Independent Auditor's Report" of this annual report.

Auditor's Remuneration

The Company appointed Ernst & Young, Certified Public Accountants and Registered Public Interest Entity Auditor, as the auditor for the year ended 31 December 2025. A statement by Ernst & Young regarding their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 57 to 61.

The audit fees of the Group for the year ended 31 December 2025 payable to the external auditor amounted to approximately RMB2.2 million, and the Group incurred approximately RMB0.11 million for non-audit services in relation to advisory services in 2025.

Details of the fees paid or payable to the Company's auditor in respect of the audit and non-audit services for the year ended 31 December 2025 are set out in the table below:

Services rendered for the Company	**RMB'000**
Audit service	2,160
Non-audit service	110

Nomination Committee

The Company has established the Nomination Committee in accordance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Nomination Committee comprises Mr. Yan Jianya, Mr. Huang Jin, Mr. Shan Wenhua (resigned on 27 August 2025) and Ms. Wong Sze Wing (appointed on 27 August 2025), and includes at least one director of a different gender. Mr. Yan Jianya currently serves as the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee include (but not limited to):

(a) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually, to assist the Board in preparing the Board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to act as Directors and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive Directors;

(d) to support the Company in assessing the performance of the Board on a regular basis;

(e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman and the chief executive officer); and

(f) to review the Board Diversity Policy and the measurable objectives set by the Board from time to time for implementing such policy and the progress made towards achieving them; and to disclose the progress and review results in the annual report of the Company annually.

During the Reporting Period, the Nomination Committee held 2 meetings to assess the independence of the independent non-executive Directors, review the effectiveness of the Board Diversity Policy and make recommendations to the Board on the re-election of Directors at the annual general meeting.

Board Diversity Policy

The Company has adopted a Board Diversity Policy pursuant to Rule 13.92 of the Listing Rules, which sets out the approach to achieve and maintain diversity on the Board. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity criteria, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. The Company also takes into account its own business model and special needs. The ultimate selection of Director candidates is based on the merits of the candidates and the contributions that the candidates will bring to the Board.

The Board has a balanced mix of experience and skills, including but not limited to overall business management, research and development, and finance and accounting. As of the date of this annual report, the Board has achieved diversity in the following aspects:

(i) Gender Distribution, Age Distribution of Board Members

Gender	3 Male Directors	5 Female Directors		
Age Group	3 Directors aged 50 or below	2 Directors aged 51-55	2 Directors aged 56-60	1 Directors aged 61 or above

(ii) Directors' Skills and Experience

Areas of Experience	**Number of Directors**	**Share of the Board**
Related Industry Knowledge/Experience	5	62.5%
Business Management	6	75.0%
Legal/Regulatory	4	50.0%
Financial & Accounting	3	37.5%

The Board has a relatively high level of gender diversity. The Nomination Committee and the Board have achieved gender diversity with female Directors comprising no less than 25% of the Board.

If suitable candidates are available in the future, the Board will ensure that diversity on the Board will continue to be met in the coming years. The Board considers that, based on the principle of meritocracy for Directors, the current composition of the Board is in compliance with the Board Diversity Policy, and the Company's Board Diversity Policy ensures that there are potential candidates for succession to sustain the existing diversity of the Board.

The Nomination Committee of the Company is responsible for the implementation of the Board Diversity Policy. During the Reporting Period, the Nomination Committee of the Company monitored, audited and reviewed the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee also discussed any amendments that may be required from time to time, as appropriate, for the Board's consideration and approval.

The Company is committed to promoting gender diversity, not only within the Board but also among its workforce. As of the end of the Reporting Period, the gender ratio of the Company's employees (including senior management) is as follows:

Male	41%
Female	59%
Total	**100%**

Based on the above, the composition of the Company's employees has met and is expected to maintain a reasonable level of gender diversity.

Nomination Procedure

If a Shareholder wishes to propose a person other than a Director of the Company for election as a Director, the Shareholder must deposit a written notice (the "Notice") to the principal office and principal place of business in Hong Kong, Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the joint company secretaries of the Company. The Notice must state clearly the name, the contact information of the Shareholder and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned (not by the person to be proposed). The Notice must also be accompanied by a letter of consent (the "Letter of Consent") signed by the person proposed to be elected on his/her willingness to be elected as a Director.

The period for lodgement of the Notice and the Letter of Consent will commence on the day after the dispatch of the notice of the relevant general meeting for the election of Directors and end no later than seven days prior to the date of such general meeting, and the minimum period for giving notice to the Company shall be at least seven days.

The Notice will be verified by the joint company secretaries with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the joint company secretaries will ask the Nomination Committee and the Board of the Company to consider including the particulars of such proposed person for election as a Director in its announcement or supplementary circular and to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

Remuneration Committee

The Company has established the Remuneration Committee in accordance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Remuneration Committee comprises Mr. Shan Wenhua, Mr. Yan Jianya and Ms. Wong Sze Wing. Mr. Shan Wenhua currently serves as the chairman of the Remuneration Committee.

The principal terms of reference of the Remuneration Committee include (but are not limited to):

(a) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management, and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives set by the Board;

(c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions of other positions within the Group;

(f) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

(i) to review and/or approve the matters relevant to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee held 1 meeting to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, review the remuneration of non-executive Directors and the remuneration policies and structures of all Directors and senior management, assess performance of executive Directors and approve the terms of executive Directors' service contracts, and review and/or approve matters relating to share schemes and the grants under Chapter 17 of the Listing Rules.

Remuneration Policy

The Company offers the executive Directors and senior management, as its employees, remuneration in the form of salaries, allowances, benefits in kind, performance bonuses, equity-settled share awards, pensions and other social insurance benefits, which are determined based on the factors such as market conditions, the Company's performance and their performance assessment results by the Board. Non-executive Directors and independent non-executive Directors also receive remuneration with reference to prevailing market terms according to their duties (including serving as member or chairman of the Board committees).

The Company recruits new employees through campus recruitment and experienced personnel hiring to seek talents with education background in relevant subjects or work experiences in relevant industries for its R&D, sales, management and operation teams. The Company evaluates each candidate based on his/her educational background, professional knowledge, necessary skills, interview performance, relevant experience, and professional ethics. As part of its human resources strategy, the Company offers employees competitive salaries, performance-based cash bonuses and other incentives. The Company has adopted a comprehensive training protocol, pursuant to which the Company provides pre-employment training to its new employees and internal transfer employees, and continuing technical training to its employees on a regular basis. The Company also provides necessary training to employees who are responsible for quality controls to ensure that they are competent for their work.

As required under PRC regulations, the Company participates in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans. During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

In accordance with code provision E.1.5 of the Corporate Governance Code, the annual remuneration (including share-based compensation) payable to members of senior management (including senior management who are also executive Directors) by band for the Reporting Period is as follows:

Annual Remuneration	**Number of Individuals**
Nil to RMB1,500,000	2
RMB1,500,001 to RMB2,000,000	–
Above RMB2,000,001	5

Further details of Directors' remuneration during the Reporting Period are set out in note 8 to the consolidated financial statements of this annual report. The Company confirmed that none of the Directors had waived or agreed to waive any emoluments during the Reporting Period and that no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Corporate Governance Committee

The Company has established the Corporate Governance Committee with written terms of reference. During the Reporting Period, the Corporate Governance Committee comprises Mr. Yan Jianya, Ms. Fang Juan and Mr. Shan Wenhua. Mr. Yan Jianya currently serves as the chairman of the Corporate Governance Committee.

The terms of reference of the Corporate Governance Committee are as follows:

(a) to develop and review the Company's policies and practices on corporate governance and Environmental, Social and Governance (ESG) and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) that are applicable to the Directors and employees of the Group (excluding, for this purpose, any special purpose bankruptcy remote entity);

(e) to review the Company's compliance with the Corporate Governance Code and the ESG Reporting Guide in accordance with the Listing Rules and disclosures in the Corporate Governance Report and the ESG Report in accordance with the Listing Rules;

(f) to review and monitor whether the Company is operated and managed in the interests of all Shareholders;

(g) to discuss and respond to the impacts of the Company's operations on the economy, environment, society and various stakeholders, especially the major ESG issues which are most concerned by the management of the Company and various stakeholders; and

(h) to review and inspect the ESG-related risks and opportunities which have a potential material impact on the Company, and report to the Board and make recommendations on annual ESG strategic objectives.

During the Reporting Period, the Corporate Governance Committee held 1 meeting to review the Company's corporate governance and draft of the ESG Report.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board is responsible for the risk management and internal control systems and has a duty to review the effectiveness of these systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide only reasonable but not absolute assurance against material misstatement or loss. The Board has overall responsibility for assessing and determining the nature and extent of the risks it is willing to assume in achieving the Company's strategic objectives and in establishing and maintaining an appropriate and effective system of risk management and internal control. The Audit Committee is responsible for assisting the Board, guiding the management and overseeing the design, implementation and control of the risk management and internal control systems. The Company has established an internal audit function to provide internal control over certain significant areas of the Group.

The Company is exposed to various risks during its operation. Key operational risks faced by the Company include, among others, changes in the regulatory environment in China, the ability to offer quality products, safe production, and competition from other market players. In addition, the Company faces numerous market risks, such as interest rate, credit and liquidity risks that arise in the normal course of the business.

In order to address these risks, the Company has established, and currently maintains, risk management and internal control systems consisting of policies and procedures that the Company considers appropriate for its business operations. There is a division of labor and co-ordination between the Board, the Audit Committee, the management and various functional departments of the Company. The Company is dedicated to continually improving these systems.

From an operational standpoint, the Company continually identifies and evaluates risks relating to its operations, such as the risk to its plants, general operational layout, transportation, buildings, production technology, logistics, main equipment, operating environment, quality management, safety management, and all personnel who enter its plants, and formulates its risk control measures accordingly. The Company also has various methods to identify its major potential hazards, including, but not limited to, events that may occur during the course of its daily activities, such as potential hazardous events during normal business operations, production and service activities; unforeseeable accidents, such as power outages, water outages, shutdowns and maintenance; activities relating to personnel entering the workplace; and infrastructures at the workplace, such as buildings, production equipment, raw materials and other leased infrastructures.

