



中国泰凌医药集团 CHINA NT PHARMA GROUP

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 01011



2025 ANNUAL REPORT



CONTENTS

2	CORPORATE INFORMATION
4	CHAIRMAN'S STATEMENT
6	MANAGEMENT DISCUSSION AND ANALYSIS
20	BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT
23	CORPORATE GOVERNANCE REPORT
37	ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
60	REPORT OF THE DIRECTORS
67	INDEPENDENT AUDITOR'S REPORT
70	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
72	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
74	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
75	CONSOLIDATED STATEMENT OF CASH FLOWS
77	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
154	FIVE YEARS FINANCIAL SUMMARY

CORPORATE INFORMATION

BOARD OF DIRECTORS

<i>Executive Directors</i>	Mr. NG Tit (<i>Chairman</i>) Ms. NG Anna Ching Mei
<i>Non-executive Directors</i>	Dr. QIAN Wei Ms. CHIN Yu
<i>Independent Non-executive Directors</i>	Mr. YU Tze Shan Hailson Dr. ZHAO Yubiao Mr. NG Ming Kwan

BOARD COMMITTEES

<i>Audit Committee</i>	Mr. NG Ming Kwan (<i>Chairman</i>) Mr. YU Tze Shan Hailson Dr. ZHAO Yubiao
<i>Remuneration Committee</i>	Mr. YU Tze Shan Hailson (<i>Chairman</i>) Mr. NG Tit Dr. ZHAO Yubiao
<i>Nomination Committee</i>	Mr. NG Tit (<i>Chairman</i>) Mr. YU Tze Shan Hailson Dr. ZHAO Yubiao

AUTHORISED REPRESENTATIVES

Mr. NG Tit
Mr. Cheng Cheung King (resigned on 17 October 2025)
Ms. Li Yifang (appointed on 25 November 2025)

COMPANY SECRETARY

Mr. Cheng Cheung King (resigned on 17 October 2025)
Ms. Li Yifang (appointed on 25 November 2025)

AUDITOR

Moore CPA Limited
Certified Public Accountants
1001–1010, North Tower
World Finance Centre
Harbour City, 19 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Corporate Information (Continued)

LEGAL ADVISORS AS TO HONG KONG LAWS

Dentons Hong Kong LLP
Suite 3201, 32/F, Jardine House
1 Connaught Place
Central, Hong Kong

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN HONG KONG

Unit 2102, 21/F
West Tower, Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL BANKER

Bank of Communications Co., Ltd.
Hong Kong Branch

INVESTOR RELATIONS CONTACTS

Tel: (852) 2808 1606
Fax: (852) 3105 9917
Email: investorrelations@ntpharma.com

COMPANY'S WEBSITE

www.ntpharma.com

STOCK CODE

1011

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of China NT Pharma Group Company Limited (the “**Company**”), together with its subsidiaries, collectively (the “**Group**”), I hereby present to the shareholders the annual report of the Group for the year ended 31 December 2025, and report the Group's operating performance, strategic progress and future development direction during the Year under Review.

2025: A CRITICAL YEAR OF TRANSFORMATION FROM TRADITIONAL BUSINESS TO AI MEDICAL TECHNOLOGY

2025 is a critical year for the Group to transform from a traditional pharmaceutical business model to a medical technology business empowered by artificial intelligence (AI) technology. Over the past few years, the Group has experienced multiple challenges such as business restructuring, asset disposal, liquidity pressure and going concern uncertainties. The Board recognises that if the Group continues to rely on traditional businesses and models, it will be difficult to survive and develop.

Throughout the Year under Review, for the year ended 31 December 2025, the Group recorded revenue of approximately RMB24.2 million, representing a decrease of approximately 36.4% as compared with approximately RMB38.0 million in 2024; loss for the year was approximately RMB26.3 million, narrowing by approximately 50.9% as compared with the loss of approximately RMB53.5 million in 2024. Both the basic and diluted loss per share were RMB4.22 cents (2024: RMB20.20 cents, retrospectively adjusted for the share consolidation).

The improvement in performance for the year was largely attributable to the gain on fair value changes of financial assets at fair value through profit or loss, rather than recurring cash flows from core operating businesses. The Board considers that, despite the existence of the above non-recurring factors, the relevant data still reflects that the Group is in a transition period of business transformation, and the direction of gradually reducing historical debts, controlling costs and restructuring the business structure is correct and should be continuously advanced.

STRATEGIC UPGRADE: DUAL-WHEEL DRIVE OF “AI TECHNOLOGY DEVELOPMENT + MEDICAL SCENARIO APPLICATION”

The Board considers that, leveraging on its rich industrial accumulation in the past, the Group has the capability to restructure advantageous resources. The acquisition of Zhejiang Kangyuan Medical Device Co. Ltd. (浙江康源醫療器械有限公司) (“**Kangyuan**”) marks the realization of the dual-wheel drive of “AI technology development + medical scenario application” in the Group's business development. The Group will continue to pay attention to and enhance the AI medical technology content through endogenous development and external investment, and gradually develop into an AI-enabled Health Management Platform covering the full cycle of “testing – treatment – rehabilitation”.

The platform architecture of the Group can be summarized into three levels: firstly, the professional medical level, mainly focusing on Teriparatide (Forteo), basic osteoporosis drugs and bone pain management drugs, undertaking the functions of channel maintenance, hospital reach and operational buffer; secondly, the medical technology level, with the artificial intelligence bone density and imaging equipment of the Kangyuan project as the core, complementing the front-end testing entrance of bone health scenarios; thirdly, the rehabilitation/management interface level, based on the forward-looking integrated medical concept, continuously focusing on the overall health management direction of nerve-muscle-bone, preserving strategic flexibility for the Group's future scenario extension.

PROGRESS OF KANGYUAN ACQUISITION

During the Year under Review, according to the relevant transaction arrangements, the transaction of acquiring 100% of the issued shares of the target companies was approved by the shareholders at the extraordinary general meeting held on 15 January 2026, and the Company effectively and ultimately controls approximately 58.11% of the equity interest in Zhejiang Kangyuan Medical Device Co. Ltd. Kangyuan is principally engaged in research and operation of Artificial Intelligence X-Ray Bone Density System and Portable AI X-Ray Device, and owns 12 patents and 25 sets of source codes related to the relevant products and technologies. As of the date of this annual report, as the initial accounting for the business combination is incomplete, the Group has not yet recognised the relevant device manufacturing revenue for the year 2025, nor has it consolidated the financial results of Kangyuan into the consolidated financial statements for the year.

PROGRESS OF FINANCIAL RESTRUCTURING

During the Year under Review, the Group has completed the debt capitalisation issue of approximately 410,156,509 shares, effectively reducing part of the financial burden and optimising the capital structure. However, as at 31 December 2025, cash and bank balances were approximately RMB7.2 million, and net current liabilities were approximately RMB605.7 million, and the liquidity situation remains severe. Regarding the remaining liabilities, the Group is actively negotiating with creditors on specific debt reduction plans, striving to extend the repayment period or reach more favourable repayment arrangements. In addition, the substantial shareholders have committed to continue providing necessary financial support for the Group's strategic transformation. After prudent assessment, the Board has formulated and implemented various measures to alleviate liquidity pressure and improve the overall financial position. Shareholders and potential investors are advised to note that the Group's ability to continue as a going concern depends on the successful implementation of the above measures.

OUTLOOK

Looking ahead to 2026, the Group will focus on two core tasks: firstly, to continue advancing debt optimisation, and secondly, to implement deep cultivation of business development to achieve going concern capability. The Board and management are full of confidence in the future strategy, and will actively integrate into the national "15th Five-Year Plan" artificial intelligence health development strategy, uphold the strategy of "technology empowerment, ecological co-construction", accelerate the integrated application and industrialisation of AI medical technology through selective merger and acquisition integration and strategic cooperation, and promote the Group's transformation and upgrading into a medical and health high-tech platform.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, business partners, customers and employees. Over the past year, the Group has advanced deep transformation in a challenging environment, and every stakeholder supporting the Group has given precious trust. I would also like to specially thank the management team and all employees for their professionalism and execution demonstrated during difficult times.

2025 is an important year for the Group to advance strategic transformation. The Board firmly believes that as long as the Group can continuously adhere to the correct direction, maintain strategic focus, prudently manage risks and solidly advance execution, it will create more sustainable long-term value for shareholders.

Chairman
Ng Tit

Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Overview

During the Year under Review, the Group continued to advance the transformation from traditional pharmaceutical production and sales to an AI-enabled health management platform covering the full cycle of “testing – treatment – rehabilitation” driven by “AI technology development + medical scenario application”.

For the year ended 31 December 2025, the Group’s revenue was approximately RMB24.2 million, representing a decrease of approximately 36.4% as compared with approximately RMB38.0 million in 2024; of which revenue from pharmaceutical agency services was approximately RMB9.6 million, and revenue from healthcare services was approximately RMB14.5 million. During the same period, the Group’s loss for the year was approximately RMB26.3 million, narrowing by approximately 50.9% as compared with approximately RMB53.5 million in 2024. The above changes reflect that the Group’s traditional business continued to scale down during the Year under Review, while its medical technology-related business did not generate any revenue contribution in 2025 as it remained in the asset preparation and compliance integration stage.

Business Strategies during the Transition Period of Transformation

During the Year under Review, notwithstanding the pressures arising from medical insurance cost control, industry rectification, and intensified competition within the orthopedic treatment market, as well as prior to the completion of the transformation and deployment of the new medical technology business, the Group remained committed to its efforts in the sales and marketing of Teriparatide (Bogutai) and bone health products, as well as the provision of digital health academic promotion and marketing services.

Therefore, the management considers that the core tasks during the transition period are, on the one hand, to preserve existing doctor resources, hospital coverage and promotion capabilities within the bone health sector; and on the other hand, to provide a foundational support for the early-stage investment in the medical technology segment, debt structure optimisation and organisational transition.

Medical Technology Segment: Technical Asset Reserve Phase

The medical technology segment was in a phase of “strategic acquisition of technological assets and compliant integration” during the reporting period. The progress made on the Kangyuan project marks the materialisation of the Group’s strategic transition into the medical technology sector.

The assets associated with Kangyuan include AI-powered bone densitometry systems and portable digital X-ray diagnostic robots, supported by a robust portfolio of intellectual property and technical expertise in artificial intelligence and medical imaging. The management considers that the value of these assets is primarily reflected in the technical barriers and big data modelling they establish, including: (i) access to equipment in bone health testing scenarios; (ii) AI-enhanced diagnostic imaging capabilities; (iii) compliance capabilities of medical device registration certificates and production quality management systems; (iv) potential for accumulating scenario-based data and clinical validation resources in the future.

The management fully recognises that the progress of the Kangyuan project involves not only the completion of the equity transfer, but also complex processes such as production systems, changes in medical device registration certificate holders, continuation of algorithm validation, channel introduction and hospital access. Therefore, the management has explicitly designated 2025 as the “technical asset reserve phase” for the Kangyuan project.

Management Discussion and Analysis (Continued)

Although on 25 March 2026, the Company completed the major transaction in relation to the acquisition of 100% of the issued share of the target company and the issuance of consideration shares under the specific mandate, as of the date of this annual report, while the acquisition has been approved by the Shareholders, the initial accounting for the business combination is incomplete, and the financial results, assets and liabilities of Kangyuan have not yet been consolidated into the consolidated financial statements of the Group for the year ended 31 December 2025. Therefore, the Group did not recognise any revenue from the manufacture of medical devices in 2025, and all revenue for the year continued to derive primarily from its existing business operations.

Enhancing the Strategic Framework of “Testing – Treatment – Rehabilitation” Integrated Health Management

Management has observed that, amidst an accelerating ageing population, the nexus between bone health and neurodegenerative diseases, balance control, sleep quality, and rehabilitative medicine is gaining significant prominence. Furthermore, since 2025, regulatory authorities at both the national and local levels have provided clearer institutional support for brain-computer interface (BCI)-related medical services, industry development and commercialisation pathways. This includes the establishment of a separate pricing item for BCI medical services, as well as the introduction of industrial action plans in Beijing, Shanghai and other regions.

Management believes that bone health management is no longer limited to bone joints themselves, but is gradually extending to broader scenarios such as mobility, fall risk, neuromuscular control and long-term quality-of-life management. Therefore, the Group will continue to monitor innovative opportunities within the neuroscience and rehabilitative medicine sectors as they relate to bone health, and explore the possibility of leveraging artificial intelligence technology to integrate bone density data with rehabilitation scenarios and neurological function assessment, thereby progressively enhancing the Group’s strategic footprint in the “testing – treatment – rehabilitation” integrated health management framework.

Management emphasises that the aforementioned initiatives currently remain within the scope of forward-looking research and strategic priorities. As of the date of this annual report, no definitive transaction agreements or capital expenditure commitments have been entered into. Investors should not regard such forward-looking statements as a commitment by the Group to any specific acquisition, investment or financial contribution.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025, the revenue of the Group was approximately RMB24.2 million (2024: approximately RMB38.0 million), representing a decrease of approximately 36.4%. The decline in revenue was mainly due to the decrease in current revenue from healthcare-related digital services, and the new business did not generate any revenue contribution as it remained in the preparation stage.

Cost of sales and gross profit

For the year ended 31 December 2025, the cost of sales of the Group was approximately RMB14.5 million, representing a decrease of approximately 55.5% as compared with approximately RMB32.7 million in 2024; gross profit was approximately RMB9.6 million, representing an increase of approximately 82.5% as compared with approximately RMB5.3 million in 2024. The improvement in gross profit mainly reflected the adjustment of cost structure and changes in revenue mix.

Management Discussion and Analysis (Continued)

General and administrative expenses

For the year ended 31 December 2025, general and administrative expenses were approximately RMB13.7 million (2024: RMB18.5 million), representing a decrease of approximately 25.7%. The savings were mainly due to strict control of administrative costs, reduction of professional fees and optimisation of organisational structure.

Finance Costs

For the year ended 31 December 2025, the finance costs of the Group were approximately RMB27.8 million, representing a decrease of approximately 11.7% as compared with approximately RMB31.5 million in 2024, mainly due to the decrease in amount of borrowings.

Loss for the year

For the year ended 31 December 2025, the Group's loss for the year was approximately RMB26.3 million (2024: RMB53.4 million), representing a decrease of approximately 50.8%. Both the basic and diluted loss per share were RMB4.22 cents (2024: RMB20.20 cents, retrospectively adjusted for the share consolidation).

Management believes that the narrowing of the loss for the year primarily reflected the capital structure optimisation, cost control and the reduction of historical liabilities.

Other income, gains and losses

For the year ended 31 December 2025, the Group's net other income, gains and losses were approximately RMB0.1 million (loss) (2024: RMB6.0 million (loss)). The loss in 2024 mainly included a provision for loss on financial guarantee contracts of RMB6.3 million, while the amount in 2025 mainly included a loss on early termination of leases of RMB0.1 million, partially offset by bank interest income of RMB0.01 million and other income of RMB0.01 million.

Fair value changes of financial assets at fair value through profit or loss

For the year ended 31 December 2025, the Group generated a gain on fair value changes of financial assets at fair value through profit or loss of approximately RMB14.1 million (2024: RMB23.6 million). The financial asset represented the Group's 25.3% equity interest in Beijing Kangchen Biological Technology Co., Limited (北京康辰生物科技有限公司), which was reclassified as financial assets at fair value through profit or loss with effect from 31 December 2024. The decrease in gain on fair value changes was mainly due to the slowdown in the valuation growth of the investment.

LIQUIDITY AND FINANCIAL RESOURCES

Going Concern Uncertainties

The Group incurred a net loss of approximately RMB26.3 million for the year ended 31 December 2025 and, as at that date, the Group's net current liabilities and net liabilities were approximately RMB605.7 million and RMB273.8 million, respectively, while cash and bank balances were only approximately RMB7.2 million. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Details are set out in note 2 to the consolidated financial statements.

Management Discussion and Analysis (Continued)

Auditor's Opinion

Moore CPA Limited (the "Auditor") has issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2025 in relation to the going concern basis of preparation.

The basis for the Auditor's disclaimer of opinion is that:

- (1) The Group incurred a net loss of approximately RMB26.3 million for the year ended 31 December 2025, and as at that date, the Group's net current liabilities and net liabilities were approximately RMB605.7 million and RMB273.8 million, respectively;
- (2) The Group's total borrowings were approximately RMB316.1 million, of which approximately RMB42.7 million were overdue, approximately RMB245.3 million were repayable on demand, and approximately RMB28.1 million will fall due within the next twelve months, while the Group's cash and bank balances were only approximately RMB7.2 million;
- (3) The Group assumed contingent liabilities of approximately RMB133.0 million due to financial guarantee contracts.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The Auditor was unable to obtain sufficient appropriate audit evidence regarding the reasonableness of the management's going concern assessment and the feasibility of the key assumptions in the cash flow forecast.

Disclaimer of Opinion and Its Financial Impact

As stated in the Basis for Disclaimer of Opinion in the independent auditor's report:

Nature of the modification: The auditor issued a disclaimer of opinion because of a scope limitation relating to the going concern basis of preparing the consolidated financial statements. The auditor was unable to obtain sufficient appropriate audit evidence regarding the reasonableness of management's going concern assessment and the feasibility of the plans and measures, including the assumptions about the renewal and extension of the repayment dates of the overdue borrowings and borrowings that are repayable on demand, and obtaining waivers from complying with certain restrictive covenants contained in the loan agreements of certain borrowings.

Financial position as at 31 December 2025: The Group had net current liabilities and net liabilities of approximately RMB605.7 million and RMB273.8 million, respectively. The Group's total borrowings amounted to approximately RMB316.1 million, of which approximately RMB42.7 million, RMB245.3 million and RMB28.1 million were overdue for repayment, repayable on demand and due for repayment within the next twelve months, respectively, while the Group's total cash and bank balances amounted to only approximately RMB7.2 million. In addition, the Group is liable for financial guarantee contracts with a carrying amount of approximately RMB133.0 million.