The Company's analysis methods include work safety analysis, field experience analysis, a safety checklist and exposure likelihood and consequences analysis. The Company's personnel are responsible for identifying as many actual and potential risk factors as possible through on-site observation and collected data, including, but not limited to, unsafe behaviors, unsafe state of the object, management defects and the impacts from the environment.

The Company's administrative department is responsible for evaluating the risks to determine the severity and likelihood, and preparing the lists of major risk factors, which are reviewed by the technology department and approved by the representatives of managers. The Company conducts the identification and evaluation of risk factors and reviews the effectiveness of identification, risk evaluation and control measures once a year to improve the relevant risk management system. The Company's departments also consider whether to establish occupational health and safety goals and include such indicators into the KPIs for the Company's management from time to time depending on the situation, such as the need to implement or replace certain major risks.

The Company generally updates the risk evaluation and corresponding control measures according to the development of production, operations and management. The Company timely updates those measures in terms of changes such as occupational health and safety policy, laws, regulations, standards and related requirements, requirements for internal audit, external audit, and management review, and raw and auxiliary materials.

The Company is exposed to a variety of financial risks, including foreign exchange risk, credit risk and liquidity risk. The Group's principal financial instruments comprise cash and cash equivalents and financial assets at fair value through profit or loss. The major risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The Directors reviewed and agreed policies for managing each of these risks. For a summary of such risks, please refer to the section headed "Directors' Report – Financial Risks".

Internal Control

The Company has designated responsible personnel in the Group to monitor the ongoing compliance by the Company with the relevant PRC laws and regulations that govern its business operations and oversee the implementation of any necessary measures. In addition, the Company plans to provide its Directors, senior management and relevant employees with continuous training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance. The Company offers on-board training to its new employees and continuing training to its existing employees to enhance their knowledge and awareness of the relevant policies and regulations. The Company also generally discusses with external advisory firm and legal counsel on a monthly basis in relation to (i) the latest regulatory requirements in China, (ii) any ad hoc queries from the Company, and (iii) review of advertising content before publication. For instance, the Company received the training on "New CG Code and Analysis of Consultation Document on Continuing Public Float" in September 2025.

Anti-Corruption and Bribery

The Company has adopted a set of internal rules and policies governing the conduct of its employees. The Company has placed anti-bribery and anti-corruption clauses in its employees' handbooks to ensure that its employees comply with its internal rules and policies as well as the applicable laws and regulations. In particular, the clauses stipulate that the employees of the Company are prohibited from offering any bribery in the form of cash or other interests to medical professionals in exchange for their recommendations, purchase or prescription of the products of the Company. The Company also includes anti-bribery and anti-corruption clauses in its business contracts, confidentiality and non-competition agreements with its Directors and senior management, key technology personnel, and other key personnel. Furthermore, the Company includes anti-bribery requirements in its sales management policies, which explicitly prohibit the sales personnel of the Company from offering or accepting bribery (including any form of kickbacks and rebates that may constitute bribery) to or from any customers, and prohibit the distributors of the Company from offering bribery to medical institutions, doctors and their other customers.

False Advertising and Efficacy-related Misrepresentations

The Company has also adopted measures to mitigate the risks relating to false advertising and efficacy-related misrepresentations. The Company has established an internal system relating to the compliance of its advertising activities. Before the publication of the advertising and marketing content of the Company, such content must be reviewed by the dedicated officers of the marketing and legal functions of the Company, so as to ensure that such content (in particular, any efficacy-related information) is true, accurate and in compliance with applicable laws and regulations. Certain product descriptions on efficacy are independently verified by external third-party testing service providers as required by the applicable regulations, so as to prevent any product misrepresentation including any potential efficacy claims. In addition, the branding director and legal director of the Company regularly monitor and from time to time spot-check the marketing and advertising activities of the Company every week in order to prevent false advertising. Once a non-compliance issue is identified, the relevant advertising and marketing content would be removed from the relevant channels.

Moreover, in light of the extensive marketing activities of the Company, the Company consults with external advisory firm and legal counsel, from time to time, to evaluate the appropriateness of advertising content, promulgated or proposed regulations, and updates on regulatory developments. Such topics include the Guiding Opinion on the Strengthening Supervision and Administration of Classification of Production and Operation of Medical Devices (《關於加強醫療器械生產經營分級監管工作的指 導意見》) issued by the Department of Comprehensive Affairs of the NMPA, the Administrative Provisions on Internet Pop-up Window Information Push Services (《互聯網彈窗信息推送服務管理規定》) jointly issued by the Cyberspace Administration of China and two other PRC regulatory authorities, and the Guiding Principles for Technical Guidance on Freckle-removing and Whitening Special Cosmetics (Draft for Comments) (《祛斑美白類特殊化妝品技術指導原則（徵求意見稿）》) issued by relevant authorities. The Company regularly organizes online and offline training for its employees on relevant PRC laws regarding advertising, e-commerce, and unfair competition.

Ongoing Review

The Company has established the Audit Committee to review and monitor the financial reporting process and internal control system, and the Corporate Governance Committee to ensure the adequacy and effectiveness of the regulatory compliance process and internal control system. Both the Audit Committee and the Corporate Governance Committee report the results of their audits to the Board, and confirm the effectiveness of risk management and internal control process to the Board.

The Board conducted a review of the Company's risk management and internal controls during the Reporting Period on an annual basis, which covered all significant aspects of controls, including financial, operational and compliance controls. The Board concluded that the Company's risk management and internal control systems were effective and adequate during the Reporting Period.

For the financial year ended 31 December 2025, the Board has reviewed the adequacy of the resources, staff qualifications and experience of the Group's accounting and financial reporting functions, as well as the Group's environmental, social and governance performance and reporting, training programmes and budget, and considered the above resource components to be adequate .

SECURITIES DEALING AND HANDLING OF INSIDER INFORMATION

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding dealings by Directors in the securities of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the provisions of the Model Code during the Reporting Period.

The Company has also established and implemented policies and procedures for the disclosure of information, including but not limited to the disclosure of inside information, including monitoring potential inside information, ensuring that relevant facts and circumstances that are material to the Company's share price are promptly identified and assessed, and bringing such matters to the attention of the Board as necessary to determine whether a disclosure is required. Directors, senior management and relevant employees who are in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and ensure that its recipients are aware of their obligations to maintain confidentiality.

Joint Company Secretaries

The joint company secretaries are responsible for advising the Board on corporate governance matters to ensure a good information exchange among members of the Board and the compliance with the Board's policies and procedures and applicable laws, rules and regulations. During the Reporting Period and up to the date of this annual report, the joint company secretaries of the Company were Ms. Yan Yubo and Ms. Yuen Wing Yan, Winnie. Ms. Yuen Wing Yan, Winnie ("**Ms Yuen**") is a Director of Corporate Services of Tricor Services Limited and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute in the United Kingdom. Ms. Yan Yubo is the principal contact person of the Company and will communicate with Ms. Yuen on corporate governance and secretarial and administrative matters of the Company.

Ms. Yuen has resigned on 8 April 2026. Ms. Au-Yeung Nelly ("**Ms Au-Yeung**") has been appointed as the Company Secretary of the Company since 8 April 2026. For details, please refer to the announcement of the Company dated 8 April 2026.

For the biographical details of Ms. Yan Yubo, please refer to the "Directors and Senior Management – Biographical Details of Directors" section of this annual report. The biographical details of Ms Yuen and Ms. Au-Yeung are set out below:

Ms. Yuen Wing Yan, Winnie was the joint company secretary of the Company from 28 August 2023 to 8 April 2026. Ms. Yuen was a Director of Corporate Services of Tricor Services Limited, and has over 25 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Yuen was the company secretary or joint company secretary of a few listed companies on the Stock Exchange. Ms. Yuen is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both HKCGI and The Chartered Governance Institute in the United Kingdom. She is a holder of the Practitioner's Endorsement from HKCGI.

Ms. Au-Yeung Nelly was appointed as the joint company secretary of the Company on 8 April 2026. Ms Au-Yeung is a Senior Manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Au-Yeung has over ten years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms Au-Yeung is currently acting as the company secretary or joint company secretary of a few listed companies on the Stock Exchange. Ms Au-Yeung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

During the Reporting Period, each of the joint company secretaries attended a total of not less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations and the functions and duties of a company secretary of a Hong Kong listed issuer as required under Rule 3.29 of the Listing Rules. The joint company secretaries of the Company, Ms. Yan Yubo, Ms. Yuen and Ms Au-Yeung confirmed that they had each received not less than 15 hours of relevant professional training during the Reporting Period in compliance with Rule 3.29 of the Listing Rules.

RELATIONSHIP WITH SHAREHOLDERS

Communication with Shareholders

The Board believes that effective communication with Shareholders is essential to enhance investor relations and investors' understanding of the Group's business performance and strategy. The Group also recognizes the importance of transparency and timely disclosure of its corporate information to enable the Shareholders and investors to make the best investment decisions.

The Company communicates with its Shareholders and the investment community primarily through the Company's financial reports (including interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Hong Kong Stock Exchange and its corporate communications and other corporate publications on the Company's website.

General Meetings

The general meetings of the Company serve as opportunities for the Directors and senior management to communicate with the Shareholders. Shareholders are encouraged to attend or, if unable to attend, to appoint a proxy to attend and vote on their behalf at meetings. Notice in writing is given by the Company to the Shareholders at least 21 clear days prior to the annual general meeting and at least 14 clear days prior to any extraordinary general meeting.

Board members, in particular the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer questions from the Shareholders.

The proceedings of the Company's general meetings are regularly monitored and reviewed. Changes will be made, if necessary, to ensure that the needs of Shareholders are best served.

Corporate Communications

Corporate communications are made available to Shareholders in plain language and in both English and Chinese versions to facilitate their understanding about the content of the communications. Shareholders have the right to choose the language (either English or Chinese) or means of receipt (in hard copy or through electronic means) of the corporate communications. Shareholders are encouraged to provide their email addresses to the Company in particular to facilitate timely and effective communication.

Company's Website

The Company maintains a website at www.xajuzi.com, as a platform for communication with the Shareholders and investors. The information on the website of the Company is updated on a regular basis. Information published on the website of the Stock Exchange by the Company is also posted on the website of the Company for corporate communications immediately thereafter, including financial statements, results announcements, circulars and notices of general meetings and related explanatory documents, etc.

Shareholders' Enquiries

Shareholders and investors may send written enquiries or requests to the Company, for the attention of the Board. The contact details are as follows:

Address: No. 1855, Shanglin Yuan 7th Road,
Chang'an District, Xi'an, Shaanxi Province, PRC
Email: ir@xajuzi.com

Shareholders may raise questions about their shareholdings with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited. The Company ensures that the Hong Kong Share Registrar maintains up to-date information relating to the Shares at all times in order to respond effectively to the Shareholders' enquiries.

Policies Relating to Shareholders

Shareholders' Communication Policy

The Company has established a Shareholders' Communication Policy which aims to ensure that Shareholders and the investment community at large are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner, and to enhance communication among the Shareholders, the investment community and the Company.

During the Reporting Period, the Board reviewed the Shareholders' Communication Policy and will regularly review the Shareholders' Communication Policy to ensure its effectiveness, in particular in relation to the requirements of Part II of the Corporate Governance Code in Appendix C1 to the Listing Rules. The Board committee has reviewed the implementation and effectiveness of the Shareholders' Communication Policy during its meetings and is of the view that the Shareholders' Communication Policy has been effectively implemented and that the dissemination of information to the Shareholders is effective.

Dividend Policy

In accordance with code provision F.1.1 of the Corporate Governance Code, the Company has adopted a policy in respect of the declaration, payment or distribution of the net profit of the Company as dividends to the Shareholders ("Dividend Policy").

The Company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from the subsidiaries of the Company. PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from the subsidiaries of the Company may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that the Company or its subsidiaries may enter into in the future.

Shareholders' Rights

To safeguard the interests and rights of the Shareholders, separate resolutions are proposed at general meetings on each major issue, including the election of individual Directors, for consideration and voting by the Shareholders. All resolutions proposed at the general meetings will be voted on by poll in accordance with the Listing Rules and the poll results will be announced on the Company's website (www.xajuzi.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) after each general meeting.

According to the Articles of Association, the Directors are entitled to convene general meetings, and they shall on a Members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A Members' requisition is a requisition of one or more Members holding at the date of deposit of the requisition not less than 10% of the voting rights, on the basis of one vote per Share, of the issued Shares which as at that date carry the right to vote at general meetings of the Company. The Members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office. Shareholders may propose a resolution at the general meeting by sending a written motion notice to the Company's principal office and principal place of business in Hong Kong, at Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the joint company secretaries of the Company. Requisitions may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the Members' requisition or if the Directors do not within 21 days from the date of the deposit of the Members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one half of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period.

EFFECTIVE COMMUNICATION WITH INVESTORS

The Group's investor relations efforts were effectively conducted under the leadership and support of the Board and the operational management. During the Reporting Period, the Group has participated in a number of investor/analyst exchange sessions, investment summits and investor events to facilitate communication between the Company and Shareholders and investors. The Company will also continue to maintain effective communication with investors through the roadshows after interim results, annual results, and via general meetings in the future.

CONSTITUTIONAL DOCUMENTS

As approved by the Shareholders at the annual general meeting on 13 June 2024, the Company has adopted the fourth amended and restated Memorandum and Articles of Association to (i) update and bring the then existing Memorandum and Articles of Association in line with the relevant amendments to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers (effective from 31 December 2023); and (ii) make other consequential and minor amendments to better align with the wording and requirements under the applicable laws of the Cayman Islands and the Listing Rules. For details, please refer to the announcements of the Company dated 25 March 2024 and 13 June 2024, and the circular dated 29 April 2024, respectively.

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report
To the shareholders of Giant Biogene Holding Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Giant Biogene Holding Co., Ltd.(the "Company") and its subsidiaries (the "Group") set out on pages 62 to 126, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants (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 have also fulfilled our other ethical responsibilities in accordance with the Code. 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, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(cont'd)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
– ***Online sales through the Group's direct-to-customer stores***	
– ***Sales to distributors***	
The Group recognised revenue of RMB5,519 million for the year ended 31 December 2025, mainly including online sales through the Group's direct-to-customer ("DTC") stores and sales to distributors. The revenue is recognised as follows: i) Online sales through the Group's DTC stores accounted for approximately 61.6% of the total revenue for the year ended 31 December 2025. We focused on this area due to the risks arising from the large volume of transactions generated from the sale of different products to a significant number of customers online. This area required significant audit attention to test the occurrence of these transactions. ii) Sales to distributors accounted for approximately 25.1% of the total revenue for the year ended 31 December 2025. We focused on this area due to the risk of revenue being recognised inappropriately close to the year-end. The Group's related disclosures are included in note 2.4 *MATERIAL ACCOUNTING POLICIES – Revenue recognition* and note 5 *Revenue and other income recognition*.	Our procedures in relation to the revenue recognition of online sales through the Group's DTC stores included: • Obtained an understanding of the key controls over the revenue recognition of online sales through the Group's DTC stores and evaluated the design and implementation of these controls; • With the assistance of our IT specialists, tested the general IT controls and related automated controls of the Group's system; and • With the assistance of our data analytic specialists, performed following procedures: – Data analytical procedures on orders generated from online sales through the Group's DTC stores, such as concentration analysis of orders made by each account user in terms of amounts and quantities during the year; and – Reconciliation between the revenue recorded of online sales through the Group's DTC stores and cash collection. Our procedures in relation to the Revenue recognition of sales to the distributors included: • Obtained an understanding of the key controls over the revenue recognition of sales to distributors and evaluated the design and implementation of these controls; • Obtained and checked major financial terms of sales agreements with major distributors, on a sampling basis; • Performed background search of additional major distributors during the year, on a sampling basis;

KEY AUDIT MATTERS *(cont'd)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – ***Online sales through the Group's direct-to-customer stores*** – ***Sales to distributors***	
	• Performed analytical procedures on sales to distributors, such as sales analysis of the top 10 distributors and monthly sales trends; • Selected samples and performed test of details by agreeing to related supporting documents, such as goods delivered notes and invoices; • Performed cut-off tests on sales to distributors; and • Obtained goods return list subsequent to the year-end to identify any significant sales returns incurred subsequently.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB 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 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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. Our report is made solely to you, as a body, 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 HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

From the matters communicated with the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Hooi Wan Yee (practising certificate number: P07668).

Ernst & Young
Certified Public Accountants
Hong Kong
19 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	Year ended 31 December 2025 RMB'000	2024 RMB'000
REVENUE	5	**5,518,512**	5,538,812
Cost of sales		**(1,085,162)**	(991,897)
Gross profit		**4,433,350**	4,546,915
Selling and distribution expenses		**(2,055,888)**	(2,008,239)
Administrative expenses		**(168,479)**	(150,543)
Research and development costs		**(88,792)**	(106,499)
Other expense		**(1,165)**	(2,539)
Other income	5	**189,868**	138,745
Other gains or losses, net	6	**31,625**	43,846
Finance cost		**(302)**	(239)
Reversal of/(provision for) impairment losses on financial assets, net		**592**	(92)
Share of gains/(losses) of investments accounted for using the equity method		**9,495**	(3,601)
PROFIT BEFORE TAX	7	**2,350,304**	2,457,754
Income tax expense	10	**(435,642)**	(396,027)
PROFIT FOR THE YEAR		**1,914,662**	2,061,727
Attributable to:			
Owners of the parent		**1,914,836**	2,062,347
Non-controlling interests		**(174)**	(620)
		1,914,662	2,061,727
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(9,232)**	(7,532)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income ("FVTOCI"):			
Changes in fair value		**8,772**	–
Translation of the Company's functional currency to presentation currency		**(79,722)**	19,301
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(80,182)**	11,769
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**1,834,480**	2,073,496
Attributable to:			
Owners of the parent		**1,834,654**	2,074,116
Non-controlling interests		**(174)**	(620)
		1,834,480	2,073,496
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic (RMB yuan)		**1.83**	2.10
Diluted (RMB yuan)		**1.81**	2.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	As at 31 December 2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,203,519**	1,041,771
Other intangible assets	14	**4,981**	5,816
Right-of-use assets	15	**53,202**	51,022
Prepayments, other receivables and other assets, non-current	20	**318,829**	525,050
Investments accounted for using the equity method	17	**217,535**	11,436
Equity investments designated at FVTOCI	18	**24,290**	–
Deferred tax assets	27	**522**	906
Total non-current assets		**1,822,878**	1,636,001
CURRENT ASSETS			
Inventories	16	**391,070**	310,814
Trade and bills receivables	19	**201,866**	141,282
Prepayments, other receivables and other assets, current	20	**135,123**	91,014
Financial assets at fair value through profit or loss ("FVTPL")	21	**1,984,326**	1,828,640
Cash and cash equivalents	22	**6,306,160**	4,030,207
Total current assets		**9,018,545**	6,401,957
CURRENT LIABILITIES			
Trade payables	23	**198,568**	286,708
Other payables and accruals	24	**505,242**	408,890
Tax payable		**70,348**	117,018
Lease liabilities, current	15	**6,428**	4,701
Deferred income	26	**2,756**	1,561
Contract liabilities	25	**16,622**	17,117
Total current liabilities		**799,964**	835,995
NET CURRENT ASSETS		**8,218,581**	5,565,962
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,041,459**	7,201,963

Consolidated statement of financial position
31 December 2025

	Notes	As at 31 December 2025 RMB'000	 2024 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities, non-current	15	**3,261**	2,009
Deferred income	26	**16,322**	18,934
Deferred tax liabilities	27	**97,090**	61,198
Total non-current liabilities		**116,673**	82,141
Net assets		**9,924,786**	7,119,822
EQUITY			
Equity attributable to owners of the parent			
Ordinary share capital	28	**68**	65
Treasury shares	28	**(166,147)**	(1)
Reserves	29	**10,077,552**	7,108,148
		9,911,473	7,108,212
Non-controlling interests		**13,313**	11,610
Total equity		**9,924,786**	7,119,822