Management Discussion and Analysis (Continued)

Potential impact: The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

Management's Position and Basis

Management's position and basis are founded on the following factors reviewed by the Board:

- Clear strategic transformation initiated: The Group's transformation to a light-asset business model focusing on the "AI + Medical" strategy is progressing as planned, with the acquisition of Zhejiang Kangyuan Medical Device Co. Ltd. completed on 25 March 2026, enabling the Group to commence commercialisation of AI diagnostic products and establish the three-level platform architecture.
- Substantive progress in debt restructuring: As at 31 December 2025, approximately RMB364 million of the Group's liabilities were attributable to major shareholders and related parties, who have consistently refrained from demanding immediate repayment during previous periods of liquidity pressure. Although formal agreements have not been executed, communications with major lenders have achieved their understanding of and support in principle for the Company's restructuring proposal. The lenders have demonstrated willingness to provide the Company with time to improve operations, and the risk of immediate demand for repayment causing operational disruption is low in the near term.
- Financing channels being actively explored: The Company has approached multiple investment institutions interested in the healthcare technology sector and has conducted multiple rounds of discussions on financing proposals. Based on past experience and positive feedback from current discussions, management reasonably believes that necessary funding can be obtained within the next 12 months to alleviate liquidity pressure.
- Existing business provides stable cash flow: Despite scaled-down operations, the Company's existing businesses continue to generate stable operating cash flows, providing foundational support for strategic transformation and new business incubation.
- Strict cost control and cash flow management implemented: The Board has established a working group to monitor monthly cash flows and strictly control non-essential expenditures, ensuring resources are focused on core strategy and maintaining operations.

Management considers that, taking into account the above factors, although uncertainties exist, the probability of successful implementation of the Measures within the next 12 months is greater than that of unsuccessful implementation. Therefore, the preparation of financial statements on a going concern basis is appropriate.

Measures to Alleviate Our Liquidity Pressure

In view of these circumstances, the directors of the Company have carefully considered the future liquidity requirements, operating performance and available sources of financing of the Group. To alleviate our liquidity pressure and improve our financial position, the Group has taken and will continue to implement the following measures:

- (i) To actively negotiate debt arrangements with creditors: the Group constantly and actively negotiates with major lenders to renew and extend the repayment period of existing borrowings or convert borrowings into shares, especially for some overdue borrowings, and seeks waivers from certain restrictive covenants in the relevant loan agreements. At the same time, the Group continues to receive financial support from substantial shareholders to assist in resolving the pressure of debt repayment and strategic transformation during the transition period.
- (ii) To focus on and deepen core strategic transformation: the Group has clearly focused its development priority on gradually developing an AI-enabled Health Management Platform to cover the full cycle of “testing – treatment – rehabilitation/management”. Specifically, the platform architecture of the Group can be summarized into three levels: firstly, at the professional medical level, the Group mainly focuses on Teriparatide (Bogutai), basic osteoporosis drugs and bone pain management drugs, undertaking the functions of channel maintenance, hospital reach and operational buffer; secondly, at the medical technology level, by leveraging the artificial intelligence bone density and imaging equipment of the Kangyuan project as the core, the Group complements the front-end testing entrance of bone health scenarios; thirdly, at the rehabilitation/management interface level, based on the forward-looking integrated medical concept, the Group continues to focus on the overall health management direction, preserving strategic flexibility for the Group’s future scenario extension.
- (iii) To implement our structured financing strategy to reduce liabilities: the Group has successfully executed specific financing arrangements to directly reduce the debt burden. For example, in February 2025, a connected transaction was completed to offset loans owed to subscribers totaling approximately HK\$135.3 million through the issuance of new shares, thereby significantly reducing interest-bearing liabilities and improving the liquidity position.
- (iv) To seek new financing and strategic capital: the management of the Group continues to negotiate with external potential investors to identify new working capital financing or introduce strategic capital investments, so as to further consolidate our capital base and support business development and transformation plans.

The Board considers that the above measures, if effectively implemented, are crucial to alleviating the Group’s liquidity pressure and maintaining its ability to continue as a going concern. The Group will conduct regular review of the progress of these measures and make timely disclosures in accordance with the Listing Rules.

Management Discussion and Analysis (Continued)

Audit Committee's Review Opinion

The Audit Committee notes and attaches great importance to the Disclaimer of Opinion issued by Moore CPA Limited (the "**Auditor**") on the consolidated financial statements for the year ended 31 December 2025. The Audit Committee concurs with the Auditor's view that, as at 31 December 2025, material uncertainty exists as to whether the Company can continue as a going concern, and that certain critical supporting documents (such as legally binding debt restructuring agreements and executed financing agreements) could not be provided in the form of signed legal documents prior to the date of the auditor's report. The Audit Committee fully respects the independent professional judgment of the Auditor.

Meanwhile, having conducted robust review and challenge, the Audit Committee also agrees with management's position that, as at the date of approval of the financial statements, the preparation of the consolidated financial statements on a going concern basis remains appropriate. The Audit Committee's agreement is based on its overall assessment of the feasibility of management's plans and measures (the "**Measures**"), rather than on the basis that all executed documentary evidence as required by the Auditor is already in place.

The Audit Committee's position is that, whilst it concurs with the Auditor's concerns regarding the lack of executed legal documents as at 31 December 2025, based on the information provided by management, historical records and the site visit, the Audit Committee considers that management's judgment to prepare the financial statements on a going concern basis is founded on a reasonable basis. The Audit Committee's role is to ensure that management's judgment is not accepted blindly but has been subject to appropriate challenge and review. The Audit Committee will continue to exercise oversight to ensure that management accelerates the execution of the Measures.

CAPITAL STRUCTURE

As at 31 December 2025, the Group's total debts were approximately RMB449.1 million (including other borrowings of RMB316.1 million and financial guarantee contracts of RMB133.0 million), cash and bank balances were approximately RMB7.2 million, and net debts were approximately RMB449.1 million.

The maturity profile of the Group's borrowings is as follows: (i) due within one year: RMB316.1 million; (ii) due after one but within two years: RMB0 million; the debt-to-assets ratio was 129.47% (2024: 165.52%).

	2025 RMB'000	2024 RMB'000
Due within one year	316,126	367,495
Due after one but within two years	–	7,993

CAPITAL COMMITMENTS

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

MATERIAL ACQUISITION AND DISPOSAL

Acquisition of Equity Interest in Zhejiang Kangyuan Medical Device Co. Ltd.

On 28 April 2025, the Company, as purchaser, entered into a sale and purchase agreement with several independent third parties, as sellers. Pursuant to which the Company conditionally agreed to purchase, and the sellers conditionally agreed to sell, 100% of the issued shares in several target companies at the total consideration of approximately RMB116.2 million, which is to be satisfied by allotment and issue of 274,751,679 shares of the Company (the “**Consideration Shares**”) to the sellers at the issue price of HK\$0.45 per Consideration Share.

Each of the target companies was holding certain equity interests in Zhejiang Kangyuan Medical Device Co. Ltd. (浙江康源醫療器械有限公司) (“**Kangyuan**”) and altogether were holding 58.11% of Kangyuan, in aggregate. Kangyuan is a company incorporated in the PRC with limited liability and is principally engaged in the research and operation of Artificial Intelligence X-Ray Bone Density System and Portable AI X-Ray Device in the PRC.

The acquisition was approved by the shareholders at the extraordinary general meeting of the Company held on 15 January 2026. On 25 March 2026, the Company completed the major transaction in relation to the acquisition of 100% of the issued shares of the target companies and the issue of Consideration Shares under specific mandate, and the target companies became indirect wholly-owned subsidiaries of the Company. Following the completion of the acquisition, the Company indirectly holds 58.11% equity interest in Zhejiang Kangyuan Medical Device Co. Ltd. through its wholly-owned subsidiaries, and its financial results will be consolidated into the accounts of the Group.

CONTINGENT LIABILITIES

The Company had provided financial guarantees for bank borrowings and other borrowings of its former wholly-owned subsidiary Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) (“**Suzhou First Pharma**”) and its subsidiaries. According to the ruling made by the Suzhou Industrial Park People’s Court of Jiangsu Province (江蘇省蘇州工業園區人民法院) on 6 July 2023, the approved amounts of bank borrowings and other borrowings were approximately RMB383.2 million and RMB60.8 million, respectively.

Suzhou First Pharma is undergoing debt restructuring, and its remaining assets will be sold through several auctions to repay creditors. The directors of the Company consider that if the repayment allocations fail to fully recover the approved amounts, the Company as a guarantor may need to bear the remaining unpaid balances of the above borrowings.

As at 31 December 2025, the carrying amount of the financial guarantee contracts was approximately RMB133.0 million (2024: RMB177.0 million), which was determined based on the fair value of the assets to be sold by Suzhou First Pharma in future auctions and the repayment allocation ratio. As of the date of this report, the lenders have not taken any claim actions against the Company in respect of the financial guarantees.

For details of the contingent liabilities faced by the Group, including litigations and claims involving former subsidiaries, please refer to note 24 to the consolidated financial statements. As of the date of this report, the lenders have not taken any claim actions against the Company in respect of the financial guarantees.

Management Discussion and Analysis (Continued)

HUMAN RESOURCES

As at 31 December 2025, the Group had 22 full-time employees (2024: 22). For the year ended 31 December 2025, the Group's total cost on remuneration, welfare and social security amounted to approximately RMB9.9 million (comprising salaries, wages and other benefits of RMB8.8 million and contributions to defined contribution retirement plans of RMB1.1 million) (2024: RMB6.1 million). The Group maintains good relationships with its employees. The remuneration structure of the Group is determined based on employee performance, local consumption levels and prevailing conditions in the human resources market. On top of basic salaries, bonuses may be paid according to the Group's performance as well as individual performance. Other staff benefits include contributions to the Mandatory Provident Fund retirement benefits scheme in Hong Kong and statutory social welfare in the PRC. During the year ended 31 December 2025 and up to the date of this annual report, the Group has not adopted or operated any long-term incentive scheme, including but not limited to any share option scheme, restricted share scheme, restricted share unit scheme, performance share plan or other equity-based incentive arrangement, for the benefit of its Directors or employees. As at 31 December 2025, there were no outstanding share options, restricted shares, restricted share units or other equity incentives granted to any Directors or employees of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the principles and code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules, and has established formal and transparent procedures to safeguard the interests of shareholders and enhance corporate value and accountability.

During the period from 1 January 2025 to 18 May 2025, the Company deviated from code provision C.2.1 of the Corporate Governance Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, as Mr. Ng Tit then served as both the chairman of the Board and the chief executive officer of the Company.

Following the resignation of Mr. Ng Tit as the chief executive officer and the appointment of Mr. Zhang Bozhi as the chief executive officer, both with effect from 19 May 2025, the roles of chairman of the Board and chief executive officer have been separated. Accordingly, the Company has complied with code provision C.2.1 of the Corporate Governance Code from 19 May 2025 onwards and as at the date of this report. For further details, please refer to the 2025 interim report published by the Company on 5 September 2025.

DIRECTORS' SECURITIES TRANSACTIONS

The Company 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 (the "Model Code") as its own code of conduct regarding dealings in securities by Directors. Following specific enquiries made to all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the entire year ended 31 December 2025.

Management Discussion and Analysis (Continued)

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2025 (2024: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 28 April 2025, the Company, as purchaser, entered into a sale and purchase agreement with several independent third parties, as sellers, pursuant to which the Company conditionally agreed to purchase, and the sellers conditionally agreed to sell, 100% of the issued shares in several target companies at the total consideration of approximately RMB116,220,000, which is to be satisfied by allotment and issue of 274,751,679 shares of the Company (the “**Consideration Shares**”) to the sellers at the issue price of HK\$0.45 per Consideration Share. Each of the target companies was holding certain equity interests in Zhejiang Kangyuan Medical Device Co., Ltd. (浙江康源醫療器械有限公司) (“**Kangyuan**”) and altogether held, in aggregate approximately 58.11% of Kangyuan, in aggregate. Kangyuan is a company incorporated in the PRC with limited liability and is principally engaged in the research and operation of Artificial Intelligence (“**AI**”) X-Ray Bone Density System and Portable AI X-Ray Device in the PRC.

The acquisition was approved by the shareholders at the Extraordinary General Meeting (“**EGM**”) of the Company held on 15 January 2025. On 25 March 2026, the Company completed the major transaction in relation to the acquisition of 100% of the issued shares of the target companies and the issue of Consideration Shares under specific mandate, and the target companies became indirect wholly-owned subsidiaries of the Company. Following the completion of the acquisition, the Company indirectly holds 58.11% equity interest in Zhejiang Kangyuan Medical Device Co. Ltd. through its wholly-owned subsidiaries, and its financial results will be consolidated into the accounts of the Group.

Up to the date on which these consolidated financial statements are authorised for issue, the initial accounting for the business combination is incomplete and it is not practicable to provide the information about the Acquisition that HKFRS 3 requires to be disclosed in these consolidated financial statements to enable users of the consolidated financial statements to evaluate the nature and financial effects of the Acquisition. The Group does not have such information available because as at the date of approval of the consolidated financial statements, it has not yet performed the detailed review of the relevant facts and circumstances of the Acquisition and of Kangyuan at the time of the Acquisition in order to be able to estimate the financial effects of the Acquisition.

REVIEW OF AUDITED ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Ng Ming Kwan, Mr. Tze Shan Hailson Yu and Dr. Zhao Yubiao. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2025 and has recommended its adoption by the Board.

Management Discussion and Analysis (Continued)

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2025, consolidated statement of profit or loss and other comprehensive income and the related notes to the consolidated financial statements thereto for the year ended 31 December 2025 as set out in this report have been agreed by the Company's independent auditor, Moore CPA Limited, to the amounts as set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Moore CPA Limited on this report.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Group:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements

As described in note 2 to the consolidated financial statements, the Group incurred a loss of approximately RMB26,255,000 for the year ended 31 December 2025 and as at that date, the Group had net current liabilities and net liabilities of approximately RMB605,734,000 and RMB273,833,000, respectively. The Group's total borrowings amounted to approximately RMB316,126,000, of which approximately RMB42,705,000, RMB245,316,000 and RMB28,105,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2025, respectively, while the Group's total cash and bank balances amounted to only approximately RMB7,221,000 as at 31 December 2025. In addition, the Group is liable for two unsettled loans owed by its former subsidiaries due to financial guarantee contracts with carrying amount of approximately RMB133,008,000 as at 31 December 2025 as set out in note 24 to the consolidated financial statements.

The above conditions cast significant doubt on the Group's ability to continue as a going concern, and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

Management Discussion and Analysis (Continued)

As detailed in note 2 to the consolidated financial statements, in view of the above circumstances, the directors of the Company have performed an assessment of the Group's ability to continue as a going concern. For the purposes of the going concern assessment, management has prepared a cash flow forecast of the Group, taking into account their plans and measures for future actions to improve the liquidity position of the Group. Certain key assumptions in relation to these plans and measures underlie the preparation of the cash flow forecast, including but not limited to the following:

- (i) Successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders of the Group to demand immediate repayment of the borrowings with principals and interests in default and those repayable on demand;
- (ii) Successfully developing into an artificial intelligence enabled health management platform covering the full cycle of "detection-treatment-rehabilitation";
- (iii) Successfully obtaining new sources of financing to repay overdue borrowings; and
- (iv) Successfully obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

On the basis of the above key assumptions underlying the preparation of the cash flow forecast, management has determined that it is appropriate to use the going concern basis of accounting in the preparation of the consolidated financial statements. However, as the eventual outcome of the plans and measures cannot be determined with certainty, there exists material uncertainty related to the conditions described above about the Group's ability to continue as a going concern.

Furthermore, the validity and appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements depends on the feasibility of the plans and measures referred to above and whether there is adequate support for the assumptions underlying the cash flow forecast. We have not been provided the supporting bases for the feasibility of the plans and measures and reasonableness of the assumptions, including the assumptions about the renewal and extension of the repayment dates of the overdue borrowings and borrowings that are repayable on demand, and obtaining waivers from complying with certain restrictive covenants contained in the loan agreements of certain borrowings. Hence we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves, and there were no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to support, that the above plans and measures are feasible in the circumstances and that their outcomes are likely to improve the Group's liquidity situation. As a result, we were unable to obtain sufficient appropriate evidence to conclude whether the Company's directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

Management Discussion and Analysis (Continued)

ACTION PLAN TO ADDRESS DISCLAIMER OPINION

The auditor of the Company did not express opinion on the consolidated financial statements of the Group for the year ended 31 December 2025 due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements.

In order to address the issues, up to the date of this report, the Group has taken and will continue to implement the following measures (the “**Measures**”) under the Group’s action plan to improve the Group’s liquidity position, including:

- (i) To actively negotiate debt arrangements with creditors: the Group constantly and actively negotiates with major lenders to renew and extend the repayment period of existing borrowings or convert borrowings into shares, especially for some overdue borrowings, and seeks waivers from certain restrictive covenants in the relevant loan agreements. At the same time, the Group continues to receive financial support from substantial shareholders to assist in resolving the pressure of debt repayment and strategic transformation during the transition period.
- (ii) To focus on and deepen core strategic transformation: the Group has clearly focused its development priority on gradually developing an AI-enabled Health Management Platform to cover the full cycle of “testing – treatment – rehabilitation/management”. Specifically, the platform architecture of the Group can be summarized into three levels: firstly, at the professional medical level, the Group mainly focuses on Teriparatide (Bogutai), basic osteoporosis drugs and bone pain management drugs, undertaking the functions of channel maintenance, hospital reach and operational buffer; secondly, at the medical technology level, by leveraging the artificial intelligence bone density and imaging equipment of the Kangyuan project as the core, the Group complements the front-end testing entrance of bone health scenarios; thirdly, at the rehabilitation/management interface level, based on the forward-looking integrated medical concept, the Group continues to focus on the overall health management direction, preserving strategic flexibility for the Group’s future scenario extension.
- (iii) To implement our structured financing strategy to reduce liabilities: the Group has successfully executed specific financing arrangements to directly reduce the debt burden. For example, in February 2025, a connected transaction was completed to offset loans owed to subscribers totaling approximately HK\$135.3 million through the issuance of new shares, thereby significantly reducing interest-bearing liabilities and improving the liquidity position.
- (iv) To seek new financing and strategic capital: the management of the Group continues to negotiate with external potential investors to identify new working capital financing or introduce strategic capital investments, so as to further consolidate our capital base and support business development and transformation plans.