Executive Director: Yan Jianya **Executive Director: Zhang Huijuan**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Ordinary share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Surplus reserve* RMB'000	Other reserve* RMB'000	Retained profits* RMB'000	Subtotal RMB'000	RMB'000	RMB'000
As at 1 January 2024	63	(1)	1,694,690	135,537	48,814	2,483,037	4,362,140	8,910	4,371,050
Profit and total comprehensive income for the year	–	–	–	–	–	2,062,347	2,062,347	(620)	2,061,727
Other comprehensive income for the period:									
Exchange differences related to foreign operations	–	–	–	–	(7,532)	–	(7,532)	–	(7,532)
Translation of the Company's functional currency to presentation currency	–	–	–	–	19,301	–	19,301	–	19,301
Total comprehensive income for the year	–	–	–	–	11,769	2,062,347	2,074,116	(620)	2,073,496
Issue of shares (note 28)	2	–	1,498,500	–	–	–	1,498,502	–	1,498,502
Share issue costs	–	–	(12,866)	–	–	–	(12,866)	–	(12,866)
Transfer from retained profits	–	–	–	36,059	–	(36,059)	–	–	–
Capital injection by non-controlling interests	–	–	–	–	–	–	–	4,900	4,900
Transfer of treasury shares to employees under RSU Scheme	–	–	11,808	–	(6,774)	–	5,034	–	5,034
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	(1,580)	(1,580)
Recognition of equity-settled share-based payments (note 30)	–	–	–	–	89,723	–	89,723	–	89,723
Final and special 2024 dividend declared	–	–	(456,020)	–	–	(452,417)	(908,437)	–	(908,437)
As at 31 December 2024	65	(1)	2,736,112	171,596	143,532	4,056,908	7,108,212	11,610	7,119,822

Consolidated statement of changes in equity
Year ended 31 December 2025

	Attributable to owners of the parent								
	Ordinary share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Surplus reserve* RMB'000	Other reserve* RMB'000	Retained profits* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2025	65	(1)	2,736,112	171,596	143,532	4,056,908	7,108,212	11,610	7,119,822
Profit and total comprehensive income for the year	–	–	–	–	–	1,914,836	1,914,836	(174)	1,914,662
Other comprehensive income for the period:									
Exchange differences related to foreign operations	–	–	–	–	(9,232)	–	(9,232)	–	(9,232)
Translation of the Company's functional currency to presentation currency	–	–	–	–	(79,722)	–	(79,722)	–	(79,722)
Changes in fair value of equity investments designated at FVTOCI	–	–	–	–	8,772	–	8,772	–	8,772
Total comprehensive income for the year	–	–	–	–	(80,182)	1,914,836	1,834,654	(174)	1,834,480
Issue of shares (note 28)	3	–	2,163,713	–	–	–	2,163,716	–	2,163,716
Share issue costs	–	–	(13,169)	–	–	–	(13,169)	–	(13,169)
Transfer from retained profits	–	–	–	40,513	–	(40,513)	–	–	–
Capital injection by non-controlling interests	–	–	–	–	–	–	–	4,900	4,900
Transfer of treasury shares to employees under RSU Scheme	–	1	259,335	–	(41,497)	–	217,839	–	217,839
Liquidation distribution by a subsidiary to a non-controlling shareholder	–	–	–	–	–	–	–	(3,023)	(3,023)
Recognition of equity-settled share-based payments (note 30)	–	–	–	–	45,242	–	45,242	–	45,242
Treasury shares repurchased	–	(166,147)	–	–	–	–	(166,147)	–	(166,147)
Final and special 2024 dividend declared	–	–	–	–	–	(1,278,874)	(1,278,874)	–	(1,278,874)
As at 31 December 2025	68	(166,147)	5,145,991	212,109	67,095	4,652,357	9,911,473	13,313	9,924,786

* These reserve accounts comprise the consolidated reserves of RMB10,077,552,000 (2024: RMB7,108,148,000) in the consolidated statement of financial position.

** The amounts are less than RMB1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
		Year ended 31 December	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,350,304**	2,457,754
Adjustments for:			
Finance costs		**302**	239
Interest income	5	**(167,675)**	(111,347)
(Reversal of)/provision for impairment of trade and bills receivables	7	**(643)**	942
Provision for/(reversal of) impairment of prepayments, other receivables and other assets	7	**51**	(849)
Provision for impairment of inventories	7	**2,219**	3,138
Fair value gains on financial assets at FVTPL	6	**(49,934)**	(43,270)
Depreciation of property, plant and equipment	7	**73,123**	42,871
Amortization of other intangible assets	7	**1,375**	1,555
Depreciation of right-of-use assets	7	**7,748**	5,060
(Gain)/loss on disposal of property, plant and equipment		**(1,343)**	107
Loss on disposal of other intangible assets		**177**	–
Gains on deemed disposal of a subsidiary		**–**	(667)
Foreign exchange losses	6	**14,970**	3,590
Share of (gains)/losses of investments accounted for using the equity method		**(9,495)**	3,601
Equity-settled share award expenses	7	**45,242**	89,723
Increase in inventories		**(82,475)**	(113,512)
Increase in trade and bills receivables		**(59,941)**	(40,195)
Increase in prepayments and other receivables		**(43,061)**	(32,593)
(Decrease)/increase in trade payables		**(88,140)**	153,599
Increase in other payables and accruals		**237,314**	25,676
Decrease in deferred income		**(1,417)**	(583)
Decrease in contract liabilities		**(495)**	(18,634)
Cash generated from operations		**2,228,206**	2,426,205
Income tax paid		**(447,584)**	(385,003)
Net cash flows generated from operating activities		**1,780,622**	2,041,202

Consolidated statement of cash flows
Year ended 31 December 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of items of property, plant and equipment	**7,200**	–
Purchase of items of property, plant and equipment	**(428,104)**	(246,767)
Deemed disposal of a subsidiary, net of cash	**–**	(3,687)
Purchase of financial assets at FVTPL	**(4,124,495)**	(2,438,750)
Proceeds from disposal of financial assets at FVTPL	**4,018,743**	1,928,155
Amounts paid to an associate	**–**	(4,000)
Additions to other intangible assets	**(717)**	(14)
Decrease/(increase) in bank deposits	**261,698**	(440,405)
Interest received	**167,675**	111,347
Purchases of equity investments designated at FVTOCI	**(13,970)**	–
Acquisition of a subsidiary	**(2,161)**	–
Investments in associates	**(204,604)**	(12,000)
Net cash flows used in investing activities	**(318,735)**	(1,106,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	**2,163,716**	1,498,502
Proceeds from exercise of equity-settled share-based payments	**217,839**	5,034
Share issue costs	**(13,169)**	(12,866)
Capital injection by non-controlling interests	**4,900**	4,900
Liquidation distribution by a subsidiary to a non-controlling shareholder	**(3,023)**	–
Payment of lease liabilities	**(7,251)**	(4,185)
Payments for treasury shares	**(166,147)**	–
Dividend payment	**(1,278,874)**	(908,437)
Net cash flows generated from financing activities	**917,991**	582,948
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,379,878**	1,518,029
Effect of foreign exchange rate changes	**(103,925)**	8,179
Cash and cash equivalents at beginning of the year	**4,030,207**	2,503,999
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**6,306,160**	4,030,207
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**6,306,160**	4,030,207

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

1. CORPORATE INFORMATION

Giant Biogene Holding Co., Ltd. (the "Company") was incorporated in the Cayman Islands on 28 July 2021 as a limited liability company. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 4 November 2022.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the research, development, manufacture and sale of bioactive material-based beauty and health products in the People's Republic of China (the "PRC").

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Giant Beauty Holding Co., Ltd.	BVI 30 July 2021	USD 1	100.00%	–	Investment holding
Hongkong Yaxin Holding Co., Ltd.	Hong Kong 17 August 2021	HKD 1	–	100.00%	Investment holding
Giant Biogene Hong Kong Limited	Hong Kong 18 August 2021	HKD 1	–	100.00%	Investment holding
Xi'an Giant Biogene Technology Co., Ltd.* ("Xi'an Giant Biogene") (西安巨子生物基因技術股份有限公司)	Xi'an, PRC 8 May 2000	RMB687,521,790	–	100.00%	Research and development, manufacture and sale of functional skincare products
Shaanxi Giant Biotechnology Co., Ltd.* ("Shaanxi Giant Biotechnology") (陝西巨子生物技術有限公司)	Xi'an, PRC 12 March 2009	RMB30,000,000	–	100.00%	Research and development, manufacture and sale of medical products
Hainan Giant Biotechnology Co.,Ltd.* ("Hainan Giant Biotechnology") (海南巨子生物科技有限公司)	Wanning, PRC 25 March 2020	RMB10,000,000	–	100.00%	Sale of functional skincare products
Xi'an Giant Medical Device Co., Ltd.* ("Xi'an Giant Medical Device") (西安巨子醫療器械有限公司)	Xi'an, PRC 11 March 2019	RMB30,000,000	–	100.00%	Sale of medical devices

1. CORPORATE INFORMATION *(cont'd)*

Information about subsidiaries *(cont'd)*

Particulars of the Company's principal subsidiaries are as follows: (cont'd)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Xi'an Giant Medicine Co., Ltd.* ("Xi'an Giant Medicine") (西安巨子醫藥有限公司)	Xi'an, PRC 19 May 2021	RMB30,000,000	–	100.00%	Sale of functional skincare products
Xi'an Xingan Biotechnology Co., Ltd.* ("Xi'an Xingan Biotechnology") (西安欣苷生物技術有限公司)	Xi'an, PRC 20 March 2018	RMB15,000,000	–	100.00%	Sale of functional skincare products
Shanghai Lizhi Biotechnology Co., Ltd* ("Shanghai Lizhi") (上海俐志生物科技有限公司)	Shanghai, PRC 8 August 2023	RMB3,000,000	–	100.00%	Sale of functional skincare products
Julikang Biotechnology Co., Ltd* ("Julikang Biotechnology") (陝西巨麗康生物技術有限公司)	Xi'an, PRC 15 May 2023	RMB100,000,000	–	98.00%	Research and development of new materials
Xi'an Juheng Network Technology Co., Ltd.* ("Xi'an Juheng") (西安巨衡網路科技有限公司)	Xi'an, PRC 7 February 2023	RMB10,000,000	–	60.00%	Sale of functional skincare products
Xi'an Juzi Qiyuan Brand Operation Management Co., Ltd* ("Xi'an Juzi Qiyuan") (西安巨子啟原品牌運營管理有限公司)	Xi'an, PRC 12 June 2023	RMB30,000,000	–	51.00%	Sale of functional skincare products
Anhui Giant Biotechnology Co.,Ltd.* ("Anhui Giant Biotechnology") (安徽巨子生物科技有限公司)	Suzhou, PRC 17 May 2024	RMB10,000,000	–	100.00%	Sale of functional skincare products
Xi'an High-tech Zone Juzi Medical Aesthetic Clinic Co., Ltd.* ("Xi'an High-tech Zone Juzi") (西安高新區巨子醫療美容診所有限公司)	Xi'an, PRC 15 October 2021	RMB40,000,000	–	100.00%	Sale of medical devices and provision of medical aesthetic services
Jilin Giant Biotechnology Co., Ltd.* ("Jilin Giant Biotechnology") (吉林巨子生物技術有限公司)	Changchun, PRC 23 May 2025	RMB1,000,000	–	100.00%	Sale of medical devices

Note:

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2. ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

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

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amended IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IAS 21	*Lack of Exchangeability*
Amendments to Illustrative Examples Disclosures about Uncertainties in the Financial Statements on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	*Disclosures about Uncertainties in the Financial Statements*

The nature and the impact of the amended IFRS Accounting Standards are described below:

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

(b) The IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has assessed and concluded that the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

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

Except for IFRS 18, the directors of the Company anticipate that the application of these new and revised IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES

Investments accounted for using the equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated income statements, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates or joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Fair value measurement

The Group measures its financial assets at FVTPL at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Fair value measurement *(cont'd)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset. An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Property, plant and equipment and depreciation *(cont'd)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Annual rates
Buildings	4.75% to 9.50%
Leasehold improvement	9.50% to 31.67%
Plant and machinery	9.50% to 19.00%
Motor vehicles	19.00%
Furniture, fixtures and equipment	19.00% to 31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Acquired software is capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over its estimated useful life of 3 to 10 years, based on estimated useful life, considering the technology updates in the market and the development stage of the Group.

Patent

Purchased patent is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 20 years, based on the validity term of 20 years.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Intangible assets (other than goodwill) *(cont'd)*

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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.

(a) *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 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. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. 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:

Categories	**Estimated useful lives**
Leasehold land	50 years
Office premises and self-operated counters	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Leases *(cont'd)*

Group as a lessee (cont'd)

(b) *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. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of offices (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 that is 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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at FVTPL, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Investments and other financial assets *(cont'd)*

Initial recognition and measurement (cont'd)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. 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.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Impairment of financial assets *(cont'd)*

General approach (cont'd)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and other payables and accruals.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Financial liabilities *(cont'd)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade payables and other payables and accruals)

After initial recognition, trade payables and other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Income tax *(cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods 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.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Revenue recognition *(cont'd)*

Revenue from contracts with customers (cont'd)

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on customers' acceptance of the products upon delivery, or upon customers' online confirmation.

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a restricted share unit scheme and a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share option is determined using a binomial model, further details are included in note 30 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Share-based payments *(cont'd)*

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. Under the plans, the Group has no further obligations beyond the contributions made.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the Chinese mainland. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Foreign currencies

The consolidated financial statements are presented in RMB and the Company's functional currency is USD. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of products with volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to the volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group updates its assessment of expected volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of actual rebate entitlements in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

Provision for expected credit losses of trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for the customer.

The provision matrix is initially based on the market historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of the reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 19 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(cont'd)*

Estimation uncertainty *(cont'd)*

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value 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.

Fair value measurements of equity settled share-based payments

Estimating the fair value of equity settled share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the shares or share options, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity settled share-based payment transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 30 to the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that primarily includes the research, development, manufacture and sale of bioactive material-based beauty and health products.

The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors review the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the year, all of the Group's revenue was derived from customers located in Chinese mainland and all of the Group's non-current assets were located in Chinese mainland, and therefore, no geographical segment information in accordance with IFRS 8 Operation Segments is presented.

Information about major customers

None of the customers contributed 10.00% or more of the Group's revenue for the years ended 31 December 2025 and 2024.

5. REVENUE AND OTHER INCOME

Revenue

An analysis of revenue is as follows:

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
Revenue from contracts with customers	**5,518,512**	5,538,812

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
Type of goods or services		
Sale of goods	**5,518,512**	5,538,812
Geographical market		
Chinese mainland	**5,518,512**	5,538,812
Timing of revenue recognition		
Goods transferred at a point in time	**5,518,512**	5,538,812

The following table shows the amounts of revenue recognised in current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**17,117**	35,751

5. REVENUE AND OTHER INCOME *(cont'd)*

Revenue from contracts with customers *(cont'd)*

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon control of the asset is transferred to the customer, generally on customers' acceptance of the products upon delivery, or upon customers' online confirmation. Payment is generally made before goods delivery, except for certain customers where payment is due within 7 days but not later than the end of the month, or within 7 days to 180 days from goods delivery.

Other income

An analysis of other income is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Other income		
Government grants*	**20,302**	26,998
Bank interest income	**167,675**	111,347
Others	**1,891**	400
Total	**189,868**	138,745

* The government grants related to income represent (i) subsidies received from local government authorities for encouraging the Group's business development. These grants related to income are mainly recognised in profit or loss upon receipt of these rewards with consideration of no unfulfilled conditions or contingencies relating to these grants; and (ii) subsidies received to compensate for the Group's expenses for research projects. The grants related to income were recognised in profit or loss when the Group has complied with the conditions attached to the grant and the government has acknowledged acceptance.

The government grants related to assets represent subsidies received from local government authorities for the Group's investments in long-term assets in production and research and development bases. The grants related to assets were recognised in profit or loss over the remaining useful lives of relevant assets.

6. OTHER GAINS OR LOSSES, NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Foreign exchange losses	**(14,970)**	(3,590)
Fair value gains on financial assets at FVTPL	**49,934**	43,270
Gains on deemed disposal of a subsidiary	**–**	667
Others	**(3,339)**	3,499
Total other gains or losses, net	**31,625**	43,846

7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December 2025 RMB'000	2024 RMB'000
Cost of inventories, consumables and customised products		**752,005**	702,041
Depreciation of property, plant and equipment	13	**73,123**	42,871
Depreciation of right-of-use assets	15	**7,748**	5,060
Amortization of other intangible assets	14	**1,375**	1,555
(Reversal of)/provision for impairment of trade and bills receivables	19	**(643)**	942
Provision for/(reversal of) impairment of prepayments, other receivables and other assets		**51**	(849)
Government grants	5	**(20,302)**	(26,998)
Marketing and promotion expenses		**1,890,247**	1,855,150
Bank interest income	5	**(167,675)**	(111,347)
Foreign exchange losses	6	**14,970**	3,590
Provision for impairment of inventories		**2,219**	3,138
Employee benefit expenses (including directors' and chief executive's remuneration (note 8)):			
– Wages, salaries and allowances		**255,027**	188,706
– Pension scheme contributions, social welfare and other welfare		**52,976**	42,945
– Equity-settled share award expense (note 30)		**45,242**	89,723
Other outsourcing labour costs		**39,762**	29,088
Auditor's remuneration		**2,160**	2,300

Note: Equity-settled share award expense was included in cost of sales, research and development costs, selling and distribution expenses and administrative expenses in the amounts as follows:

	Year ended 31 December 2025 RMB'000	2024 RMB'000
Administrative expenses	**20,518**	30,188
Research and development costs	**11,205**	26,785
Selling and distribution expenses	**12,281**	30,555
Cost of sales	**1,238**	2,195
Total	**45,242**	89,723

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Fees:	**403**	401
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	**3,719**	3,660
Pension scheme contributions	**385**	378
Equity-settled share award expense	**13,954**	19,077
Subtotal	**18,058**	23,115
Total	**18,461**	23,516

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Mr. Huang Jin	**110**	109
Mr. Shan Wenhua	**110**	109
Ms. Wong Sze Wing	**183**	183
Total	**403**	401

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(cont'd)*

(b) Executive directors, non-executive directors and the chief executive

	Salaries, bonus, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share award expense RMB'000	Total remuneration RMB'000
Year ended 31 December 2025				
Executive directors				
Mr. Yan Jianya (Chief executive)	**683**	**77**	**9,370**	**10,130**
Ms. Ye Juan	**898**	**99**	**1,678**	**2,675**
Ms. Fang Juan	**898**	**99**	**1,947**	**2,944**
Ms. Zhang Huijuan	**894**	**94**	**959**	**1,947**
Ms. Yan Yubo	**346**	**16**	**–**	**362**
Total	**3,719**	**385**	**13,954**	**18,058**

	Salaries, bonus, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share award expense RMB'000	Total remuneration RMB'000
Year ended 31 December 2024				
Executive directors				
Mr. Yan Jianya (Chief executive)	698	92	10,224	11,014
Ms. Ye Juan	872	90	3,090	4,052
Ms. Fang Juan	872	90	3,372	4,334
Ms. Zhang Huijuan	872	90	2,391	3,353
Ms. Yan Yubo	346	16	–	362
Total	3,660	378	19,077	23,115

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

In prior years, certain directors were granted share options and shares, in respect of their services to the Group, under the 2023 Share Option Scheme and the RSU Scheme of the Company, further details of which are set out in note 30 to the consolidated financial statements. The fair value of such options and restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2024: four), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2024: one) highest paid employee who is neither a director nor chief executive of the Company is as follows:

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	**799**	791
Pension scheme contributions	**16**	30
Equity-settled share award expense	**1,760**	3,176
Total	**2,575**	3,997

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
HKD2,500,001 to HKD3,000,000	**1**	–
HKD4,000,001 to HKD4,500,000	**–**	1
Total	**1**	1

In prior years, share options and restricted share units were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30. The fair value of such awarded share options and shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the consolidated financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

Taxes on profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The Company incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong profits tax has been provided at a rate of 16.5% (2024:16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

10. INCOME TAX *(cont'd)*

Certain subsidiaries were entitled to a preferential company income tax rate of 15% during the year based on the revised version of Guidance Catalogue for Adjustment of Industrial Structure (2024 edition) (《產業結構調整指導目錄(2024年本)》) applicable in 2025 issued by the National Development and Reform Commission which was related to the approval given to selected entities to enjoy the preferential tax rate in the Western Development.