As at the date of this report, none of the Measures has been completed. As the Measures involve ongoing negotiations and communications with various external parties, potential purchasers and creditors, it is difficult to define a definite timetable on the completion of the Measures under the action plan. Notwithstanding, the Board will strive to complete the Measures during the financial year ending 31 December 2026.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OPINION

The Audit Committee notes and attaches great importance to the Disclaimer of Opinion issued by Moore CPA Limited (the “**Auditor**”) on the consolidated financial statements for the year ended 31 December 2025. The Audit Committee concurs with the Auditor's view that, as at 31 December 2025, material uncertainty exists as to whether the Company can continue as a going concern, and that certain critical supporting documents (such as legally binding debt restructuring agreements and executed financing agreements) could not be provided in the form of signed legal documents prior to the date of the auditor's report. The Audit Committee fully respects the independent professional judgment of the Auditor.

Meanwhile, having conducted robust review and challenge, the Audit Committee also agrees with management's position that, as at the date of approval of the financial statements, the preparation of the consolidated financial statements on a going concern basis remains appropriate. The Audit Committee's agreement is based on its overall assessment of the feasibility of management's plans and measures (the “**Measures**”), rather than on the basis that all executed documentary evidence as required by the Auditor is already in place.

The Audit Committee's position is that, whilst it concurs with the Auditor's concerns regarding the lack of executed legal documents as at 31 December 2025, based on the information provided by management, historical records and the site visit, the Audit Committee considers that management's judgment to prepare the financial statements on a going concern basis is founded on a reasonable basis. The Audit Committee's role is to ensure that management's judgment is not accepted blindly but has been subject to appropriate challenge and review. The Audit Committee will continue to exercise oversight to ensure that management accelerates the execution of the Measures.

NEXT FINANCIAL STATEMENTS

Based on the Company's discussion with the auditor, as the disclaimer opinion relates to the Company's ability to continue as a going concern, in preparing the financial statements for the year ending 31 December 2026, the Board will be responsible for assessing the Company's ability to continue as a going concern and the appropriateness of preparing the Group's consolidated financial statements on a going concern basis with reference to the conditions and circumstances as at 31 December 2026. The Board will provide sufficient appropriate audit evidence to the auditor to assess the appropriateness of the Board's application of going concern basis in preparing the Group's consolidated financial statements, and based on the audit evidence obtained, the auditor will determine whether the audit evidence is sufficient and any uncertainties exist in relation to the Company's going concern issue.

The Board's assessment of the Company's ability to carry on as a going concern as at 31 December 2026 will take into consideration the relevant conditions and circumstances, and also a then cash flow forecast of the Group for a period covering not less than twelve months from the date of approval of the consolidated financial statement for the year ending 31 December 2026.

Because of the foregoing, as at the date of this report, the auditor is unable to confirm whether the disclaimer opinion will be removed for the annual results for the year ending 31 December 2026. However, assuming all the Measures are successfully implemented as planned, sufficient and appropriate audit evidence would be obtained by the auditor and the Board is satisfied that the Company can continue business as a going concern, barring any unforeseen circumstances, it is likely that the annual results for the year ending 31 December 2026 will be free of the disclaimer opinion.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ng Tit, aged 62, co-founder of the Group, has been the Chairman of the Board of Directors of the Company since 1995. Mr. Ng was appointed as the Company's executive Director on 1 March 2010, responsible for the overall strategic planning and management of the Group. He has extensive experience in the pharmaceutical industry, having been engaged in the pharmaceutical business for over 20 years. Prior to establishing the Group in 1995, Mr. Ng worked for a number of relevant organisations and enterprises. Mr. Ng is a member of Jiangsu Committee of the Chinese People's Political Consultative Conference ("CPPCC") of the PRC, deputy director of Jiangsu Committee of Hong Kong, Macau, Taiwan and Overseas (Foreign Affairs) of CPPCC, vice president of Overseas Friendship Association of Jiangsu Province, vice president of Federation of HK Jiangsu Community Organisations and Chairman of China Nation Culture Spread Ltd. (中華民族文化傳播有限公司). Mr. Ng obtained his bachelor degree from Guizhou University in 1986, and an Executive Master of Business Administration ("EMBA") from Fudan University (復旦大學) in 2007. He is the spouse of Ms. Chin Yu, who is an executive Director, and the brother-in-law of Dr. Qian Wei, who is a non-executive Director.

Ms. Ng Anna Ching Mei, aged 27 is the daughter of Mr. Ng and Ms. Chin, a executive Director and non-executive Director, co-founder of the Group and the substantial shareholder of the Company. She also is niece of Dr. Qian Wei, a non-executive Director. Ms. Ng graduated from MSc Healthcare at University College London. She has 3 years working experience on laboratory experimental research with professor in Medicine and Biological Information Engineering department of Northeastern University Shenyang China. Ms. Ng has published 2 journals on Chinese Academy of Sciences and declared the exclusive right by The China national patent office of these journals. Ms. Ng has ample experience in medicine and biological information engineering.

NON-EXECUTIVE DIRECTORS

Dr. Qian Wei, aged 69, was appointed as a non-executive Director of the Company on 1 March 2010. Dr. Qian is a fellow of American Institute for Medical and Biological Engineering. He also enrolled the Chinese 1000 Plan as an innovation expert. Dr. Qian previously served as a tenured full professor of Biomedical Engineering at the University of Texas, and as the part-time Dean of the Sino-Dutch Biomedical and Information Engineering School of Northeastern University. Dr. Qian was appointed as Allen Henry Endowed Chair Distinguished Professor of Electrical Engineering in the Engineering College at Florida Institute of Technology in 2009. He had previously been an associate professor of Department of Interdisciplinary Oncology at Moffitt Cancer Center, College of Medicine, University of South Florida from 2001 to 2007. Dr. Qian has been given the Stars Award of system research by University of Texas, US in 2008, Award for Outstanding Research Achievements by American Cancer Society in 2000. Dr. Qian received Martrin Silberg Cancer Research Award for outstanding achievements for two consecutive years in 1994 and 1995. He obtained his doctorate of Biomedical Engineering at Southeast University in 1990. He was a Postdoctoral Research Associate of University of Notre Dame in 1992 and of University of South Florida in 1994. Dr. Qian is the brother of Ms. Chin Yu, an executive Director and the brother-in-law of Mr. Ng Tit, the Chairman of the Group.

Ms. Chin Yu, aged 62, co-founder of the Group. Ms. Chin has been re-designated from non-executive Director to executive Director of the Company since 1 February 2015. Ms. Chin is responsible for the daily operations of NT Pharma (Hong Kong) Co., Ltd. Ms. Chin was appointed as non-executive Director on 1 March 2010. Prior to the establishment of the Group, Ms. Chin was an accounting professional. Ms. Chin worked in Bank of Communications from 1987 to 1993. Ms. Chin is the spouse of Mr. Ng Tit, the Chairman of the Board of Directors, and the sister of Dr. Qian Wei, a non-executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Tze Shan Hailson, aged 69, was appointed as an independent non-executive Director of the Company on 29 June 2017. He was graduated from the University of Calgary with a bachelor degree in Electrical Engineering in 1979, graduated from the University of Hong Kong with a master degree in Electrical Engineering in 1987, graduated from City University of Hong Kong with a master degree of law in Arbitration and Dispute Resolution in 1995 and completed the postgraduate diploma in Investment Management and postgraduate certificates in Hong Kong Laws and Traditional Chinese Medicine courses. Mr. Yu served as equipment maintenance and testing engineer, equipment maintenance and testing laboratory manager, computer engineering and system engineering manager of Ampex Ferrotec Limited (Hong Kong) successively from June 1979 to September 1987. Mr. Yu joined China International Trust and Investment Corporation Hong Kong (Holdings) Limited and served as general manager of engineering research and development department and consultant of Petroleum Development and LPG Tank Terminal Port successively from October 1987 to January 1998. Mr. Yu served as deputy managing director of Versitech Limited and deputy director of Technology Transfer Office of the University of Hong Kong from February 1998 to September 2022. He has been serving as director of Innovation and Entrepreneurship of Macau University of Science And Technology from February 2023 till now. Mr. Yu has been serving as an independent non-executive director of China Traditional Chinese Medicine Holdings Co. Limited (formerly known as Winteam Pharmaceutical Group Limited) (stock code: 570), since November 2013 and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (stock code: 2196) since June 2021, Mr. Yu was an independent non-executive director of Sinopharm Group Co. Ltd. (stock code: 1099) from September 2014 to September 2020. All are companies listed on the Stock Exchange of Hong Kong. Mr. Yu currently is a Chartered Engineer, fellow of each of the Institute of Electrical Engineers, Hong Kong Institution of Engineers, the Chartered Institute of Arbitrators and Hong Kong Institute of Arbitrators.

Dr. Zhao Yubiao, aged 55, was appointed as an independent non-executive Director of the Group on 31 December 2019. He obtained his doctorate degree in economics from Jilin University in June 2013. From June 1990 to April 1996, he served as the manager of accounting department and trading department of the securities business department of Jilin Trust Investment Company (Shanghai branch); from April 1996 to December 2000, he served as the general manager of the securities business department of Jilin Trust Investment Company (Hongshan Road branch, Shanghai); from December 2000 to December 2002, he served as the general manager of Shanghai Jinluda Investment Management Co., Ltd.; from December 2002 to May 2017, he served successively as the general manager, vice chairman and chairman of Tianzhi Fund Management Co., Ltd.; from May 2018 to June 2025, he has been serving as the assistant to the chairman of Zhejiang Nandu Power Supply Co., Ltd., the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300068); from May 2019 to present, he has been serving as an independent director of Huaфон Microfibre (Shanghai) Co., Ltd., the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300180). From June 2025 to present, he has been serving as the chairman of Hainan Xiaer Private Equity Fund Management Co., Ltd.

Biographical Details of Directors and Senior Management (Continued)

Mr. Ng Ming Kwan, aged 48, was appointed as an independent non-executive Director of the Group on 19 January 2023. He has over 20 years of experience in financial management, accounting and corporate finance. He obtained a Bachelor of Business Administration degree from Richard Ivey School of Business, University of Western Ontario in 2000. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a Chartered Professional Accountants of Canada and a Certified Management Accountants of Canada. Mr. Ng has been the chief financial officer of Dimmi Life Holdings Limited (formerly known as Milestone Builder Holdings Limited) (stock code: 1667), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since March 2021.

CHIEF EXECUTIVE OFFICER

Mr. Zhang Bozhi, aged 46, is an experienced professional in the pharmaceutical industry, with several years of experience that spans various roles from sales representative to national sales director. Mr. Zhang has held positions in several well-known pharmaceutical companies including Sanofi China Investment Co. Limited (賽諾菲安萬特(中國)投資有限公司) and Beijing Novartis Pharmaceuticals Co. Ltd (北京諾華製藥有限公司). Mr. Zhang joined the Group in 2016, serving as Sales Manager, Sales Director, and other roles, and from August 2020 to April 2025, Mr. Zhang worked at our Associate company serving as Sales Director. He has been appointed as the Chief Executive Officer since 19 May 2025.

COMPANY SECRETARY

Ms. Li Yifang, aged 36, holds a Master of Public Health (concentrated on Epidemiology and Biostatistics) from the University of Hong Kong, and a Master of Corporate Governance from the Open University of Hong Kong (now known as Hong Kong Metropolitan University). She is a member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, and was appointed as the company secretary on 25 November 2025. During the year ended 31 December 2025, Ms. Li Yifang, the company secretary, has undertaken not less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Save for the deviations disclosed in this report, during the Year under Review, the Company has complied with the principles and code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules, and has safeguarded shareholders' interests and enhanced corporate value and accountability by establishing formal and transparent procedures.

THE BOARD

The Board is responsible for achieving corporate goals, formulating development strategy, reviewing the organizational structure, monitoring business activities and performance of management and determining the policy for corporate governance of the Company so as to protect and maximize the interests of the Company and the shareholders as a whole. Matters relating to the daily operations of the Group are delegated to management. During the Year under Review, the Board considered and approved the annual budget and its performance under management supervision together with the business reports from management. The Board also reviewed and approved the final results for the year ended 31 December 2025 and other critical business operations. The Board also assessed the internal control and the financial matters of the Group.

BOARD COMPOSITION

During the Year under Review, the Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors:

Executive Directors

Mr. Ng Tit (*Chairman*)
Ms. Ng Anna Ching Mei

Non-executive Directors

Dr. Qian Wei
Ms. Chin Yu

Independent Non-executive Directors

Mr. Yu Tze Shan Hailson
Dr. Zhao Yubiao
Mr. Ng Ming Kwan

The members of the Board possess diverse and rich industry backgrounds with appropriate professional qualifications. Please refer to the section headed – “Biographical Details of Directors and Senior Management”. To the best knowledge of the Board, save as disclosed in the section headed “Biographical Details of Directors and Senior Management”, there is no financial, business, family or other material/relevant relationship among members of the Board. Board members are free to exercise their independent judgment.

Under code provision A.4.1 of the Code contained in Appendix C1 to the Listing Rules, non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Directors were appointed for a term of three years, subject to re-election when appropriate by the Company in general meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

With effect from 19 May 2025, the role of chief executive officer has been assumed by Mr. Zhang Bozhi and is no longer concurrently held by the Chairman, Mr. Ng Tit. Mr. Ng Tit serves as the Chairman of the Company, while Mr. Zhang Bozhi serves as the Chief Executive Officer of the Company. There is a division of responsibilities between the chairman and the chief executive officer, where the role of the chairman is to manage the Board, and the role of the chief executive officer is to manage the Company's business. Save as disclosed in the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material/relevant relationship between Mr. Ng Tit and Mr. Zhang Bozhi.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Year under Review, the Board included a sufficient number of independent non-executive Directors, at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Board has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination and Remuneration Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The Directors have a balanced mix of knowledge and skills, and the Board comprises four non-executive Directors and three independent non-executive Directors with different industry backgrounds.

Policy Statement

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the board level as an essential element in maintaining the Company's competitive advantage. The Company believes that greater diversity of directors is good for corporate governance and is committed:

- to attract and retain candidate(s) for the Board with a combination of competencies from the widest possible pool of available talent;
- to maintain a Board with diversity perspectives at all levels, in particular, those are aligning with the Company's strategy and objectives;
- to assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any;
- to ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered;

Corporate Governance Report (Continued)

- to set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions; and
- to ensure that changes to the Board's composition can be managed without undue disruption.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (A) at least one-third of the members of the Board shall be independent non-executive directors;
- (B) at least one of the members of the Board shall have obtained accounting or other professional qualifications;
- (C) at least 70% of the members of the Board shall have more than seven years of experience in the industry he/she is specialised in; and
- (D) at least two of the members of the Board shall have China-related work experience.

The Board is of the view that its diversity level is appropriate in terms of gender, age, cultural and educational background, professional experience, skills and knowledge of the Directors. Currently, the Board members possess diverse professional backgrounds such as the pharmaceutical industry, financial investment, biomedical engineering, and corporate management, which can effectively support the Group's strategic transformation and business development. However, the Board will continue to observe the Board Diversity Policy and consider potential candidates against the objectives set out in the Board Diversity Policy in order to achieve diversity on the Board.

The Company will continue to implement measures and steps to promote and enhance gender diversity at all levels.

As at 31 December 2025, the Board comprised seven Directors, of whom two were female, representing approximately 28.6% of the Board. The Company recognises the benefits of gender diversity at the Board level and will continue to ensure that the appointment and re-appointment of Directors are based on merit, having due regard to the overall balance of skills, experience and diversity of perspectives appropriate to the Company's business needs.

As at 31 December 2025, the senior management of the Company comprised two members, of whom one was female, representing 50% of the senior management team.

As at 31 December 2025, the Group had a total of 22 employees, of whom 6 were female, representing approximately 27.3% of the total workforce. The Group is an equal opportunity employer and does not discriminate on the grounds of gender, age, race or ethnicity in its recruitment and employment practices.

Corporate Governance Report (Continued)

Mechanism to Ensure Independent Views and Input

In compliance with Code Provision B.1.3 of the Corporate Governance Code, the Board has established the following mechanisms to ensure independent views and input are available to the Board and to safeguard their effectiveness:

- the Board comprises a sufficient number of independent non-executive Directors, at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules, and the Board has received an annual confirmation of independence from each independent non-executive Director pursuant to Rule 3.13 of the Listing Rules;
- independent non-executive Directors are encouraged to express their independent views and input freely at Board and committee meetings, and the Chairman ensures that sufficient time is allocated for discussion of each agenda item so that independent views can be fully aired;
- the Audit Committee, Remuneration Committee and Nomination Committee are chaired by independent non-executive Directors and comprise a majority of independent non-executive Directors, thereby ensuring independent oversight of financial reporting, remuneration and board nomination matters;
- the Nomination Committee reviews the independence of each independent non-executive Director annually and reports its findings to the Board; and
- the Board reviews the implementation and effectiveness of the above mechanisms annually.

During the Year under Review, the Board reviewed the above mechanisms and was satisfied that they had operated effectively.

Board Meetings

The Board holds meetings attended by all members on a quarterly basis.