Income tax expense of the Group for the reporting period is analysed as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current tax: Charge for the year	**400,914**	385,300
Deferred tax (note 27)	**34,728**	10,727
Total tax charge for the year	**435,642**	396,027

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before tax	**2,350,304**	2,457,754
Tax at the applicable tax rate of 25%	**587,576**	614,439
Effect of preferential tax rates of some subsidiaries	**(247,519)**	(253,418)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**91,826**	23,352
Expenses not deductible for tax	**7,449**	17,246
Tax losses utilised from previous periods	**(189)**	(169)
Tax losses not recognised	**6,422**	2,310
Profits attributable to associates	**(1,424)**	–
Additional deductible allowance for research and development expenses	**(8,499)**	(7,733)
Tax charge at the Group's effective rate	**435,642**	396,027

11. DIVIDENDS

On 13 June 2025, the Company's shareholders approved 2024 final dividend of RMB0.6021 per ordinary share and special dividend of RMB0.5921 per ordinary share, in an aggregate amount of RMB1,278,874,000. The dividend was paid in 2025.

The proposed final dividend for the year ended 31 December 2025 of RMB0.5390 per ordinary share and proposed special dividend for the year 2025 of RMB0.6714 per ordinary share, equivalent to an aggregate of approximately RMB1,290,000,000, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent for the year ended and the weighted average number of ordinary shares of 1,046,688,011 (2024: 981,906,744) outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed vesting of shares under the RSU Scheme and the 2023 Share Option Scheme.

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary shares holders of the parent, used in the basic earnings per share calculation	**1,914,836**	2,062,347

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**1,046,688,011**	981,906,744
Effect of dilution – weighted average number of ordinary shares:		
RSU Scheme	**8,830,487**	4,497,646
2023 Share Option Scheme	**3,859,816**	15,290,483
Total	**1,059,378,314**	1,001,694,873

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025							
As at 1 January 2025:							
Cost	580,021	21,694	189,726	16,934	7,939	387,882	1,204,196
Accumulated depreciation	(94,047)	(8,446)	(42,508)	(11,384)	(6,040)	–	(162,425)
Net carrying amount	485,974	13,248	147,218	5,550	1,899	387,882	1,041,771
As at 1 January 2025, net of accumulated depreciation	485,974	13,248	147,218	5,550	1,899	387,882	1,041,771
Additions	1,920	13,819	7,266	3,694	824	204,385	231,908
Disposals	(5,591)	–	(262)	(4)	–	–	(5,857)
Transfers	14,067	–	111,672	7,353	–	(133,092)	–
Acquisition of a subsidiary	–	8,795	–	25	–	–	8,820
Depreciation provided during the year	(32,663)	(11,739)	(22,676)	(5,375)	(670)	–	(73,123)
As at 31 December 2025, net of accumulated depreciation	463,707	24,123	243,218	11,243	2,053	459,175	1,203,519
As at 31 December 2025:							
Cost	590,417	44,308	308,402	28,002	8,763	459,175	1,439,067
Accumulated depreciation	(126,710)	(20,185)	(65,184)	(16,759)	(6,710)	–	(235,548)
Net carrying amount	463,707	24,123	243,218	11,243	2,053	459,175	1,203,519

13. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
As at 1 January 2024:							
Cost	285,486	9,541	110,255	14,163	7,329	356,249	783,023
Accumulated depreciation	(73,478)	(2,642)	(30,281)	(7,913)	(5,240)	–	(119,554)
Net carrying amount	212,008	6,899	79,974	6,250	2,089	356,249	663,469
As at 1 January 2024, net of accumulated depreciation	212,008	6,899	79,974	6,250	2,089	356,249	663,469
Additions	24,628	7,091	6,551	2,769	638	379,603	421,280
Disposals	–	–	(2)	(77)	(28)	–	(107)
Transfers	269,907	5,062	72,922	79	–	(347,970)	–
Depreciation provided during the year	(20,569)	(5,804)	(12,227)	(3,471)	(800)	–	(42,871)
As at 31 December 2024, net of accumulated depreciation	485,974	13,248	147,218	5,550	1,899	387,882	1,041,771
As at 31 December 2024:							
Cost	580,021	21,694	189,726	16,934	7,939	387,882	1,204,196
Accumulated depreciation	(94,047)	(8,446)	(42,508)	(11,384)	(6,040)	–	(162,425)
Net carrying amount	485,974	13,248	147,218	5,550	1,899	387,882	1,041,771

14. OTHER INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Total RMB'000
31 December 2025			
As at 1 January 2025:			
Cost	**4,080**	**16,000**	**20,080**
Accumulated amortization	**(1,913)**	**(12,351)**	**(14,264)**
Net carrying amount	**2,167**	**3,649**	**5,816**
Cost at 1 January 2025, net of accumulated amortization	**2,167**	**3,649**	**5,816**
Additions	**717**	**–**	**717**
Disposals	**(177)**	**–**	**(177)**
Amortization provided during the year	**(331)**	**(1,044)**	**(1,375)**
As at 31 December 2025, net of accumulated amortization	**2,376**	**2,605**	**4,981**
As at 31 December 2025:			
Cost	**4,620**	**16,000**	**20,620**
Accumulated amortization	**(2,244)**	**(13,395)**	**(15,639)**
Net carrying amount	**2,376**	**2,605**	**4,981**
31 December 2024			
As at 1 January 2024:			
Cost	4,066	16,000	20,066
Accumulated amortization	(1,402)	(11,307)	(12,709)
Net carrying amount	2,664	4,693	7,357
Cost at 1 January 2024, net of accumulated amortization	2,664	4,693	7,357
Additions	14	–	14
Amortization provided during the year	(511)	(1,044)	(1,555)
As at 31 December 2024, net of accumulated amortization	2,167	3,649	5,816
As at 31 December 2024:			
Cost	4,080	16,000	20,080
Accumulated amortization	(1,913)	(12,351)	(14,264)
Net carrying amount	2,167	3,649	5,816

15. LEASES

The Group as a lessee

The Group has lease contracts for land, office premises and self-operated counters used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises and self-operated counters generally have lease terms of 2-3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the year are as follows:

	Year ended 31 December		
	Leasehold land RMB'000	**Office premises and self-operated counters RMB'000**	**Total RMB'000**
As at 1 January 2024	45,534	2,621	48,155
Additions	–	7,927	7,927
Depreciation charge	(1,006)	(4,054)	(5,060)
As at 31 December 2024	44,528	6,494	51,022
As at 1 January 2025	**44,528**	**6,494**	**51,022**
Additions	**–**	**9,928**	**9,928**
Depreciation charge	**(1,011)**	**(6,737)**	**(7,748)**
As at 31 December 2025	**43,517**	**9,685**	**53,202**

(b) Lease liabilities

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

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	**6,710**	2,729
New leases	**9,928**	7,927
Accretion of interest recognised during the year	**302**	239
Payments	**(7,251)**	(4,185)
Carrying amount at 31 December	**9,689**	6,710
Analysed into:		
Current portion	**6,428**	4,701
Non-current portion	**3,261**	2,009
Total	**9,689**	6,710

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

15. LEASES *(cont'd)*

The Group as a lessee *(cont'd)*

(c) The amounts recognised in profit or loss in relation to leases are follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	**7,748**	5,060
Expense relating to short-term leases (included in administrative expenses and selling and distribution expenses)	**7,411**	3,296
Interest on lease liabilities	**302**	239
Total amount recognised in profit or loss	**15,461**	8,595

(d) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

16. INVENTORIES

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Raw materials	**76,956**	84,326
Work in progress	**13,140**	8,523
Finished goods	**300,974**	217,965
Total	**391,070**	310,814

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Share of net assets	**217,535**	11,436

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Share of the associates' gain/(loss) and total comprehensive income/ (loss) for the year	**9,495**	(3,601)
Aggregate carrying amount of the Group's investments in the associates	**217,535**	11,436

18. EQUITY INVESTMENTS DESIGNATED AT FVTOCI

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Listed equity investments, at fair value:		
Hanbon Science and Technology Co., Ltd	**24,290**	–

The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

19. TRADE AND BILLS RECEIVABLES

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
Trade receivables	**191,916**	111,764
Bills receivable	**10,821**	31,032
Impairment	**(871)**	(1,514)
Total	**201,866**	141,282

The Group's trading terms with its customers are mainly payment in advance, except for certain customers, where is normally on credit with a period generally from 7 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivable were commercial acceptance bills aged within three months. Bills receivable is subject to impairment under the general approach and it is considered to be minimal.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
Within one year	**201,635**	140,804
Over one year and within two years	**223**	440
Over two years and within three years	**8**	5
Over three years	**–**	33
Total	**201,866**	141,282

19. TRADE AND BILLS RECEIVABLES *(cont'd)*

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At beginning of year	**1,514**	572
Impairment losses, net (note 7)	**(643)**	942
At end of year	**871**	1,514

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

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Ageing				
	Within 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Trade receivables (RMB'000)	**201,862**	**292**	**34**	**549**	**202,737**
Expected credit loss rate	**0.11%**	**23.63%**	**76.47%**	**100.00%**	**0.43%**
Expected credit losses (RMB'000)	**(227)**	**(69)**	**(26)**	**(549)**	**(871)**

As at 31 December 2024

	Ageing				
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (RMB'000)	141,390	811	49	546	142,796
Expected credit loss rate	0.41%	45.75%	89.80%	93.96%	1.06%
Expected credit losses (RMB'000)	(586)	(371)	(44)	(513)	(1,514)

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current:		
Bank deposits	**178,707**	440,405
Prepayment of property, plant and equipment	**140,122**	84,645
Total	**318,829**	525,050
Current:		
Prepayments	**70,176**	64,311
Deposits and other receivables	**38,079**	19,501
Value-added tax recoverable	**27,057**	7,340
Impairment allowance	**(189)**	(138)
Total	**135,123**	91,014

The balances are not secured with collateral.

21. FINANCIAL ASSETS AT FVTPL

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Financial products	**1,984,326**	1,828,640

The Group entered contracts in respect of financial products from banks and other financial institutions with a return rate based on actual performance in the regulatory published net value report during the year.