Details of the attendance records of the Board members at the Board meetings during the Year under Review are as follows:

Name of Directors	Meeting attendance/ number of regular meetings	Attendance rate (%)
Executive Directors		
Mr. Ng Tit (<i>Chairman</i>)	4/4	100%
Ms. Ng Anna Ching Mei	4/4	100%
Non-Executive Directors		
Dr. Qian Wei	4/4	100%
Ms. Chin Yu	4/4	100%
Independent Non-Executive Directors		
Mr. Yu Tze Shan Hailson	4/4	100%
Dr. Zhao Yubiao	4/4	100%
Mr. Ng Ming Kwan	4/4	100%

Corporate Governance Report (Continued)

In addition to the above regular Board meetings during the year, the Board members will hold meetings when specific matters require the Board's decision. Directors are provided with the agenda and relevant details in advance before each Board meeting.

Continuous Training for Directors

For each newly appointed Director, he/she will be provided with an induction course so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

During the year ended 31 December 2025, the Company circulated materials relevant to the Director's duties and responsibilities to Directors and management of the Company for their reading and reference.

During the Year under Review, all Directors participated in continuous professional development through reading regulatory updates and, where applicable, attending external seminars/briefings. The CPD activities were undertaken in accordance with Code Provision B(i) of the Corporate Governance Code.

During the Year under Review, a summary of the reading record and attending external seminars/briefings of the Directors is as follows:

Name of Directors	Reading regulatory update	Attending external seminars/briefings
Executive Directors		
Mr. Ng Tit (<i>Chairman</i>)	✓	✓
Ms. Ng Anna Ching Mei	✓	✓
Non-executive Directors		
Dr. Qian Wei	✓	✓
Ms. Chin Yu	✓	✓
Independent Non-executive Directors		
Mr. Yu Tze Shan Hailson	✓	✓
Dr. Zhao Yubiao	✓	✓
Mr. Ng Ming Kwan	✓	✓

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After making specific enquiry to the Directors, it is confirmed that all Directors have complied with the standards as stipulated in the Model Code throughout the year ended 31 December 2025.

Board Committees

The Board has set up three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the “**Board Committees**”), for overseeing particular aspects of the Company's affairs.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

AUDIT COMMITTEE

The Board established the Audit Committee with written terms of reference in compliance with the Listing Rules. Currently, it is chaired by Mr. Ng Ming Kwan and comprises two other members, namely Mr. Yu Tze Shan Hailson and Dr. Zhao Yubiao, all of whom are independent non-executive Directors.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditors, review the financial statements, oversee and provide advice in respect of the financial reporting system, oversee the internal control procedures and perform the corporate governance duties of the Company.

The Audit Committee is responsible for performing the following corporate governance duties:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to Directors;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
5. to review the Company's compliance with Appendix C1 to the Listing Rules (Corporate Governance Code).

Corporate Governance Report (Continued)

During the year ended 31 December 2025, the Audit Committee held two meetings, reviewed the interim and annual financial statements of the Group, and discussed audit-related matters with the external auditor.

Name of Directors	Meeting attendance/ number of meetings	Attendance rate (%)
Mr. Ng Ming Kwan (<i>Chairman</i>)	2/2	100%
Mr. Yu Tze Shan Hailson	2/2	100%
Dr. Zhao Yubiao	2/2	100%

AUDITOR'S REMUNERATION

Details of the remuneration paid/payable to the Group's external auditor, Moore CPA Limited, for the year ended 31 December 2025 are set out below:

Nature of Services	Amount (HK\$'000)
Audit services	800
Non-audit services	610
Total	1,410

The equivalent amount of the audit fee accrued in the financial statements was approximately RMB712,000 (2024: RMB959,000). The Audit Committee has reviewed the nature and quantum of the non-audit services provided and is satisfied that such services do not compromise the independence and objectivity of the external auditor.

AUDITOR'S INDEPENDENCE ASSESSMENT

The Audit Committee has reviewed the independence and objectivity of the external auditor, Moore CPA Limited, and is satisfied with its independence. For the year ended 31 December 2025, the audit service fees paid by the Group to the external auditor amounted to HK\$800,000 (equivalent to approximately RMB712,000), and the non-audit service fees amounted to HK\$610,000. The Audit Committee has assessed the impact of the continuous appointment of the auditor on audit quality and independence, and considered the following factors:

- (i) the auditor has confirmed its independence from the Group;
- (ii) the stability of the audit team and its understanding of the Group's business;
- (iii) the quality of audit services and communication efficiency;
- (iv) the applicability of the auditor rotation policy.

The Audit Committee has also reviewed the nature and quantum of the non-audit services provided by the external auditor and is satisfied that such services would not compromise its independence and objectivity. The Audit Committee considers that the auditor maintains its independence and objectivity. The Audit Committee will continue to regularly assess the auditor rotation arrangement to ensure audit quality and independence.

REVIEW OF GOING CONCERN ASSESSMENT

In view of the disclaimer of opinion issued by the auditor on the Group's financial statements, the Audit Committee has strengthened its review of the going concern assessment. For the year ended 31 December 2025, the Audit Committee has:

- (i) reviewed the cash flow forecast prepared by the management covering the next twelve months from 31 December 2025;
- (ii) assessed the reasonableness and feasibility of the mitigation measures taken by the management, including negotiating with creditors to extend repayment periods, seeking new sources of financing, executing business transformation plans, etc.;
- (iii) discussed with the auditor the key assumptions of the going concern assessment, including revenue growth rates, cost control targets, financing arrangements, etc. during the forecast period;
- (iv) assessed whether the management's disclosure of material uncertainties is sufficient;
- (v) reported the review results to the Board and made recommendations.

The Audit Committee considers that the management has taken reasonable steps to assess the Group's ability to continue as a going concern and has formulated appropriate mitigation measures. However, the Audit Committee reminds shareholders and potential investors to note that there are material uncertainties in the outcomes of these measures, and the Group's ability to continue as a going concern depends on whether these measures can be successfully implemented.

REMUNERATION COMMITTEE

The Board established the Remuneration Committee with written terms of reference in compliance with the Listing Rules. Currently, Mr. Yu Tze Shan Hailson, an independent non-executive Director, is the chairman of the Remuneration Committee. Dr. Zhao Yubiao, an independent non-executive Director, and Mr. Ng Tit, an executive Director, are the other two members of the Remuneration Committee.

The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration package of Directors and senior management, as well as the retirement scheme and the performance assessment system and bonus and commission policies of the Company in accordance with the model under code provision E(d)(ii) of the CG Code.

Corporate Governance Report (Continued)

The remuneration of Directors is based on their skills, knowledge, performance of the Company, industry benchmarks and prevailing market conditions. No Director or senior management will be involved in any discussion in connection with his or her own remuneration. The Remuneration Committee may also consult with the chairman on its proposals relating to the remuneration of other executives and Directors and has access to professional advice if required. The main objective of the remuneration policy is to ensure that the Company is able to attract, retain and motivate a high caliber team which is essential to the success of the Company.

During the year ended 31 December 2025, the Remuneration Committee held one meeting.

Name of Directors	Meeting attendance/ number of meetings	Attendance rate (%)
Mr. Yu Tze Shan Hailson (<i>Chairman</i>)	1/1	100%
Mr. Ng Tit	1/1	100%
Dr. Zhao Yubiao	1/1	100%

During the Year under Review, the Remuneration Committee has reviewed the remuneration policy and structure of the executive Directors and senior management of the Company, and offered advice on the same to the Board.

NOMINATION COMMITTEE

The Board established the Nomination Committee with written terms of reference in compliance with the Listing Rules. Currently, it is chaired by Mr. Ng Tit, an executive Director, and comprises two other members, namely Dr. Zhao Yubiao and Mr. Yu Tze Shan Hailson, both of whom are independent non-executive Directors.

The primary functions of the Nomination Committee is to make recommendations to the Board regarding candidates to fill vacancies on the Board. The duties of the Nomination Committee also include reviewing the structure, number and composition of the Board; submitting proposals to the Board on the appointment of the chief executive officer and director; reviewing the independence of the independent non-executive Directors and submitting proposals to the Board. The authority and duties of the Nomination Committee are clearly set out in its terms of reference.

During the year ended 31 December 2025, the Nomination Committee held one meeting.

Name of Directors	Meeting attendance/ number of meetings	Attendance rate (%)
Mr. Ng Tit (<i>Chairman</i>)	1/1	100%
Mr. Yu Tze Shan Hailson	1/1	100%
Dr. Zhao Yubiao	1/1	100%

Corporate Governance Report (Continued)

During the Year under Review, the Nomination Committee has reviewed the structure, size and diversity (including the skills, knowledge, experience, gender, cultural and educational background) of the Board, considered the proposed appointment of director, conducted performance evaluations to assess whether the non-executive Directors have spent enough time in fulfilling their duties, assessed the independence of independent non-executive Directors, and kept under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace.

NOMINATION POLICY

A “Nomination Policy” for Directors was formally adopted and the nomination procedures, process and criteria to select and recommend candidates for directorship was set out in the Nomination Committee’s terms of reference. The Nomination Policy applies to the directors of the Company and where applicable, senior management prepared for Board positions under the succession planning of the Company.

The Nomination Policy aims to (i) set out the criteria and process in the nomination and appointment of directors of the Company; (ii) ensure that the Board of the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and (iii) ensure the Board continuity and appropriate leadership at board level.

REMUNERATION OF SENIOR MANAGEMENT

The annual remuneration of the members of senior management (excluding the Directors) of the Group for the year ended 31 December 2025 by band is set out below:

Annual remuneration band (RMB)	Number of individuals
Nil to RMB1,000,000	2

RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control and Risk Management

According to code provision H(d) of the CG Code, the Company should have an internal audit function. The Group does not have an internal audit function as, During the year 2025, the Board, through the Audit Committee, reviewed the effectiveness of the Group’s risk management and internal control system covering all material controls and risk management functions. The review is conducted annually in accordance with the requirement of the Code. In accordance with the Code requirements, the Audit Committee also reviewed and was satisfied with the adequacy of resources, qualifications and experience of staff of the Group’s accounting and financial reporting function, and their training programmes and budget for the year ended 31 December 2025. Therefore, the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group’s business. The situation will be reviewed from time to time.

Following the non-compliance incidents relating to past connected transactions, the Company has reviewed and enhanced its internal reporting and approval system. The following measures have been adopted and implemented:

- (a) Remediation working group – A dedicated working group was established in December 2025, comprising the chief executive officer, the company secretary and the head of the finance department, to oversee the implementation of remedial actions on an ongoing basis;

Corporate Governance Report (Continued)

- (b) Mandatory training – The Company will implement at least one mandatory training each year on the identification, assessment and handling of notifiable and connected transactions under Chapters 14 and 14A of the Listing Rules, covering Directors, senior management, accounting staff and operational staff. The first training was conducted by the Company’s external legal adviser on 5 January 2026;
- (c) Internal reporting and approval protocol – An internal reporting and approval system protocol was adopted in January 2026 to strengthen controls on material transactions, including:
 - (i) enhancing coordination and mandatory reporting procedures among the compliance, finance, legal, and business departments;
 - (ii) ensuring consultation with external legal advisers before entering into binding agreements where potential notifiable and/or connected transactions or Chapter 13 disclosure obligations may be involved;
 - (iii) properly documenting and retaining key steps and internal approvals; and
 - (iv) conducting periodic reviews on a half-yearly basis.
- (d) Board documentation protocol – The Company has established a protocol for: (i) preparation and circulation of first draft minutes within two working days after each Board meeting; (ii) finalisation of minutes within five working days; and (iii) online storage of board papers, finalised minutes, voting records and supporting materials in a dedicated repository maintained by the company secretarial department;
- (e) External legal adviser – The Company has formally appointed an external legal adviser to assist in reviewing potential transactions, advising on compliance with disclosure and approval requirements, and providing ongoing trainings to the Group; and
- (f) Independent internal control consultant – The Company has appointed an independent internal control consultant to conduct an internal control review of the Group’s internal control policies and procedures, with particular emphasis on those relating to notifiable transactions and connected transactions under the Listing Rules. It is planned that the review will commence on April 2026, with initial suggestions from the internal control consultant within one month upon commencement. The internal control consultant will then conduct a second review by June 2026 to make sure that all proposed internal control policies have been adopted.

Whistleblowing Policy and System

The Company has established a whistleblowing policy and system that enables employees to report serious concerns regarding suspected fraud, corruption, malpractice, misconduct or irregularity directly to the internal audit department for the Group. Reported cases will be investigated confidentially and promptly, with the results of investigations reported to the Audit Committee. The policy ensures appropriate protection against retaliation for whistleblowers. During the year ended 31 December 2025, no material incident was reported through the whistleblowing channel.

Anti-Corruption Policy and System

The Company has adopted an anti-corruption policy which provides guidelines on standards of conduct to uphold the integrity of the Group. It draws on principles from the UN Global Compact, the UN Convention Against Corruption, the World Economic Forum's Partnering Against Corruption Initiative, and the Transparency International's Business Principles for Countering Bribery to establish a strong tone at the top regarding anti-corruption commitment and relevant reporting channels. All employees of the Group are required to confirm annually that they have read and agreed to be bound by the policy. During the year ended 31 December 2025, the Group conducted anti-corruption training for all 7 Directors (21 hours in aggregate) and all employees (100% coverage, average 2 hours per employee). No concluded corruption litigation case was filed against the Group or its employees, and the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering.

COMMUNICATION WITH SHAREHOLDERS

The Company believes that the annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Group's performance.

Separate resolutions are proposed for each substantially separate issue at the annual general meeting. In accordance with the Listing Rules, voting by poll is mandatory at all general meetings except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedure or administrative matter to be voted on by a show of hands. The poll results are posted on the websites of the Stock Exchange and the Company respectively on the same day of the general meeting.

The Company has reviewed the Shareholders' communication policy and believes that the Company has provided investors with multiple channels for investors to understand the Group's business and operations, as well as channels for investors to express their opinions and comments. The Company also actively responded to the feedback from investors. Based on this, the Company believes that the Shareholders' communication policy implemented during the Year is sufficient and effective.

The annual general meeting of the Company will be held on 4 June 2026. At the meeting, shareholders are invited to ask questions to the Board regarding the business and performance of the Group.

Corporate Governance Report (Continued)

During the Year under Review, an annual general meeting of the Company was held on 4 June 2025, and the attendance record of the Directors is set out below:

Name of Directors	Meeting attendance/ number of meetings
Executive Directors	
Mr. Ng Tit (<i>Chairman</i>)	1/1
Ms. Ng Anna Ching Mei	1/1
Non-executive Directors	
Dr. Qian Wei	1/1
Ms. Chin Yu	1/1
Independent Non-executive Directors	
Mr. Yu Tze Shan Hailson	1/1
Dr. Zhao Yubiao	1/1
Mr. Ng Ming Kwan	1/1

FAIR DISCLOSURE

The Company uses its best endeavors to distribute material information about the Group to all interested parties as timely as possible. Information about the Group can be found on the Company's website including descriptions of each business and the interim and annual reports of the Company.

FINANCIAL REPORTING

The Directors of the Company acknowledge their responsibility for preparing the financial statements which give a true and fair view of the Group's affairs and of its results and cash flows for the year 2025 in accordance with Hong Kong Financial Reporting Standards, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. The Directors of the Company endeavor to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting. Accordingly, appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable.

DIVIDEND POLICY

On 24 January 2019, the Board has approved and adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements, future business growth and its shareholding value subject to the applicable laws and the articles of association of the Company.

Given that the Company had negative distributable reserves as at 31 December 2025, the Board does not recommend the payment of any dividend for the year 2025. The Board will reassess the dividend policy after the debt restructuring is completed and the business transformation generates its sustainable profitability. To enhance long-term shareholder returns, the Company currently focuses on executing the debt restructuring plan to resolve going concern uncertainties and restore its financial health.

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting and Putting Forward Proposals at Shareholders' Meetings

Pursuant to the articles of association of the Company, general meetings shall be convened on the written requisition of any one or more members of the Company to the Directors or secretary of the Company deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Such meeting shall be held within two months after the deposit of such requisition. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves may convene the general meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

If a member, who is entitled to attend and vote at the relevant general meeting, wishes to nominate a person (not being the nominating member) to stand for election as a Director, he or she should lodge at the principal place of business of the Company in Hong Kong or at the registered office of the Company notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his or her willingness to be so elected and including such person's biographical details and written consent to the publication of his/her personal data. The minimum length of period, during which such notice(s) are given, shall be at least seven days and that (if the notice(s) are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior the date of such general meeting.

ENQUIRIES TO THE BOARD

Enquiries may be put to the Board through the Company's principal place of business in Hong Kong at Unit 2102, 21/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong (Email: investorrelations@ntpharma.com).

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025 and up to the date of this report, there had not been any change in the Constitution of the Company. The Constitution of the Company is available on the websites of the Company and the SEHK.

DIRECTORS' AND SENIOR OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance to indemnify the Directors and senior officers for their liabilities arising out of corporate activities. For the year ended 31 December 2025, no claim has been made against the Directors and senior officers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT REPORTING PERIOD

This Report covers the environmental, social and governance (“**ESG**”) performance of China NT Pharma Group Company Limited (the “**Company**”, “**NT Pharma**” or “**we**”) and its subsidiaries (collectively the “**Group**”) for the financial year from 1 January 2025 to 31 December 2025 (“**2025**”, “**Year**”, “**Reporting Period**”).

SCOPE OF THE REPORT

This Report covers the Hong Kong headquarters, Beijing office and Hainan office. As the Group completed the acquisition of 58.11% equity interest in Zhejiang Kangyuan Medical Devices Co., Ltd. (“**Kangyuan Medical**”) in March 2026, which was completed after the end of the Reporting Period, the environmental and social data of Kangyuan Medical has not been included in the statistics for the Year and will be incorporated into the reporting scope from 2026 onwards.

REPORTING FRAMEWORK

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and with reference to the climate-related disclosure requirements of the International Sustainability Standards Board (ISSB) International Financial Reporting Standard S2 – Climate-related Disclosures (IFRS S2). This Report complies with the “comply or explain” provisions under the ESG Guide and adopts the following reporting principles:

- **Materiality:** Material issues are identified through stakeholder engagement and materiality assessment, and reviewed and confirmed by the Board
- **Quantification:** Calculation standards, methods and sources of conversion factors are provided for environmental key performance indicators (“**KPIs**”)
- **Balance:** Performance is disclosed objectively and fairly, including both positive and negative data
- **Consistency:** Unless otherwise stated, statistical methods are consistent with 2024 to ensure comparability

THE BOARD STATEMENT

The Board has overall responsibility for overseeing the Group’s ESG matters, confirming its overall responsibility for ESG strategy, target setting, risk management and report disclosure. During the Year, the Board has reviewed and approved this Report to ensure the accuracy and completeness of the information contained therein.

Environmental, Social and Governance Report (Continued)

1. ESG GOVERNANCE STRUCTURE

1.1 Governance Structure

The Group has established a three-tier ESG governance structure:

Level	Responsibilities
The Board	Formulate ESG strategic direction, approve annual targets, review quarterly ESG risk reports, oversee climate-related financial disclosures, ensure compliance
ESG Working Group	Comprising core members from various departments, responsible for collecting and analysing ESG data, compiling reports, monitoring performance, reporting to the Board twice a year
Department Heads	Implement ESG policies, provide departmental data, implement energy-saving and emission reduction measures, organise staff training

1.2 Board Diversity

The Group has formulated a Board diversity policy with the following targets:

- 2027 Target: Maintain female directors at least 25%
- 2030 Target: Achieve at least 30% female directors
- Overall Gender Balance: Maintain female ratio at 40–60%

As at 31 December 2025, the Board comprises 7 directors, including 2 executive directors, 2 non-executive directors and 3 independent non-executive directors. There are 2 female directors (representing 28.57%), and independent non-executive directors account for 42.86%.

2. STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

2.1 Stakeholder Communication

The Group maintains communication with key stakeholders through the following channels:

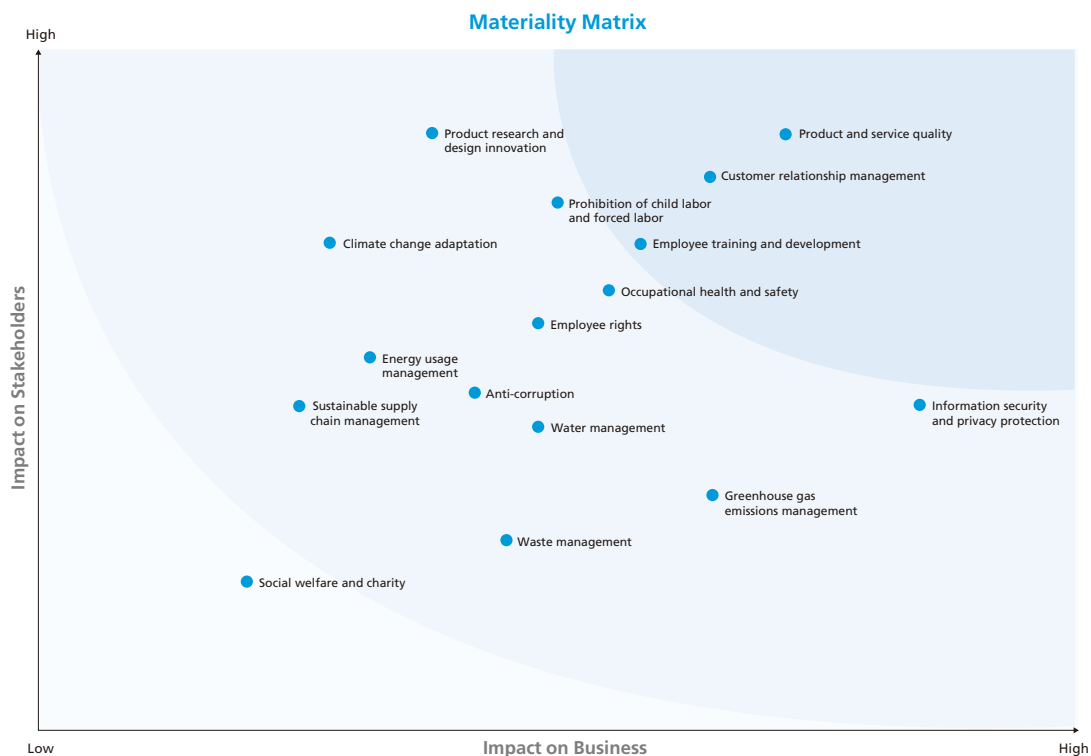
Stakeholder	Major Concerns	Communication Channels
Investors and Shareholders	Business performance, corporate governance, integrity and compliance	Financial reports, general meetings, press releases, official website
Government and Regulators	Compliance with laws and regulations, health and safety, environmental protection	Circulars, email newsletters, site visits
Employees	Career development, compensation and benefits, occupational health and safety	Performance evaluations, training programmes, internal emails
Customers	Product and service quality, customer privacy protection	Customer service hotline, email, instant messaging
Suppliers	Fair and open competition, responsible supply chain management	Qualification audits, site visits, email newsletters
Community and NGOs	Community involvement, environmental awareness, business ethics	Public discussions, social welfare activities, ESG Report

2.2 Materiality Matrix

The Group identifies important ESG issues with reference to the business development strategy, industry practices and the results of critical areas assessment in previous years, and compiles questionnaires. Through the feedback of the questionnaires, the Group's stakeholders and management and staff of the key functions of the Group assist in reviewing the operations, identifying the relevant ESG issues and assessing their significance to the Group's business and stakeholders.

Environmental, Social and Governance Report (Continued)

A “material issue” in this Report is one that is likely to have a significant impact on the Group’s business operations or to have a practical effect on stakeholders. The Group has analysed the findings and presented them in a materiality matrix. The results of the materiality assessment are ultimately reviewed by the Board and the senior management to ensure that they are appropriate to the nature of the Group’s business and their overall representativeness. It will be used as an important reference for future strategy formulation, target setting and continuous disclosure. During the Reporting Period, the Group’s material environmental, social and governance issues matrix is as follows:



Based on the 2025 business transformation (from traditional pharmaceuticals to AI health management platform), the Group has identified the following material ESG issues:

Highly Material Issues: Product research and design innovation, product and service quality, prohibition of child labour and forced labour, intellectual property protection, employee training and development, information security and privacy protection

Moderately Material Issues: Climate change risk, energy usage management, employee rights, anti-corruption, supply chain management

General Material Issues: Waste management, water resources management, social welfare and charity

3. ENVIRONMENTAL ASPECTS (A1–A4)

3.1 Emissions Management (A1)

Air Emissions

The Group's business is mainly office operations, and emissions mainly come from vehicle usage. In 2025, due to business resumption and the addition of vehicle usage at the Beijing office, petrol consumption increased significantly.

Emission Type	unit	2025	2024
Nitrogen oxides (NOx)	kg	6.15	1.09
Sulphur oxides (SOx)	kg	0.11	0.02
Particulate Matter (PM)	kg	0.45	0.08

Greenhouse Gas (GHG) Emissions

During the Year, the Group disclosed Scope 3 emissions for the first time in accordance with the new requirements of the Stock Exchange effective in 2025.

Emission Category	unit	2025	2024
Scope 1: Direct emissions	tCO ₂ e	22.01	3.90
Scope 2: Indirect emissions (purchased electricity)	tCO ₂ e	8.77	4.29
Scope 3: Other indirect emissions	tCO ₂ e	44.34	Not counted
Total GHG emissions	tCO ₂ e	75.12	8.19
Intensity (by revenue)	tCO ₂ e/million RMB revenue	3.11	0.23
Intensity (by employee)	tCO ₂ e/employee	3.42	0.37
Intensity (by area)	tCO ₂ e/sq.m	0.33	0.04

Remarks:

- Scope 1 emissions for the Year (22.01 tCO₂e) increased by 464% compared to 2024 (3.90 tCO₂e). The main drivers include: in 2024, the Group adopted an agency sales model where sales staff relied on agents' transportation for business development, with limited vehicle usage by the Group. In 2025, to support the "AI Health Management Platform" strategy, the Group established its own professional sales team, adding vehicle usage, resulting in petrol consumption increasing from 14.20 MWh to 319.79 MWh.
- Although total emissions increased, considering that 2025 revenue of RMB24.158 million (down 36.4% year-on-year) was mainly due to the decline in traditional business revenue during the business transformation period, while AI medical and equipment business was still in the investment phase, emission intensity (3.11 tCO₂e/million revenue) temporarily increased.
- The 2024 Scope 2 emission data was abnormally low because during the renovation period of the Hong Kong headquarters from July to November, electricity consumption was included in the rental charges and could not be separately measured, making the data not fully comparable with 2025.

Environmental, Social and Governance Report (Continued)

Waste Management

Hazardous waste

As the Group's business is limited to office operations, no hazardous waste was generated during the Reporting Period (2025: 0 tonnes). The Group has established internal guidelines requiring that any hazardous waste, if generated in the future, must be handled by licensed professional disposal contractors or qualified chemical waste collectors in strict compliance with the Waste Disposal Ordinance of Hong Kong and applicable PRC environmental laws.

Non-hazardous waste

During the Reporting Period, the Group generated 0.965 tonnes of non-hazardous waste, consisting solely of office paper.

Handling, reduction initiatives and results achieved

The Group applies the "4R" principles (Reduce, Reuse, Recycle, Replace) to minimise waste generation. Key initiatives implemented during the Year included:

rolling out paperless office procedures and encouraging double-sided printing;

placing designated waste paper recycling bins in all offices;

replacing disposable utensils with reusable alternatives; and

conducting regular staff awareness briefings on green office practices.

These measures resulted in office paper consumption decreasing to 0.965 tonnes in 2025 (2024: 1.03 tonnes), representing a year-on-year reduction of approximately 6.3%.

Scope 3 Emissions Breakdown:

Category	Emission Source	tCO ₂ e
Business travel (air)	Domestic and international flights	26.66
Business travel (rail)	High-speed/EMU trains	3.52
Business hotel accommodation	Travel accommodation	7.88
Employee commuting	Commuting transportation	4.00
Purchased paper	Office paper	1.45
Purchased office equipment	Electronic equipment procurement	0.50
Total Scope 3		44.34

Emission Reduction Targets and Measures:

Short-term Targets (2026–2028):

- Reduce Scope 1 and Scope 2 emission intensity by 15% from the 2025 baseline
- Gradually replace petrol vehicles with electric vehicles (Target: 50% replacement by 2028)
- Prioritise low-carbon suppliers

Long-term Targets (before 2050):

- Achieve net zero emissions for Scope 1 and 2
- Reduce Scope 3 emissions by 30% from the 2025 baseline

Emission Reduction Measures for the Year:

- Implemented paperless office operations, reducing office paper consumption to 0.965 tonnes (2024: 1.03 tonnes)
- Optimised video conferencing system to reduce unnecessary business travel
- Regularly inspected and maintained vehicles to ensure fuel efficiency

3.2 Use of Resources (A2)

Energy Consumption

Indicator	unit	2025	2024
Direct energy consumption			
Petrol	MWh	319.79	14.20
Indirect energy consumption			
Purchased electricity	MWh	13.21	8.00
Renewable energy	MWh	0	0
Non-renewable energy	MWh	333.00	22.20
Total energy consumption	MWh	333.00	22.20
Energy intensity (by revenue)	MWh/million RMB revenue	13.78	0.63
Energy intensity (by employee)	MWh/employee	15.14	1.01

Remark: The significant increase in energy consumption reflects the normal operational requirements after business resumption, particularly the increased transportation and office needs due to the expansion of AI medical equipment business.

Water Management

As the Group only operates offices, water consumption is included in the leasing charges and cannot be separately measured. During the Year, the regions where the offices are located (Hong Kong, Beijing) are not high water stress areas, and no difficulties were encountered in obtaining suitable water sources. We have implemented water conservation measures, including regular inspection of water supply facilities and posting water conservation slogans.

Packaging Materials

The Group's business does not involve manufacturing, and no packaging materials are used. Therefore, this indicator is not applicable.

Environmental, Social and Governance Report (Continued)

3.3 The Environment and Natural Resources (A3)

The Group's core business is pharmaceutical distribution and medical services, not manufacturing, with limited impact on the environment and natural resources. The offices are located in commercial areas, not involving ecologically sensitive areas, and have no significant impact on biodiversity.

3.4 Climate Change (A4)

Climate Risk Identification and Assessment (in compliance with IFRS S2)

The Group has conducted climate scenario analysis (1.5°C and 2°C warming scenarios) and identified the following material climate-related risks:

Risk Category	Risk Description	Potential Financial Impact	Mitigation Measures	Timeframe
Physical Risk – Acute	Extreme weather such as typhoons and heavy rain causing office operation disruption	Business interruption losses, equipment damage	Develop business continuity plan, purchase property insurance	Short-term (0–2 years)
Physical Risk – Chronic	Sustained high temperatures leading to increased air conditioning energy consumption	Rising operating costs	Upgrade energy-efficient AC systems, optimise office hours	Medium-term (3–10 years)
Transition Risk – Policy	Stricter environmental regulations and carbon pricing mechanisms	Increased compliance costs	Advance low-carbon transformation, monitor policy changes	Medium to long-term
Transition Risk – Market	Customers and investors shifting preferences to low-carbon products	Market share risk	Strengthen ESG disclosure, develop green medical products	Medium-term
Transition Risk – Reputation	Failure to deliver on climate commitments leading to reputational damage	Increased financing costs	Set science-based carbon targets, transparently disclose progress	Short to medium-term

Climate-related Opportunities:

- Develop AI-assisted energy-saving medical equipment
- Expand telemedicine services to reduce patient transportation emissions
- Bone health management and climate adaptation (growing health needs of aging population)

Transition Plan:

- **2026–2028:** Complete carbon footprint baseline assessment, develop net zero roadmap
- **2029–2035:** Gradually phase out petrol vehicle fleet, 100% renewable energy for offices
- **2036–2050:** Achieve net zero emissions across the entire value chain

4. SOCIAL ASPECTS (B1–B8)

4.1 Employment (B1)

Employee Overview

As at 31 December 2025, the Group had a total of 22 employees (2024: 22), all of whom were full-time employees.

Category	2025	2024
Total employees	22	22
Hong Kong	8	7
Beijing	14	15
Gender distribution		
Male	16	14
Female	6	8
Age distribution		
18–30	1	2
31–40	12	12
41–50	8	3
51 and above	1	5
Rank distribution		
Executive Directors/Senior Management	14	14
Managers	7	7
General staff	1	1

Remark: Changes in employee structure in 2025 reflect personnel adjustments during the business resumption and transformation period.

Environmental, Social and Governance Report (Continued)

Employee Turnover Rate

Category	2025	2024
Overall employee turnover rate	27.3%	9.09%
By gender		
Male	18.75%	14.29%
Female	50.0%	0%
By region		
Hong Kong	37.5%	14.29%
Beijing	21.4%	6.67%
By age group		
18–30	0%	0%
31–40	33.3%	8%
41–50	12.5%	33%
51 and above	100%	0%

Diversity Policy

The Group is committed to providing an equal and inclusive working environment, eliminating all discrimination based on race, religion, nationality, social status and gender. We have formulated Board and management diversity policies, setting a target of achieving at least 30% female directors by 2030.

4.2 Health and Safety (B2)

The Group adheres to the policy of “Safety First, Prevention First, Comprehensive Management” and strictly complies with the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases and other regulations.

Category	2025	2024	2023
Work-related fatalities	0	0	0
Rate of work-related fatalities	0%	0%	0%
Lost days due to work injury	0	0	0
Occupational disease cases	0	0	0

Remark: No workplace safety accidents or occupational disease cases occurred during the Year. We have formulated the Fire Services and Open Flame Management Regulations, conduct regular fire safety training, and ensure that employees master fire alarm response and evacuation procedures.

4.3 Development and Training (B3)

During the Year, as the Group’s business transformed from traditional pharmaceutical distribution to the “AI Health Management Platform” strategy, the employee training system was comprehensively upgraded, with a focus on strengthening AI medical technology application and new business scenario capability building:

Indicator	2025	2024
Percentage of staff trained	68.18%	31.82%
By gender		
Male	62.50%	35.71%
Female	83.33%	25.0%
By rank		
Managers	100%	87.5%
Average training hours (all staff)	12.5 hours	4.77 hours
Male	11.2 hours	5.36 hours
Female	15.8 hours	3.75 hours
Managers	28.0 hours	13.13 hours

Enhanced Training Content:

- AI Medical Technology Training: Covering AI-assisted diagnostic system operation, medical big data analysis, smart device application scenarios
- New Business Development Training: Kangyuan Medical product line knowledge, self-built sales team management, direct sales customer development
- Compliance and Risk Management: Medical equipment regulatory regulations, data privacy protection
- Management Capability Enhancement: Cross-departmental collaboration, project management

Note: The significant increase in training investment reflects the talent capability building needs during the business transformation period, building capabilities for full operation after Kangyuan Medical's consolidation in 2026.

Environmental, Social and Governance Report (Continued)

4.4 Labour Standards (B4)

The Group strictly complies with the Labour Law of the People's Republic of China and the Provisions on the Prohibition of Child Labour, implementing ID, age and academic qualification verification during the recruitment process to ensure no child labour or forced labour. Should any instance of child labour or forced labour be discovered, the Group will immediately terminate the relevant employment or business relationship, report to the competent authorities in accordance with applicable laws and regulations, and take all necessary measures to safeguard the legitimate rights and interests of the affected individuals. In respect of the supply chain, any supplier found to be in violation will be subject to immediate suspension of cooperation and will only be reinstated upon satisfactory rectification and compliance verification.