22. CASH AND CASH EQUIVALENTS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cash and cash equivalents	**6,306,160**	4,030,207
Denominated in		
RMB	**2,396,997**	2,320,570
USD	**3,801,788**	1,709,565
HKD	**107,375**	72

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB2,396,997,000 (2024: RMB2,320,570,000). The RMB is not freely convertible into other currencies, however, under Chinese mainland'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 other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Within one year	**195,359**	279,253
Over one year and within two years	**1,063**	3,300
Over two years	**2,146**	4,155
Total	**198,568**	286,708

Trade payables are non-interest-bearing and are normally settled on the terms of 60 days.

24. OTHER PAYABLES AND ACCRUALS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Payables for purchase of property, plant and equipment	**142,098**	265,739
Deposits and other payables	**289,789**	81,787
Payroll payable	**62,006**	51,465
Other tax payable	**11,349**	9,899
Total	**505,242**	408,890

Other payables are non-interest-bearing and repayable on demands.

25. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Advances received from customers		
Sales of products		
Current	**16,622**	17,117

26. DEFERRED INCOME

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
Government grants:		
Current	**2,756**	1,561
Non-current	**16,322**	18,934
Total	**19,078**	20,495

The Group's deferred income mainly represented government grants related to long-term assets in production and research and development bases. The grants related to assets were recognised in profit or loss over the remaining useful lives of relevant assets upon the compliance of the Group with the conditions attached to the grants and the government acknowledgement of acceptance.

27. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Assets impairment provision RMB'000	Deferred income RMB'000	Advertisement expenses RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2025	1,067	3,306	317	1,576	6,266
Deferred tax credit/(charged) to profit or loss during the year	244	(237)	(261)	525	271
Gross deferred tax assets at 31 December 2025	1,311	3,069	56	2,101	6,537

Deferred tax liabilities

	Fair value gains on financial assets RMB'000	Accelerated tax depreciation RMB'000	Right-of-use assets RMB'000	Withholding taxes RMB'000	Change in fair value of equity investment at FVTOCI RMB'000	Total RMB'000
At 1 January 2025	7,973	13,486	1,530	43,569	–	66,558
Deferred tax charged/(credit) to profit or loss during the year	4,377	5,644	652	24,326	–	34,999
Deferred tax charged to OCI during the year	–	–	–	–	1,548	1,548
Gross deferred tax liabilities at 31 December 2025	12,350	19,130	2,182	67,895	1,548	103,105

27. DEFERRED TAX *(cont'd)*

Deferred tax assets

	Assets impairment provision RMB'000	Deferred income RMB'000	Advertisement expenses RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	583	3,397	519	436	4,935
Deferred tax credit/(charged) to profit or loss during the year	484	(91)	(202)	1,140	1,331
Gross deferred tax assets at 31 December 2024	1,067	3,306	317	1,576	6,266

Deferred tax liabilities

	Fair value gains on financial assets RMB'000	Accelerated tax depreciation RMB'000	Right-of-use assets RMB'000	Withholding taxes RMB'000	Total RMB'000
At 1 January 2024	2,306	7,749	417	44,028	54,500
Deferred tax charged/(credit) to profit or loss during the year	5,667	5,737	1,113	(459)	12,058
Gross deferred tax liabilities at 31 December 2024	7,973	13,486	1,530	43,569	66,558

The Group has tax losses arising in Chinese mainland of RMB38,307,000 (2024:RMB13,640,000) that will expire in one to five years 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 they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group. As at the end of the reporting period, the directors of the Company estimated that part of the retained earnings of the PRC subsidiaries would be retained in Chinese mainland for use in the future operations and investments. As at 31 December 2025, deferred tax of RMB67,895,000 (2024: RMB43,569,000) has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's PRC subsidiaries.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. DEFERRED TAX *(cont'd)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	Year ended 31 December	
	2025 **RMB'000**	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**522**	906
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(97,090)**	(61,198)
Total	**(96,568)**	(60,292)

28. SHARE CAPITAL/TREASURY SHARES

Ordinary share capital

	2025 **RMB'000**	2024 RMB'000
Issued and fully paid 1,070,904,000 (2024:1,028,220,000) ordinary shares of USD0.00001	**68**	65

A summary of movements in the Company's ordinary share capital is as follows:

	Number of shares	**Nominal value of shares RMB'000**
Ordinary shares		
As at 1 January 2024	995,000,000	63
Issue of shares (a)	33,220,000	2
As at 31 December 2024 and 1 January 2025	**1,028,220,000**	**65**
Issue of shares (b)	**35,000,000**	**3**
Issue of shares to employees under 2023 Share Option Scheme	**7,684,000**	**–***
As at 31 December 2025	**1,070,904,000**	**68**

(a) On 16 May 2024, the Company issued 33,220,000 ordinary shares at a subscription price of HK$49.40 per share (equivalent to RMB45.11 per share) via private placing to the places according to the terms and conditions set out in the placement and Subscription Agreement dated the same day. The proceeds of HK$3,000 (equivalent to RMB2,000) representing the par value were credited to the Company's share capital and the remaining proceeds of HK$1,641,065,000 (equivalent to RMB1,498,500,000, before deducting of share issue costs of RMB12,866,000) were credited to the share premium account. Further details of the share issue are set out in the announcements issued by the Company dated 17 May 2024 and 24 May 2024.

(b) In April 2025, the Company issued a total number of 35,000,000 ordinary shares at a subscription price of HKD66.65 per share (equivalent to RMB61.82 per share) via private placement to the places according to the terms and conditions set out in the placing and subscription agreement. The proceeds of HKD2,717 (equivalent to RMB2,520) representing the par value were credited to the Company's share capital and the remaining proceeds of HKD2,332,750,000 (equivalent to RMB2,163,713,000, before deducting of share issue costs of RMB13,169,000) were credited to the share premium account. Further details of the share issue are set out in the announcements issued by the Company on 17 April 2025 and 28 April 2025.

* The amounts are less than RMB1,000.

28. SHARE CAPITAL/TREASURY SHARES *(cont'd)*

Treasury shares

A summary of movements in the Company's treasury shares is as follows:

	Number of shares	RMB'000
Treasury shares		
As at 1 January 2024	13,361,601	1
Transfer of treasury shares to employees under RSU Scheme	(1,091,266)	–
As at 31 December 2024 and 1 January 2025	**12,270,335**	**1**
Transfer of treasury shares to employees under RSU Scheme	**(451,647)**	**(1)**
Treasury shares repurchased (a)	**5,200,000**	**166,147**
As at 31 December 2025	**17,018,688**	**166,147**

(a) The Company repurchased 5,200,000 of its shares on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") at a total consideration of HKD182,616,000 (equivalent to RMB166,147,000) which was wholly paid.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of change in equity on pages 65 to 66 of the financial statements.

Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

Other reserves

Other reserves mainly include: a) reserves arising from the Group reorganization – deemed distribution; b) reserves related to the redemption of ordinary shares; c) reserves related to the recognition of equity-settled share-based payments; and d) reserves related to the exchange fluctuation.

Surplus reserve

In accordance with the Company Law of the PRC, subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their statutory surplus reserve until the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

30. EQUITY SETTLED SHARE-BASED PAYMENTS

RSU Scheme

Prior to the reorganization, in order to promote the Group's development in the long run and attract and retain senior management team and core talents, Xi'an Giant Biogene, the onshore holding company of the Group adopted an equity incentive plan (the "Original Plan") in December 2020. In December 2020, Xi'an Giant Biogene granted a 0.9802% equity interest under the Original Plan with a 5-year vesting period to Mr. Yan Jianya and 78 selected employees of the Group for a consideration of RMB45,000,000 in total through Giant Investment LP I and Giant Investment LP II (each with a 0.4901% equity interest of a consideration of RMB22,500,000).

In December 2021, following the completion of the reorganization, the board of directors of the Company passed a resolution to replace the Original Plan with a modified equity incentive plan (the "Modified Plan"). Under the Modified Plan, the granted outstanding shares and selected employees remained unchanged. Unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Company granted a total number of 9,423,998 restricted share units (the "RSU Scheme") with an subscription price of RMB4.74 per shares to the participants under the Original Plan. The service condition modified to 5 equal tranches upon every 12 months following the grant date of the Original Plan, in addition, none of the shares shall be vested within six months following the listing date.

The fair value of the Modified Plan was remeasured at the date of modification and the Group recognised the difference of fair values between the Original Plan and the Modified Plan as the corresponding share-based compensation in profit or loss over the modified vesting periods.

In September 2022, the Company granted the remaining 9,645,669 shares under the Modified Plan to participants with an subscription price of RMB20.00 per shares. The granted shares will be vested in 5 equal tranches upon every 12 months following the date of grant, in addition, none of the shares shall be vested within six months following the listing date.

2023 Share Option Scheme

The Company operates a share option scheme (the "2023 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group. The Scheme became effective on 17 August 2023 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the 2023 Share Option Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The granted options will vest in 3 tranches with 40% of the options granted vesting one year after the date of grant, 30% of the options granted vesting two years after the date of grant, and the remaining 30% of the options granted vesting three years after the date of grant.

30. EQUITY SETTLED SHARE-BASED PAYMENTS *(cont'd)*

2023 Share Option Scheme *(cont'd)*

The following share options were outstanding under the 2023 Share Option Scheme during the year:

	2025		2024	
	Weighted average exercise price HKD per share	Number of options	Weighted average exercise price HKD per share	Number of options
At 1 January	35.05	18,254,000	35.05	20,000,000
Exercised during the year	35.05	(7,684,000)	–	–
Forfeited during the year	35.05	(256,000)	35.05	(1,746,000)
At 31 December	35.05	10,314,000	35.05	18,254,000

The exercise price and exercise period of the 2023 Share Option Scheme outstanding as at the end of the reporting period are as follows:

2025

Number of options	Exercise price* HKD per share	Exercise period
10,314,000	35.05	28-12-2025 to 28-12-2027

2024

Number of options	Exercise price* HKD per share	Exercise period
18,254,000	35.05	28-12-2025 to 28-12-2027

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

At the end of the reporting period, the Company had 10,314,000 share options outstanding under the 2023 Share Option Scheme. The full exercise of the outstanding share options would, under the present capital structure of the Company, result in the issue of 10,314,000 additional ordinary shares of the Company and additional share capital of USD103 (before issue expenses).