Indicator	2025	2024
Child labour incidents	0	0
Forced labour incidents	0	0

4.5 Supply Chain Management (B5)

Supplier Distribution

Region	2025	2024
Hong Kong	1	1
Mainland China	1	1
Total	2	2

Supplier ESG Risk Assessment

The Group has established a supplier environmental and social risk assessment mechanism, integrating ESG factors into the full lifecycle management:

Assessment Stage	ESG Assessment Content	Risk Rating	Management Measures
Admission assessment	Environmental compliance certificate, labour rights policy, anti-corruption system	High/Medium/Low	High-risk suppliers not admitted
Annual review	Carbon emission data disclosure, employee injury rate, diversity policy	High/Medium/Low	Medium-risk suppliers required to rectify within deadline
On-site audit	Workplace safety, waste disposal, child labour screening	Compliant/ Non-compliant	Non-compliant suppliers suspended from cooperation

During the Year, the Group conducted ESG risk assessments on 2 key suppliers (100% coverage) and found no material violations.

Green Procurement Policy

Prioritise local suppliers to reduce transportation carbon emissions, and prioritise procurement of environmentally certified products and energy-saving equipment.

4.6 Product Responsibility (B6)

The Group strictly complies with the Drug Administration Law of the People's Republic of China and other regulations to ensure product quality and safety.

Indicator	2025	2024
Percentage of products recalled for safety and health reasons	0%	0%
Number of product and service complaints received	0	0
Intellectual property infringement incidents	0	0
Customer privacy breach incidents	0	0

Quality Management System

- Established Drug Safety Monitoring Office, headed by the quality authorised person
- Formulated Quality Control System for Adverse Drug Reaction Reporting and Monitoring
- Implemented Product Recall Management Procedures and Corrective and Preventive Action Management Procedures

Intellectual Property Protection

Professional third-party companies have been appointed to assist in managing intellectual property, establishing trademark monitoring and infringement response mechanisms.

4.7 Anti-Corruption (B7)

The Group adheres to business ethics and corporate governance standards of integrity, law-abiding, compliance, sunshine and transparency, and strictly complies with the Criminal Law of the People's Republic of China, the Prevention of Bribery Ordinance of Hong Kong and other regulations.

Indicator	2025	2024
Concluded corruption litigation cases	0	0
Ongoing corruption investigations	0	0
Employees dismissed due to corruption	0	0
Confirmed conflicts of interest involving improper financial benefits	0	0

Environmental, Social and Governance Report (Continued)

Anti-Corruption Training

Category	2025
Number of directors receiving anti-corruption training	7
Anti-corruption training hours for directors	21 hours
Employee anti-corruption training coverage	100%
Average anti-corruption training hours per employee	2 hours

Whistleblower Protection Mechanism

Anonymous reporting channels (hotline and dedicated mailbox) have been established to ensure confidentiality of whistleblower identity and protection against retaliation. Management investigates and handles all reports promptly.

4.8 Community Investment (B8)

The Group attaches importance in contributing to the community, improving community through the devotion of time, energy and resources, offering assistance to poor people or disadvantaged groups, and improving the living conditions of the community. Looking ahead, the Group will continue to identify new opportunities for the promotion of sustainable development through business operations, strengthen participation in the community, and foster a culture of dedication within the community.

APPLICABLE LAWS AND REGULATIONS AND COMPLIANCE STATEMENT

The Group's compliance status in each ESG aspect during the Year is as follows:

Aspect	Applicable Laws and Regulations	Compliance Statement
A1: Emissions	Air Pollution Prevention and Control Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Air Pollution Control Ordinance of Hong Kong, Waste Disposal Ordinance of Hong Kong, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to exhaust gas and greenhouse gas emissions, sewage discharge and waste management that would have a significant impact on the Group.
A2: Use of Resources	Energy Conservation Law of the PRC, Environmental Protection Law of the PRC, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to energy use that would have a significant impact on the Group.
A3: Environment and Natural Resources	Environmental Protection Law of the PRC, Wildlife Protection Law of the PRC, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to the environment and natural resources that would have a significant impact on the Group.
A4: Climate Change	Interim Regulations on Carbon Emission Trading Administration, Hong Kong Climate Action Blueprint 2050, IFRS S2, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to climate change that would have a significant impact on the Group. The Group has conducted climate-related disclosures in accordance with IFRS S2.

Environmental, Social and Governance Report (Continued)

Aspect	Applicable Laws and Regulations	Compliance Statement
B1: Employment	Labour Law of the PRC, Employment Ordinance of Hong Kong, Sex Discrimination Ordinance of Hong Kong, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits that would have a significant impact on the Group.
B2: Health and Safety	Work Safety Law of the PRC, Law on Prevention and Control of Occupational Diseases of the PRC, Occupational Safety and Health Ordinance of Hong Kong, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group, and no work-related fatalities or occupational disease cases occurred.
B3: Development and Training	Vocational Education Law of the PRC, Labour Law of the PRC, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to training and development that would have a significant impact on the Group.
B4: Labour Standards	Provisions on the Prohibition of Child Labour, Law of the PRC on the Protection of Minors, Employment of Children Regulations of Hong Kong, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to the prevention of child or forced labour that would have a significant impact on the Group, and no child labour or forced labour incidents occurred.

Environmental, Social and Governance Report (Continued)

Aspect	Applicable Laws and Regulations	Compliance Statement
B5: Supply Chain Management	Civil Code of the PRC, Bidding Law of the PRC, etc.	During the Year, the Group was not aware of any material supply chain management-related legal violations that would have a significant impact on the Group.
B6: Product Responsibility	Drug Administration Law of the PRC, Product Quality Law of the PRC, Personal Information Protection Law of the PRC, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety of products and services, advertising, labelling and privacy matters that would have a significant impact on the Group, and no product recalls, major complaints or intellectual property infringement incidents occurred.
B7: Anti-Corruption	Criminal Law of the PRC, Anti-Money Laundering Law of the PRC, Prevention of Bribery Ordinance of Hong Kong, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group, and no corruption litigation cases were filed against the Group or its employees.
B8: Community Investment	Law of the PRC on Donations for Public Welfare, Charity Law of the PRC, etc.	During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to community investment and charitable donations that would have a significant impact on the Group.

Environmental, Social and Governance Report (Continued)

THE STOCK EXCHANGE OF HONG KONG LIMITED ESG REPORTING GUIDE INDEX

The following is the cross-reference index between this Report and the Stock Exchange's ESG Reporting Guide:

Major Aspects, Areas, General Disclosures and KPIs	Description	Section/Statement
Mandatory Disclosure Requirements		
Governance Structure	Board's oversight of ESG	ESG Governance Structure
Reporting Principles	Materiality, Quantification, Balance, Consistency	About This Report
Reporting Scope	Reporting boundary description (Note: Kangyuan Medical to be included from 2026)	About This Report
A1: Emissions		
General Disclosure	Emissions policies and compliance	Emissions Management
A1.1	Types of emissions and relevant emissions data (NOx, SOx, PM)	Air Emissions
A1.2	Total hazardous waste (Year: 0 tonnes)	Emissions Management (Note: Office operations do not generate hazardous waste)
A1.3	Total non-hazardous waste and intensity (office paper 0.965 tonnes)	Emissions Management
A1.4	Emission reduction targets and steps (short-term target 15% reduction by 2026–2028; long-term net zero by 2050)	Emission Reduction Targets and Measures
A1.5	How hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste Management

Environmental, Social and Governance Report (Continued)

A2: Use of Resources

General Disclosure	Use of resources policies	Use of Resources
A2.1	Total energy consumption and intensity (petrol 319.79 MWh, purchased electricity 13.21 MWh)	Energy Consumption
A2.2	Total water consumption and intensity (included in leasing charges, cannot be separately measured)	Water Management
A2.3	Energy efficiency targets (replace 50% petrol vehicles with EVs by 2028)	Emission Reduction Targets and Measures
A2.4	Difficulty in obtaining suitable water sources (Year: None; Hong Kong and Beijing offices are not in high water stress areas)	Water Management
A2.5	Packaging materials (Not applicable, non-manufacturing business)	Use of Resources (Note: Not applicable)

A3: Environment and Natural Resources

General Disclosure	Significant impacts of business activities on the environment and natural resources	The Environment and Natural Resources
A3.1	Description of significant impacts (office operations, no significant impact on biodiversity)	The Environment and Natural Resources

A4: Climate Change

General Disclosure	Policies for identifying and responding to material climate-related issues (in compliance with IFRS S2)	Climate Change
A4.1	Impact and response to material climate-related issues (Physical risks: extreme weather; Transition risks: policy, market, reputation)	Climate Risk Identification Table
A4.2	Climate scenario analysis (1.5°C and 2°C warming scenario analysis conducted)	Climate Change (Note: First year disclosure)

Environmental, Social and Governance Report (Continued)

B1: Employment

General Disclosure	Policies on compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits	Employment
B1.1	Total workforce by gender, employment type, age group and region	Employee Overview and region
B1.2	Employee turnover rate by gender, age group and region	Employee Turnover Rate
B1.3	Board diversity targets (2027: Maintain female directors at least 25%; 2030: Achieve at least 30%; Overall gender balance 40–60%)	Diversity Policy

B2: Health and Safety

General Disclosure	Policies for providing a safe working environment and protecting employees from occupational hazards	Health and Safety
B2.1	Number and rate of work-related fatalities in the past three years (including the reporting year)	Health and Safety (2025: 0; 0%)
B2.2	Lost days due to work injury	Health and Safety (2025: 0 days)
B2.3	Occupational health and safety measures and implementation monitoring methods (Fire Services and Open Flame Management Regulations, regular training)	Health and Safety

B3: Development and Training

General Disclosure	Policies for improving employees' knowledge and skills for performing their duties	Development and Training
B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Development and Training (Overall 68.18%; Managers 100%)
B3.2	Average training hours per employee by gender and employee category	Development and Training (All staff 12.5 hours; Managers 28.0 hours)

Environmental, Social and Governance Report (Continued)

B4: Labour Standards

General Disclosure	Policies for preventing child or forced labour	Labour Standards
B4.1	Measures to review recruitment practices to avoid child and forced labour (ID, age and qualification verification)	Labour Standards
B4.2	Steps to eliminate child and forced labour when violations are discovered	Labour Standards

B5: Supply Chain Management

General Disclosure	Policies for managing environmental and social risks in the supply chain	Supply Chain Management
B5.1	Number of suppliers by region (Hong Kong 1, Mainland China 1, total 2)	Supplier Distribution
B5.2	Practices regarding supplier engagement, number of suppliers subject to such practices, and related monitoring methods	Supplier ESG Risk Assessment
B5.3	Practices for identifying environmental and social risks in the supply chain (100% key supplier ESG risk assessment: admission assessment, annual review, on-site audit)	Supplier ESG Risk Assessment
B5.4	Practices for promoting the use of environmentally friendly products and services when selecting suppliers (green procurement policy)	Green Procurement Policy

Environmental, Social and Governance Report (Continued)

B6: Product Responsibility

General Disclosure	Policies on health and safety of products and services, advertising, labelling and privacy matters	Product Responsibility
B6.1	Percentage of products recalled for safety and health reasons	Product Responsibility (2025: 0%)
B6.2	Number of complaints received about products and services and handling methods	Product Responsibility (2025: 0)
B6.3	Measures to maintain and protect intellectual property rights (appointment of third-party monitoring, trademark management system)	Intellectual Property Protection
B6.4	Quality certification process and product recall procedures (Drug Safety Monitoring Office, quality authorised person system, corrective and preventive action management procedures)	Product Responsibility
B6.5	Consumer data protection and privacy policy (2025: 0 breach incidents; authorised access mechanism)	Product Responsibility

B7: Anti-Corruption

General Disclosure	Policies for preventing bribery, extortion, fraud and money laundering	Anti-Corruption
B7.1	Number of concluded corruption litigation cases filed against the issuer or its employees during the reporting period	Anti-Corruption (2025: 0)
B7.2	Preventive measures and reporting procedures, implementation and monitoring methods (reporting hotline, dedicated mailbox, anonymous protection)	Anti-Corruption
B7.3	Anti-corruption training (7 directors 21 hours; employees 100% coverage, average 2 hours)	Anti-Corruption Training

Environmental, Social and Governance Report (Continued)

B8: Community Investment

General Disclosure	Community participation policy	Community Investment
B8.1	Focus contribution areas (medical health, bone health lectures, environmental protection publicity, voluntary clinic support)	Community Investment
B8.2	Resources deployed (monetary RMB98,000; time volunteer service 160 hours)	Community Investment



REPORT OF THE DIRECTORS

The Board is pleased to present the Report of the Directors together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in the treatment business mainly focusing on the sales agency of orthopedic drugs and orthopedic health products, the testing business of artificial intelligence bone health diagnosis and testing robots, and the provision of smart medical and health business to enterprises, centering on the full-cycle smart health ecological field of “testing, treatment and rehabilitation” in the bone health field in the PRC.

BUSINESS REVIEW

The business review and future prospects of the Group during the year under review are set out in the section headed “Management Discussion and Analysis” on page 6 of this annual report.

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 70 of this annual report.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the list of shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Monday, 1 June 2026 to Thursday, 4 June 2026 (both days inclusive). In order to qualify for the entitlement to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 29 May 2026 for registration.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 25 to the audited consolidated financial statements.

On 21 February 2025, the Company completed the loan capitalization, issuing a total of 410,156,509 new shares, which were used to repay part of the outstanding principal and accrued interest of other borrowings, and to release the financial guarantee contracts.

Report of the Directors (Continued)

NEW SHARE OPTION SCHEME

The Company had no adopted or effective share option scheme during the year ended 31 December 2025.

RIGHTS OF PRE-EMPTIVE

According to the laws of the Cayman Islands and the Company's articles of association, there is no arrangement for the rights of pre-emption.

TAX RELIEF AND EXEMPTION TO HOLDERS OF LISTED SECURITIES

Save as disclosed in this annual report, the Company is not aware of any tax relief or exemption available to the Shareholders of the Company due to their holding of the Company's listed securities.

SHARE AWARD SCHEME

The share award scheme adopted by the Company on 4 September 2015 (the "**Share Award Scheme**") expired on 3 September 2025. During the year ended 31 December 2025, no shares were granted or vested under the Share Award Scheme.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group's five largest customers in aggregate accounted for approximately 94.2% of the Group's total revenue, and the largest customer accounted for approximately 60.1% of the Group's total revenue.

For the year ended 31 December 2025, the Group's five largest suppliers in aggregate accounted for approximately 78.5% of the Group's total purchases, and the largest supplier accounted for approximately 32.3% of the Group's total purchases.

For the year ended 31 December 2025, neither the Directors, their close associates, nor any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers or suppliers.

CONTRACT OF SIGNIFICANCE

For the year ended 31 December 2025, the Group entered into the following contracts of significance:

On 28 April 2025, the Company entered into a sale and purchase agreement with independent third parties to acquire 100% of the issued shares of the target companies at a total consideration of approximately RMB116.2 million, which is to be satisfied by the allotment and issue of the Consideration Shares. The acquisition was approved by the shareholders at the extraordinary general meeting held on 15 January 2026.

Report of the Directors (Continued)

CONNECTED TRANSACTIONS

On 28 November 2024, the Company entered into subscription agreements with Subscriber A (Golden Base, a company beneficially owned as to 50% by Ms. Chin Yu and 50% by Mr. Ng Tit, both being Directors of the Company) and Subscriber B (a party acting in concert with Mr. Leong Chong Mang, a substantial shareholder of the Company), pursuant to which the Company conditionally agreed to allot and issue an aggregate of 410,156,509 new Shares at HK\$0.33 per Share. The total consideration of HK\$87,000,000 and HK\$48,351,648.35 was to be settled by way of offsetting the outstanding principal and accrued interest of the shareholder's loans owed by the Company to Subscriber A and Subscriber B respectively (the "**Loan Capitalization**"). The Loan Capitalization constituted a connected transaction for the Company under Chapter 14A of the Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements. The Executive granted the Whitewash Waiver, subject to the approval by independent shareholders at the extraordinary general meeting held on 17 February 2025. All conditions precedent under the subscription agreements were fulfilled and completion of the Loan Capitalization took place on 21 February 2025. Details of the transaction are set out in the circular dated 28 January 2025, the supplemental announcement dated 4 February 2025 and the completion announcement dated 21 February 2025. The financial impact of the Loan Capitalization is disclosed in note 29(a)(ii) to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in note 10 to the consolidated financial statements.

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

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code), were as follows:

Long Positions in the Ordinary Shares and Underlying Shares of the Company

Name of Director	Number of ordinary share				Approximate percentage of interest in the Company
	Personal interests	Family interests	Corporate interests	Other interests	
Ng Tit	273,333 ⁽¹⁾	–	303,925,563 ⁽²⁾	–	45.12%
Chin Yu	273,333 ⁽¹⁾	–	303,925,563 ⁽²⁾	–	45.12%
Yu Tze Shan Hailson	15,000	–	–	–	0.00%

Notes:

- (1) Mr. Ng Tit and his spouse, Ms. Chin Yu jointly own 273,333 Shares.
- (2) An aggregate of 303,925,563 Shares are beneficially owned by Golden Base Investment Limited (“**Golden Base**”). Mr. Ng Tit and Ms. Chin Yu are the controlling shareholders of Golden Base.
- (3) The percentage is calculated on the basis of 674,246,015 shares of the Company (the “**Shares**”) in issue as at 31 December 2025 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any share options of the Company which remained outstanding as at 31 December 2025.
- (4) Mr. Yu Tze Shan Hailson holds 15,000 shares, accounting for approximately 0.002% (shown as 0.00% after rounding).

Report of the Directors (Continued)

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, to the knowledge of the Directors, the interests and short positions of the following persons of the Company (other than the Directors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Number of shares of the Company (long positions)				Approximate percentage of interest in the Company
	Beneficial owner	Interests of controlled corporation	Family interests	Other interests	
Golden Base Investment Ltd	303,925,563	–	–	–	45.08%
leong lat	146,520,146	–	–	–	21.73%
leong Chong Mang	54,762,300	–	170,000	–	8.15%
Shum Ning	–	170,000	54,762,300	–	8.15%
Annie Investment Co., Ltd.	170,000	–	–	–	0.03%
Other public shareholders	168,579,673	–	–	–	25.00%

Notes:

- (1) Annie Investment Co., Ltd., a company wholly-owned by Shum Ning (“**Ms. Shum**”), is the beneficial owner as to 170,000 Shares. leong Chong Mang (“**Mr. leong**”) is the beneficial owner as to 54,762,300 Shares (representing approximately 8.15% of the entire issued share capital as at 31 December 2025). Ms. Shum is the spouse of Mr. leong. Under the SFO, Ms. Shum is deemed to be interested in all the shares and underlying shares in which Mr. leong is interested in and vice versa.
- (2) The percentage is calculated on the basis of 674,246,015 shares of the Company (the “**Shares**”) in issue as at 31 December 2025 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any share options of the Company which remained outstanding as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any other parties (other than the Directors and chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31 December 2025, none of the Directors is interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors of the Company is in force during the financial year ended 31 December 2025 and remained in force at the date of approval of this directors' report. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and senior officers of the Group. For the year ended 31 December 2025, no claim has been made against the Directors and senior officers under such indemnity or insurance arrangements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

RESERVES AND DISTRIBUTABLE RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity. As at 31 December 2025, the Company had negative distributable reserves and therefore no reserves were available for distribution to shareholders (2024: negative distributable reserves). Accordingly, the Board does not recommend the payment of any dividend for the year 2025.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Board, the Company has maintained sufficient public float as required under the Listing Rules as at the date of this report.

AUDITORS

Moore CPA Limited served as the auditor of the Company for the year ended 31 December 2025. Moore CPA Limited will retire, and being eligible, offer themselves for reappointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Moore CPA Limited as auditor of the Company. There has been no change in the auditors of the Company in any of the preceding three years.

Report of the Directors (Continued)

EVENTS AFTER THE REPORTING PERIOD

On 28 April 2025, the Company entered into a sale and purchase agreement with independent third parties to acquire 100% of the issued shares of the target companies. The acquisition was approved by the shareholders at the extraordinary general meeting held on 15 January 2026. In March 2026, the Company completed the major transaction in relation to the acquisition of 100% of the issued shares of the target companies and the issue of Consideration Shares under specific mandate, and the target companies became indirect wholly-owned subsidiaries of the Company. Following the completion of the acquisition, the Company indirectly holds 58.11% equity interest in Zhejiang Kangyuan Medical Device Co., Ltd. through its wholly-owned subsidiaries, and its financial results will be consolidated into the accounts of the Group.

On behalf of the Board

Chairman

Ng Tit

Hong Kong, 31 March 2026

INDEPENDENT AUDITOR'S REPORT



Moore CPA Limited

1001-1010, North Tower, World Finance Centre,
Harbour City, 19 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

T +852 2375 3180

F +852 2375 3828

www.moore.hk

大
華
馬
施
雲
會
計
師
事
務
所
有
限
公
司

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA NT PHARMA GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China NT Pharma Group Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 68 to 151, which comprise the consolidated statement of financial position as at 31 December 2025, 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 and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements

As described in note 2 to the consolidated financial statements, the Group incurred a loss of approximately RMB26,255,000 for the year ended 31 December 2025 and as at that date, the Group had net current liabilities and net liabilities of approximately RMB605,734,000 and RMB273,833,000, respectively. The Group's total borrowings amounted to approximately RMB316,126,000, of which approximately RMB42,705,000, RMB245,316,000 and RMB28,105,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2025, respectively, while the Group's total cash and bank balances amounted to only approximately RMB7,221,000 as at 31 December 2025. In addition, the Group is liable for an unsettled loan owed by its former subsidiaries due to financial guarantee contracts with carrying amount of approximately RMB133,008,000 as at 31 December 2025 as set out in note 24 to the consolidated financial statements.

The above conditions cast significant doubt on the Group's ability to continue as a going concern, and therefore, whether it will be unable to realise its assets and discharge its liabilities in the normal course of business.

Independent Auditor's Report (Continued)

BASIS FOR DISCLAIMER OF OPINION (Continued)

Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements (Continued)

As detailed in note 2 to the consolidated financial statements, in view of the above circumstances, the directors of the Company have performed an assessment of the Group's ability to continue as a going concern. For the purposes of the going concern assessment, management has prepared a cash flow forecast of the Group taking into account their plans and measures for future actions to improve the liquidity position of the Group. Certain key assumptions in relation to these plans and measures underlie the preparation of the cash flow forecast, including but not limited to the following:

- (i) Successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders of the Group to demand immediate repayment of the borrowings with principals and interests in default and those repayable on demand;
- (ii) Successfully develop the Group into an artificial intelligence enabled health management platform covering the full cycle of "detection-treatment-rehabilitation";
- (iii) Successfully obtaining new sources of financing to repay overdue borrowings; and
- (iv) Successfully obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

On the basis of the above key assumptions underlying the preparation of the cash flow forecast, management has determined that it is appropriate to use the going concern basis of accounting in the preparation of the consolidated financial statements. However, as the eventual outcome of the plans and measures cannot be determined with certainty, there exists material uncertainty related to the conditions described above about the Group's ability to continue as a going concern.

Furthermore, the validity and appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements depends on the feasibility of the plans and measures referred to above and whether there is adequate support for the assumptions underlying the cash flow forecast. We have not been provided the supporting bases for the feasibility of the plans and measures and reasonableness of the assumptions, including the assumptions about the renewal and extension of the repayment dates of the overdue borrowings and borrowings that are repayable on demand, and obtaining waivers from complying with certain restrictive covenants contained in the loan agreements of certain borrowings. Hence, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves, and there were no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to support, that the above plans and measures are feasible in the circumstances and that their outcomes are likely to improve the Group's liquidity situation. As a result, we were unable to obtain sufficient appropriate evidence to conclude whether the Company's directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

Independent Auditor's Report (Continued)

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE 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 HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report, that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the *BASIS FOR DISCLAIMER OF OPINION* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these consolidated financial statements.

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 and we have also fulfilled our other ethical responsibilities in accordance with the Code.

Moore CPA Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number: P05035

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	24,158	37,960
Cost of services		(14,548)	(32,700)
Gross profit		9,610	5,260
Other income, gains and losses, net	6	(127)	(6,023)
Share of results of associates	16	–	10,244
Loss on deconsolidation of subsidiaries	34	–	(7,009)
Loss on fair value changes upon transfer of interest in an associate to financial asset at fair value through profit or loss	16	–	(29,485)
Changes in fair value of financial asset at fair value through profit or loss	17	14,076	23,563
Selling and distribution expenses		(8,236)	–
General and administrative expenses		(13,738)	(18,486)
Finance costs	7	(27,840)	(31,544)
Loss before income tax	8	(26,255)	(53,480)
Income tax credit	9	–	123
Loss for the year		(26,255)	(53,357)
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		25,744	(6,186)
Other comprehensive income/(loss) for the year, net of income tax		25,744	(6,186)
Total comprehensive loss for the year		(511)	(59,543)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Loss for the year attributable to:			
Owners of the Company		(26,041)	(53,357)
Non-controlling interest		(214)	–
		(26,255)	(53,357)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(297)	(59,543)
Non-controlling interest		(214)	–
		(511)	(59,543)
		RMB cents	RMB cents
Loss per share attributable to the owners of the Company, Basic and diluted	13	(4.22)	(20.20)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	628	543
Financial asset at fair value through profit or loss	17	331,358	317,282
Deposits	19	–	65
		331,986	317,890
Current assets			
Inventories	18	401	168
Trade and other receivables	19	7,740	6,394
Cash and bank balances	20	7,221	9,623
		15,362	16,185
Current liabilities			
Trade and other payables	21	171,475	180,221
Lease liabilities	22	487	341
Other borrowings	23	316,126	367,495
Financial guarantee contracts	24	133,008	177,008
		621,096	725,065
Net current liabilities		(605,734)	(708,880)
Total assets less current liabilities		(273,748)	(390,990)

Consolidated Statement of Financial Position (Continued)

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	22	85	125
Other borrowings	23	–	7,993
		85	8,118
Net liabilities		(273,833)	(399,108)
Equity attributable to the owners of the Company			
Share capital	25	4	1
Reserves	26	(273,623)	(399,109)
Total equity attributable to owners of the Company		(273,619)	(399,108)
Non-controlling interests		(214)	–
Total capital deficits		(273,833)	(399,108)

The consolidated financial statements on pages 68 to 151 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Mr. Ng Tit
Chairman

Ms. Chin Yu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to the owners of the Company									Non-controlling interest	Total
	Share capital	Share premium	Exchange reserve	Statutory reserve	Merger reserve	Other reserve	Capital reserve	Accumulated losses	Sub-total		
	RMB'000 (note 25)	RMB'000 (note 26(i))	RMB'000 (note 26(ii))	RMB'000 (note 26(iii))	RMB'000 (note 26(iv))	RMB'000 (note 26(v))	RMB'000 (note 26(vi))	RMB'000	RMB'000		
As 1 January 2024	1	1,806,205	50,875	7,851	8,256	281,800	11,052	(2,505,605)	(339,565)	-	(339,565)
Loss for the year	-	-	-	-	-	-	-	(53,357)	(53,357)	-	(53,357)
Other comprehensive loss, net of tax:											
Exchange differences arising on translation of financial statements of foreign operations	-	-	(6,186)	-	-	-	-	-	(6,186)	-	(6,186)
Total comprehensive loss	-	-	(6,186)	-	-	-	-	(53,357)	(59,543)	-	(59,543)
Lapse of share options (note 27(b))	-	-	-	-	-	-	(1,907)	1,907	-	-	-
As 31 December 2024	1	1,806,205	44,689	7,851	8,256	281,800	9,145	(2,557,055)	(399,108)	-	(399,108)
As 1 January 2025	1	1,806,205	44,689	7,851	8,256	281,800	9,145	(2,557,055)	(399,108)	-	(399,108)
Loss for the year	-	-	-	-	-	-	-	(26,041)	(26,041)	(214)	(26,255)
Other comprehensive income, net of tax:											
Exchange differences arising on translation of financial statements of foreign operations	-	-	25,744	-	-	-	-	-	25,744	-	25,744
Total comprehensive income/(loss)	-	-	25,744	-	-	-	-	(26,041)	(297)	(214)	(511)
Loan capitalisation (note 25(iii))	3	85,149	-	-	-	40,341	-	-	125,493	-	125,493
Lapse of share options (note 27(b))	-	-	-	-	-	-	(9,145)	9,145	-	-	-
Imputed interest expenses	-	-	-	-	-	293	-	-	293	-	293
As 31 December 2025	4	1,891,354	70,433	7,851	8,256	322,434	-	(2,573,951)	(273,619)	(214)	(273,833)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Loss before income tax		(26,255)	(53,480)
Adjustments for:			
Bank interest income	6	(7)	(11)
Loss/(gain) on early termination of leases	6	139	(29)
Finance costs	7	27,840	31,544
Depreciation of property, plant and equipment	14	51	48
Depreciation of right-of-use assets	14	593	612
Loss on written off of property, plant and equipment	8	–	121
Loss allowance in respect of financial guarantee contracts	6	–	6,295
Share of results of an associate	16	–	(10,244)
Loss on deconsolidation of the subsidiaries	34	–	7,009
Loss on fair value change upon transfer of interest in an associate to financial asset at fair value through profit or loss	16	–	29,485
Changes in fair value of financial asset at fair value through profit or loss	17	(14,076)	(23,563)
Operating cash flows before movements in working capital		(11,715)	(12,213)
Increase in inventories		(233)	(168)
Increase in trade and other receivables		(1,281)	(997)
Increase in trade and other payables		7,840	4,312
Net cash used in operations		(5,389)	(9,066)
Income tax paid		–	–
Net cash used in operating activities		(5,389)	(9,066)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(159)	(178)
Net cash outflow on deconsolidation of the subsidiaries (note 34)		–	(22)
Interest received		7	11
Net cash used in investing activities		(152)	(189)
Cash flows from financing activities			
Proceeds from other borrowings		34,369	26,051
Repayment of other borrowings		(7,179)	(1,921)
Proceeds from issuance of corporate bonds		–	4,616
Repayment of corporate bonds		(1,827)	(5,382)
Repayments of lease liabilities – principal		(605)	(726)
Repayments of lease liabilities – interest		(66)	(40)
Interest paid		(19,821)	(9,945)
Net cash generated from financing activities		4,871	12,653
Net (decrease)/increase in cash and cash equivalents		(670)	3,398
Cash and cash equivalents at beginning of year		9,623	1,520
Effect of foreign exchange rates changes, net		(1,732)	4,705
Cash and cash equivalents at end of year	20	7,221	9,623

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATION INFORMATION

China NT Pharma Group Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 1 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 23 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business changed from Suite 3613, 36/F Cosco Tower, 183 Queen’s Road Central, Hong Kong to Unit 2102, 21/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong, with effect from 18 August 2025. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 April 2011.

The Company is an investment holding company while its subsidiaries (together with the Company collectively referred to as the “**Group**”) are principally engaged in the treatment business mainly focusing on sales agency of orthopedic drugs and orthopedic health products, the testing business of artificial intelligence bone health diagnostic and detection robots, and the provision of smart medical and health business to enterprises, centering on the full-cycle intelligent health ecosystem field of “testing, treatment and rehabilitation” in the field of bone health in the People’s Republic of China (the “**PRC**”).

As detailed in notes 23(a)(2)(ii) and 25 to the consolidated financial statements, upon the completion of the loan capitalisation on 21 February 2025, the Company allotted and issued approximately 263,636,000 shares to Golden Base Investment Limited (“**Golden Base**”), and consequently the shareholding interests in the Company held by Golden Base increased from 15.26% to 45.08%. In the opinion of the directors of the Company, Golden Base became the immediate and ultimate holding company of the Company after the completion of the loan capitalisation. Golden Base is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Ng Tit (“**Mr. Ng**”), an executive director of the Company, and his spouse, Ms. Chin Yu, a non-executive director of the Company. Consequently, the ultimate controlling parties of the Group became Mr. Ng Tit and Ms. Chin Yu after the completion of the loan capitalisation.

As detailed in note 35 to the consolidated financial statements, on 25 March 2026, the Company completed the major transaction in relation to the acquisition of 100% of the issued shares in several target companies from several independent third parties (the “**Sellers**”). The total consideration was approximately RMB116,220,000 which was satisfied by the allotment and issue of 274,751,679 shares of the Company (the “**Consideration Shares**”) to the Sellers at the issue price of HK\$0.45 per Consideration Share.

The consolidated financial statements are presented in Renminbi (“**RMB**”), rounded to the nearest thousand, which is the presentation currency of the Group and the functional currency of the primary economic environment in the PRC where the majority of the entities within the Group operate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (“**Listing Rules**”).

Application of amendments to a HKFRS Accounting Standard

In the preparation of the consolidated financial statements for the year ended 31 December 2025, the Group has applied the following amendments to a HKFRS Accounting Standard in the current year, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

Except as described below, the application of the above amendments to the HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 21 Lack of Exchangeability

The Group has applied the amendments for the first time in current year.

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

New and amendments to HKFRS Accounting Standards issued but not yet effective for the year ended 31 December 2025

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

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

The Group is in the process of making an assessment of what the impact of these new and amendments to HKFRS Accounting Standards is expected to be in the period of initial application. So far the Group has not identified any aspects of the new and amendments to HKFRS Accounting Standards which may have a significant impact on the consolidated financial statements in the foreseeable future.

Going concern

The Group incurred a net loss of approximately RMB26,255,000 for the year ended 31 December 2025 and as at that date, the Group had net current liabilities and net liabilities of approximately RMB605,734,000 and RMB273,833,000, respectively. The Group's total borrowings amounted to approximately RMB316,126,000, of which approximately RMB42,705,000, RMB245,316,000 and RMB28,105,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2025, respectively, while the Group's total cash and bank balances amounted to only approximately RMB7,221,000 as at 31 December 2025. In addition, the Group is liable for an unsettled loan owed by its former subsidiaries due to financial guarantee contracts with carrying amount of approximately RMB133,008,000 as at 31 December 2025 as set out in note 24.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Going concern (Continued)

The existence of the above events and conditions cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures are being taken by management to deal with these events and conditions in order to mitigate the liquidity pressures and to improve the Group's financial position. These plans and measures for future actions include, but are not limited to, the following:

- (i) The Group has been actively negotiating with lenders for renewal and extension of its other borrowings. Specifically, the Group is currently in active negotiations with the lenders to extend the repayment dates of the overdue borrowings and borrowings that are repayable on demand;
- (ii) The Group will develop itself into an integrated platform enterprise that covers the supply of health products and health screening services. It is currently planned that the platform will maintain its future core business by acting as an agent to supply and sell more medical products, provide integrated medical services, and use artificial intelligence to build a multi-party supply and demand bridge for bone health and integrate medical equipment and rehabilitation treatment, provide different levels of full-service medical services, and provide personalised customised medical care;
- (iii) The Group will actively negotiate with shareholders and potential lenders to obtain new sources of financing to repay overdue borrowings; and
- (iv) The Group is actively negotiating with external parties to obtain new sources of financing or strategic capital.

The directors of the Company have reviewed the Group's cash flow forecasts prepared by the management of the Company for a period covering not less than twelve months from the date of approval of the consolidated financial statements. The directors of the Company are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the next twelve months from the date of approval for the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis for the year ended 31 December 2025.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Going concern (Continued)

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to implement the abovementioned plans and measures for future actions. Whether the Group will be able to continue as a going concern would depend on the Group's ability to generate financial and operating cash flows through the following:

- (i) Successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders of the Group to demand immediate repayment of the borrowings with principals and interests in default and those repayable on demand;
- (ii) Successfully develop itself into an artificial intelligence enabled health management platform covering the full cycle of "detection-treatment-rehabilitation";
- (iii) Successfully obtaining new sources of financing to repay overdue borrowings; and
- (iv) Successfully obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

In view of the foregoing, there is a material uncertainty related to the above mentioned events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Property, plant and equipment

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item and the cost of such item can be measured reliably, the expenditure is capitalised as an additional cost of the item.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment (Continued)

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Leasehold improvements, property and motor vehicle leased for own use	over the term of lease
Furniture, fixtures and office equipment	3 to 5 years

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 the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Associates

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, less any impairment losses, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in consolidated profit or loss. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Associates (Continued)

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in consolidated statement of profit or loss and other comprehensive income. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5.