At the date of approval of these financial statements, the Company had 10,314,000 share options outstanding under the 2023 Share Option Scheme, which represented approximately 0.96% of the Company's shares in issue as at that date.

The Group recognised total equity-settled share award expenses of RMB45,242,000 during the year ended 31 December 2025 (2024: RMB89,723,000) in relation to the RSU Scheme and the 2023 Share Option Scheme.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB9,928,000 (2024: RMB7,927,000) and RMB9,928,000 (2024: RMB7,927,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. 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 as cash flows from financing activities.

	Dividends payable RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2024	–	2,729	2,729
Changes from financing cash flows	(908,437)	(4,185)	(912,622)
New leases	–	7,927	7,927
Accretion of interest	–	239	239
Dividends declared	908,437	–	908,437
As at 31 December 2024 and 1 January 2025	–	6,710	6,710
Changes from financing cash flows	**(1,278,874)**	**(7,251)**	**(1,286,125)**
New leases	**–**	**9,928**	**9,928**
Accretion of interest	**–**	**302**	**302**
Dividends declared	**1,278,874**	**–**	**1,278,874**
As at 31 December 2025	**–**	**9,689**	**9,689**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	**7,411**	3,296
Within financing activities	**7,251**	4,185
Total	**14,662**	7,481

32. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**316,392**	132,842

33. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties in the ordinary course of business during the years ended 31 December 2025 and 2024 respectively.

(a) Compensation of key management personnel of the Group

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	**4,669**	4,575
Pension scheme contributions	**402**	408
Equity-settled share award expense	**15,785**	22,371
Total	**20,856**	27,354

Further details of directors' and the chief executive's remuneration are included in note 8 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the reporting period are as follows:

As at 31 December 2025

	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments designated at FVTOCI	–	24,290	–	24,290
Financial assets at FVTPL	1,984,326	–	–	1,984,326
Financial assets included in prepayments, other receivables and other assets	–	–	37,890	37,890
Financial assets included in prepayments, other receivables and other assets, non-current	–	–	178,707	178,707
Trade receivables	–	–	191,059	191,059
Bills receivable	–	–	10,807	10,807
Cash and cash equivalents	–	–	6,306,160	6,306,160
Total	1,984,326	24,290	6,724,623	8,733,239

	Financial liabilities at amortised cost RMB'000
Trade payables	198,568
Financial liabilities included in other payables and accruals	431,887
Total	630,455

34. FINANCIAL INSTRUMENTS BY CATEGORY *(cont'd)*

As at 31 December 2024

	Financial assets at FVTPL RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at FVTPL	1,828,640	–	1,828,640
Financial assets included in prepayments, other receivables and other assets	–	19,363	19,363
Financial assets included in prepayments, other receivables and other assets, non-current	–	440,405	440,405
Trade receivables	–	110,390	110,390
Bills receivable	–	30,892	30,892
Cash and cash equivalents	–	4,030,207	4,030,207
Total	1,828,640	4,631,257	6,459,897

	Financial liabilities at amortised cost RMB'000
Trade payables	286,708
Financial liabilities included in other payables and accruals	347,526
Total	634,234

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(cont'd)*

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments designated at FVTOCI	**24,290**	**–**	**–**	**24,290**
Financial products	**–**	**1,984,326**	**–**	**1,984,326**
Total	**24,290**	**1,984,326**	**–**	**2,008,616**

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial products	–	1,828,640	–	1,828,640

Financial instruments in Level 1

The fair values of listed equity investments are based on quoted market prices.

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs that are significant to fair value measurement are observable, the instrument is included in Level 2. The fair value of the financial products is estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and financial assets at FVTPL. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in USD exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	**RMB'000**	**RMB'000**
2025			
If RMB weakens against USD	**5**	**17,812**	**15,137**
If RMB strengthens against USD	**(5)**	**(17,812)**	**(15,137)**
If RMB weakens against HKD	**5**	**5,368**	**5,368**
If RMB strengthens against HKD	**(5)**	**(5,368)**	**(5,368)**
2024			
If RMB weakens against USD	5	18,020	15,313
If RMB strengthens against USD	(5)	(18,020)	(15,313)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, trade and bills receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	191,916	191,916
Bills receivable	10,821	–	–	–	10,821
Financial assets included in prepayments, other receivables and other assets-Normal**	38,079	–	–	–	38,079
Financial assets included in prepayments, other receivables and other assets, non-current	178,707	–	–	–	178,707
Cash and cash equivalents-Not yet past due	6,306,160	–	–	–	6,306,160
Total	6,533,767	–	–	191,916	6,725,683

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	111,764	111,764
Bills receivable	31,032	–	–	–	31,032
Financial assets included in prepayments, other receivables and other assets-Normal**	19,501	–	–	–	19,501
Financial assets included in prepayments, other receivables and other assets, non-current	440,405	–	–	–	440,405
Cash and cash equivalents-Not yet past due	4,030,207	–	–	–	4,030,207
Total	4,521,145	–	–	111,764	4,632,909

* For trade receivables and to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 19 the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Maximum exposure and year-end staging *(cont'd)*

As at the end of the reporting period, the Group had certain concentrations of credit risk as the Group's cash and cash equivalents were deposited in few financial institutions. As at the end of the reporting period, cash and cash equivalents were deposited in financial institutions of high quality without significant credit risk.

The Group does not hold any collateral or other credit enhancement for the balance of accounts receivable.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2025			
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	–	198,568	–	198,568
Lease liabilities	–	6,673	3,305	9,978
Financial liabilities included in other payables and accruals	–	431,887	–	431,887
Total	–	637,128	3,305	640,433

	As at 31 December 2024			
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	–	286,708	–	286,708
Lease liabilities	–	4,871	2,025	6,896
Financial liabilities included in other payables and accruals	–	347,526	–	347,526
Total	–	639,105	2,025	641,130

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of the reporting periods.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Total debt	**–**	–
Equity attributable to owners of the parent	**9,911,473**	7,108,212
Gearing ratio	**0%**	0%

37. EVENTS AFTER THE REPORTING PERIOD

No significant events of the Group occurred after the reporting period.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Right-of-use assets	287	106
Investments in subsidiaries	1,612,612	1,558,766
Total non-current assets	1,612,899	1,558,872
CURRENT ASSETS		
Trade and bills receivables	566	1,240
Prepayments, other receivables and other assets, current	223	69
Cash and cash equivalents	3,552,295	1,348,574
Total current assets	3,553,084	1,349,883
CURRENT LIABILITIES		
Trade payables	–	410
Other payables and accruals	282	280
Lease liabilities, current	165	107
Amount due to a subsidiary	44,785	44,779
Total current liabilities	45,232	45,576
NET CURRENT ASSETS	3,507,852	1,304,307
TOTAL ASSETS LESS CURRENT LIABILITIES	5,120,751	2,863,179
NON-CURRENT LIABILITIES		
Lease liabilities, non-current	109	–
Total non-current liabilities	109	–
Net assets	5,120,642	2,863,179
EQUITY		
Ordinary share capital	68	65
Treasury shares	(166,147)	(1)
Reserves (note)	5,286,721	2,863,115
Total equity	5,120,642	2,863,179

Executive Director: Yan Jianya **Executive Director: Zhang Huijuan**

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(cont'd)*

Note:

A summary of the Company's reserve is as follows:

	Share premium RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total reserve RMB'000
As at 1 January 2024	1,694,690	(2,189)	(19,504)	1,672,997
Other comprehensive income for the year:				
Exchange differences	–	19,301	–	19,301
Profit and total comprehensive income for the year	–	–	498,863	498,863
Issue of shares	1,498,500	–	–	1,498,500
Share issue costs	(12,866)	–	–	(12,866)
Exercise of the RSU granted	11,808	(6,774)	–	5,034
Deemed investment to the subsidiary	–	89,723	–	89,723
Final and special 2023 dividend declared	(456,020)	–	(452,417)	(908,437)
As at 31 December 2024	2,736,112	100,061	26,942	2,863,115

	Share premium RMB'000	**Other reserve RMB'000**	**Retained profits RMB'000**	**Total reserve RMB'000**
As at 31 December 2024 and 1 January 2025	**2,736,112**	**100,061**	**26,942**	**2,863,115**
Other comprehensive income for the year:				
Translation of the Company's functional currency to presentation currency	**–**	**(79,722)**	**–**	**(79,722)**
Profit and total comprehensive income for the year	**–**	**–**	**1,368,578**	**1,368,578**
Issue of shares	**2,163,713**	**–**	**–**	**2,163,713**
Share issue costs	**(13,169)**	**–**	**–**	**(13,169)**
Transfer of treasury shares to employees under RSU Scheme	**259,335**	**(41,497)**	**–**	**217,838**
Deemed investment to the subsidiary	**–**	**45,242**	**–**	**45,242**
Final and special 2024 dividend declared	**–**	**–**	**(1,278,874)**	**(1,278,874)**
As at 31 December 2025	**5,145,991**	**24,084**	**116,646**	**5,286,721**

39. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board on 19 March 2026.

DEFINITIONS

In this annual report, the capitalized terms shall have the meaning set out below unless the context requires otherwise.

"AFRC"	the Accounting and Financial Reporting Council in Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, amended and/or restated from time to time
"Board" or "Board of Directors"	the board of Directors of our Company
"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Company" or "our Company" or "the Company"	Giant Biogene Holding Co., Ltd (巨子生物控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 28 July 2021
"Director(s)"	director(s) of our Company
"Global Offering"	the Hong Kong Public Offering and the International Offering described in the Prospectus
"Group" or "our Group" or "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

"Latest Practicable Date"	22 April 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report
"Listing"	listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	4 November 2022, on which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"PRC" or "China"	the People's Republic of China. For the purposes of this annual report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus of the Company dated 20 October 2022
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Reporting Period"	the year ended 31 December 2025
"RMB"	Renminbi, the lawful currency of the PRC
"RSU Scheme"	the restricted share unit scheme as approved by the Company on 8 December 2021
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the ordinary share(s) in the share capital of the Company with a par value of US$0.00001 each
"Shareholder(s)"	the holder(s) of our Shares
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States