During the year ended 31 December 2024, interest in an associate had been transferred to financial asset at fair value through profit or loss in consideration of loss of significant influence, details are set out in note 16.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or CGU to which it belongs and its fair value less costs to sell, 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 CGU 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 the consolidated income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An impairment loss is charged to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such 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/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated income statement in the period in which it arises.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Inventories

Inventories are assets which are held for sale in the ordinary course of business.

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss (“**FVTPL**”)) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in consolidated profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income (“**FVTOCI**”) as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in consolidated profit or loss. The net gain or loss recognised in consolidated profit or loss includes any dividend or interest earned on the financial asset and is presented as the “fair value change on financial assets at FVTPL” in the consolidated statement of profit or loss and other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit loss (“**ECL**”) on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, deposits and cash and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in consolidated profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

ECLs are measured on either of the following bases:

- 12m ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting period date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including cash and bank balances), the Group recognises a loss allowance equal to 12m ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the consolidated profit or loss.

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

The Group's financial liabilities include trade and other payables, lease liabilities and other borrowings.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings 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 consolidated profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation 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 amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Contingent consideration payable is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in consolidated profit or loss. The net gain or loss is recognised in consolidated profit or loss and is included in the "other income and gain" line item.

Financial guarantee contracts are initially measured at fair value. After initial recognition, the financial guarantee contracts are subsequently measured at the higher of: (i) the amount of the loss allowance determined in accordance with the accounting policy described for expected credit loss for financial assets and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

Derecognition/substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated profit or loss.

When the contractual terms of convertible instruments are modified such that the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised, is recognised in consolidated profit or loss.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in consolidated profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases

The Group as a lessee

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. 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 lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The cost of right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- where applicable, an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the underlying site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, discounted to their present value under HKAS 37 “Provisions, contingent liabilities and contingent assets”.

The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets for buildings are depreciated on a straight-line basis over the shorter of its estimated useful life on the same basis as owned. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the lease term.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of the lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Provisions and contingent liabilities

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 the consolidated income statement.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provision above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("**functional currency**"). The functional currency of the Company and its subsidiaries outside the PRC is Hong Kong dollars ("**HK\$**") and the functional currency of the subsidiaries in the PRC is RMB. The financial statements are presented in RMB ("**presentation currency**"). As the Group's principal operations and the majority of its transactions are conducted in the PRC and denominated in RMB, the directors of the Company have determined to use RMB as the presentation currency in the consolidated financial statements.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in consolidated profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of operations outside the PRC are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated profit or loss.

Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue represented the sales value of goods sold less returns, discounts and value added tax ("**VAT**").

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue recognition (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Agency service income

Agency service is provided by the Group when it acts as agent for clients to sell proprietary pharmaceutical products and artificial intelligence bone density testings to external customers. Revenue is recognised when the service is rendered, and the performance obligation is satisfied at a point in time upon sales is confirmed by external customers.

(ii) Healthcare related service income

The Group provides healthcare related research and promotion services in relation to bone health knowledge. The performance obligation is satisfied at a point in time when the customer has received the service rendered by the Group.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Other employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement schemes (the "**Schemes**") organised by the relevant local authorities whereby the PRC subsidiaries are required to make contributions to the Schemes at rates which range from 15% to 20% (2024: 15% to 20%) of the eligible employees' salaries during the year. The relevant local government authorities are responsible for the entire pension obligations payable to retired employees.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Other employee benefits (Continued)

Short term employee benefits and contributions to defined contribution retirement plans (Continued)

The Group also operates a Mandatory Provident Fund Scheme (the “**MPF scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% (2024: 5%) of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000 (2024: HK\$30,000). Contributions to the MPF scheme vest immediately.

The Group has no other material obligation for payment of pension benefits beyond the annual contributions described above.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in consolidated profit or loss as incurred.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company’s shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in share capital for the shares issued) or the option expires (when it is released directly to accumulated losses).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Income tax

Income tax represents the sum of 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
- 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, 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 profits will be available against which deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- (i) in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- (ii) in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously

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.

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 is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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. Contingent consideration payable is measured at fair value, with changes in fair value arising on remeasurement recognised directly in consolidated profit or loss in the period in which they arise.

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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The directors of the Company have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates.

Judgements

In the process of applying the Group's accounting policies, the directors of the Company have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Financial guarantee contracts

The Company had provided financial guarantees on behalf of a former wholly-owned subsidiary, Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) ("Suzhou First Pharma") and its subsidiaries for their bank borrowings and one of their other borrowings. According to the court ruling given by 江蘇省蘇州工業園區人民法院 on 6 July 2023, the approved amounts of bank borrowings and the other borrowing were approximately RMB383,156,000 and RMB60,789,000, respectively.

Suzhou First Pharma was under the Debt Restructuring which is subject to several auctions on the remaining assets held to repay the amounts due to its creditors. The management of the Company considers the Company might be held liable on the guaranteed bank and other borrowings.

As at 31 December 2025, the Group's obligations in relation to the financial guarantee contracts have been recognised in the consolidated financial statements, amounting to approximately RMB133,008,000 (2024: RMB177,008,000). Details of the Group's obligations in relation to the financial guarantee contracts are set out in note 24 to the consolidated financial statements.

Fair value measurement and valuation processes

Unlisted equity investment measured at FVTPL is revalued by the directors of the Company by reference to the valuation performed by independent professional valuer. In determining the fair value, the valuer has used a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market conditions. If there are changes in the assumptions used for the valuation, the fair value of the unlisted equity investment will change. As at 31 December 2025, the carrying amount of the unlisted equity investment was approximately RMB331,358,000 (2024: RMB317,282,000). Details of information about the valuation are disclosed in note 33.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker (“**CODM**”), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance. The CODM reviews the financial performance of the Group as a whole, which generates different sources of revenue through subsidiaries of the Company, including (i) agency service revenue generated from the sales of proprietary pharmaceutical products and artificial intelligence bone density testing (the “**Agency Services**”); and (ii) healthcare related service revenue generated from the provision of healthcare related research and promotion services (the “**Healthcare Related Services**”). In addition to reviewing the financial performance of the Group as a whole, the CODM also regularly reviews financial information in respect of the operating results of each of the Agency Services and Healthcare Related Services businesses, determined in accordance with the Group’s accounting policies, to make decisions about resources of the Group to be allocated to these two businesses and assess their performance. Accordingly, for the years ended 31 December 2025 and 2024, the Group’s operations are regarded as having two operating and reportable segments, namely Agency Services and Healthcare Related Services.

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
The Group acted as an agent: – agency services income	9,629	374
The Group acted as a principal: – healthcare related services income	14,529	37,586
	24,158	37,960

The timing of revenue recognition of all revenue from contracts with customers is on a point in time basis, whereby revenue is recognised when the customer obtains control of the goods or services transferred by the Group. All of the Group’s remaining performance obligations for contracts with customers are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments for the years ended 31 December 2025 and 2024.

For the year ended 31 December 2025

	Agency services income RMB'000	Healthcare related services income RMB'000	Total RMB'000
Segment revenue	9,629	14,529	24,158
Segment cost of services	(630)	(13,918)	(14,548)
Segment selling and distribution expenses	(5,568)	(2,668)	(8,236)
Segment profit/(loss)	3,431	(2,057)	1,374
Other income, gains and losses, net (note 6)			(127)
Change in fair value of financial asset at fair value through profit or loss (note 17)			14,076
General and administrative expenses (Note)			(13,738)
Finance costs (note 7)			(27,840)
Loss before income tax			(26,255)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2024

	Agency services income RMB'000	Healthcare related services income RMB'000	Total RMB'000
Segment revenue	374	37,586	37,960
Segment cost of services	–	(32,700)	(32,700)
Segment allocated general and administrative expenses	(167)	(98)	(265)
Segment profit	207	4,788	4,995
Other income, gains and losses, net (note 6)			(6,023)
Share of results of an associate			10,244
Loss on deconsolidation of subsidiaries			(7,009)
Loss on fair value changes upon transfer of interest in an associate to financial asset at fair value through profit or loss			(29,485)
Change in fair value of financial asset at fair value through profit or loss (note 17)			23,563
Finance costs (note 7)			(31,544)
Unallocated general and administrative expenses (Note)			(18,221)
Loss before income tax			(53,480)

Note: General and administrative expenses not allocated to the segments mainly included staff salaries, directors' remuneration, depreciation of property, plant and equipment and right-of-use assets for the years ended 31 December 2025 and 2024.

Segment assets and liabilities

The CODM makes decisions according to the financial information about the operating results of each segment. No analysis of segment assets and liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue from external customers classified in accordance with the geographical location of customers and information about the non-current assets, except the financial asset at FVTPL, classified in accordance with the geographical location of the assets are presented as follows:

	2025			2024		
	Hong Kong RMB'000	PRC RMB'000	Total RMB'000	Hong Kong RMB'000	PRC RMB'000	Total RMB'000
Revenue from external customers	685	23,473	24,158	36,332	1,628	37,960
Non-current assets	621	7	628	598	10	608

Information about major customers

Revenue from customers, which individually contributed over 10% of the total revenue of the Group during the year, are as follows:

	2025 RMB'000	2024 RMB'000
Customer A ^{1,3}	14,529	–
Customer B ^{2,3}	8,152	–
Customer C ^{1,3}	–	36,247

¹ Healthcare related services income

² Agency services income

³ The corresponding revenue did not contribute over 10% of the Group's total revenue in the respective year.

6. OTHER INCOME, GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Bank interest income	7	11
(Loss)/gain on early termination of leases	(139)	29
Loss allowance in respect of financial guarantee contracts (note 24)	–	(6,295)
Sundry income	5	232
	(127)	(6,023)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on other borrowings (note (i))	27,579	31,504
Interest on lease liabilities (note 14)	66	40
Imputed interest on shareholder's loans (note (ii))	195	–
	27,840	31,544

Notes:

- (i) For the year ended 31 December 2025, the amount included the default interest of RMB5,060,000 (2024: RMB1,014,000) at rates ranging from 6.00% to 36.00% (2024: 6.00%) per annum accrued on the overdue outstanding balance in accordance with the corresponding loan agreements.
- (ii) Imputed interest on shareholder's loans (note 23(a)(2)) calculated at the effective interest rate of 12.00% per annum and deemed contribution of RMB195,000 were recognised and charged to the consolidated statement of profit or loss and other reserve in the consolidated statement of changes in equity during the year ended 31 December 2025 (2024: Nil).

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Notes	2025 RMB'000	2024 RMB'000
Cost of services			
– Health related promotion, research and video making expenses		13,918	32,700
Depreciation on right-of-use assets (note (i))	14	593	612
Depreciation on property, plant and equipment (note (i))	14	51	48
Loss on written off of property, plant and equipment		–	121
Employee benefit expenses (including directors' remuneration (note 10) (note (ii)):			
– Salaries, wages and other benefits		8,786	5,538
– Contributions to defined contribution retirement plans		1,133	572
Auditor's remuneration		732	923
Short-term lease expenses		61	11
Foreign exchange differences, net		28	258
Promotional expenses included in selling and distribution expenses		4,888	–
Professional fees included in general and administrative expenses		2,497	8,412

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. LOSS BEFORE INCOME TAX (Continued)

Notes:

- (i) The depreciation of right-of-use assets and property, plant and equipment of approximately RMB644,000 in aggregate (2024: RMB660,000) are included in general and administrative expenses.
- (ii) Employee benefit expenses (including directors' remuneration) of approximately RMB2,539,000 and RMB7,380,000 (2024: RMB Nil and RMB6,110,000) are included in selling and distribution expenses and general and administrative expenses, respectively.
- (iii) As at 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2024: Nil).

9. INCOME TAX CREDIT

	2025 RMB'000	2024 RMB'000
Hong Kong Profits Tax		
– Over-provision in respect of prior years	–	(123)
	–	(123)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25% (2024: 8.25%), and profits above HK\$2,000,000 will be taxed at 16.5% (2024: 16.5%). The assessable profits of group entities that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2024: 16.5%) for the year ended 31 December 2025.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% (2024: 8.25%) of the first HK\$2,000,000 of the estimated assessable profits and at 16.5% (2024: 16.5%) on the estimated profits above HK\$2,000,000, taking into account the tax concession granted by the Government of Hong Kong Special Administrative Region during the year ended 31 December 2025.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements for the years ended 31 December 2025 and 2024. No provision for Hong Kong Profits Tax has been made, as the Group did not have any estimated assessable profits subject to Hong Kong Profits Tax during the year (2024: Nil).

The PRC Corporate Income Tax is based on the statutory rate of 25% (2024: 25%) on the assessable profits of the Group's subsidiaries in the PRC during the year ended 31 December 2025. No provision for the PRC Corporate Income Tax has been made for the years ended 31 December 2025 and 2024, as the Group did not have assessable profits subject to the PRC Corporate Income Tax during the years.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax under these jurisdictions during the year ended 31 December 2025 (2024: Nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

9. INCOME TAX CREDIT (Continued)

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

	2025 RMB'000	2024 RMB'000
Loss before income tax	(26,255)	(53,480)
Tax at applicable domestic income tax rates	1,731	(1,695)
Tax effect of income not taxable for tax purpose	(3,520)	(722)
Tax effect of expenses not deductible for tax purpose	431	1,760
Tax effect of tax losses not recognised	1,358	862
Tax effect of tax losses utilised	–	(205)
Over-provision in respect of prior years	–	(123)
	–	(123)

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2025

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive directors						
Mr. Ng	–	715	–	16	–	731
Ms. Ng Anna Ching Mei (note (i))	–	715	–	16	–	731
Non-executive directors						
Dr. Qian Wei	–	–	–	–	–	–
Ms. Chin Yu (note (ii))	–	–	–	–	–	–
Independent non-executive directors						
Mr. Yu Tze Shan Hailson	137	–	–	–	–	137
Dr. Zhao Yubiao	137	–	–	–	–	137
Mr. Ng Ming Kwan	137	–	–	–	–	137
Total	411	1,430	–	32	–	1,873

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

10. DIRECTORS' EMOLUMENTS (Continued)

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive directors						
Mr. Ng	-	884	-	15	-	899
Ms. Ng Anna Ching Mei (note (i))	-	610	-	15	-	625
Ms. Chin Yu (note (ii))	-	-	-	-	-	-
Non-executive directors						
Dr. Qian Wei	-	-	-	-	-	-
Ms. Chin Yu (note (ii))	-	-	-	-	-	-
Independent non-executive directors						
Mr. Yu Tze Shan Hailson	138	-	-	-	-	138
Dr. Zhao Yubiao	138	-	-	-	-	138
Mr. Ng Ming Kwan	138	-	-	-	-	138
Total	414	1,494	-	30	-	1,938

The executive directors' remuneration shown above were for their services in connection with the management of the affairs of the Company and the Group while the non-executive and independent non-executive directors' remuneration shown above were for their services as directors of the Company.

Except as described in note (ii) below, none of the directors has waived or agreed to waive any remuneration during the year (2024: Nil).

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

Notes:

- (i) Ms. Ng Anna Ching Mei was appointed as an executive director on 15 January 2024.
- (ii) Ms. Chin Yu was re-designated from an executive director to a non-executive director on 15 January 2024, with nil director's fee or remuneration for her services as non-executive director. During the year ended 31 December 2024, Ms. Chin Yu agreed to waive the remuneration for her service as an executive director from 1 January 2024 to 15 January 2024 amounting to approximately RMB5,770.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of the Group during the year included two directors (2024: two directors), details of whose remunerations are set out in Note 10 above. Details of the remuneration of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	1,601	1,485
Contributions to retirement benefits schemes	261	44
	1,862	1,529

The emoluments of the other three (2024: three) individuals with the highest emoluments are within the following bands:

	2025 Number of Individuals	2024 Number of Individuals
Nil to HK\$1,000,000	3	3

During the year ended 31 December 2025, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil). None of the above three highest paid individuals has waived or agreed to waive any remuneration during the year (2024: Nil).

12. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year, nor has any dividend been declared or proposed since the end of the reporting period (2024: Nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

13. LOSS PER SHARE

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

	2025 RMB'000	2024 RMB'000
Loss:		
Loss for the year attributable to the owners of the Company	(26,041)	(53,357)

Number of shares:

	2025 Number of shares '000	2024 Number of shares '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	616,936	264,090

For the year ended 31 December 2025, the number of shares used for the purpose of calculating basic and diluted loss per share represented the weighted average of approximately 616,936,000 (2024: 264,090,000) ordinary shares in issue during the year.

Diluted loss per share was the same as the basic loss per share as the outstanding share options of the Company were anti-dilutive for the year ended 31 December 2025 (2024: same).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Property and motor vehicle leased for own use RMB'000	Plant and Machinery RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
Cost:					
At 1 January 2024	2,250	129	–	34	2,413
Additions	630	–	156	22	808
Lease termination	(2,257)	–	–	–	(2,257)
Derecognised upon deconsolidation of subsidiaries (note 34)	–	(129)	–	(34)	(163)
Written off	–	–	(156)	–	(156)
Exchange realignment	7	–	–	–	7
At 31 December 2024 and 1 January 2025	630	–	–	22	652
Additions	907	–	115	44	1,066
Lease termination	(630)	–	–	–	(630)
Exchange realignment	(25)	–	(3)	(2)	(30)
At 31 December 2025	882	–	112	64	1,058
Accumulated depreciation:					
At 1 January 2024	1,310	129	–	30	1,469
Charge for the year	612	–	35	13	660
Written back on lease termination	(1,831)	–	–	–	(1,831)
Derecognised upon deconsolidation of subsidiaries (note 34)	–	(129)	–	(31)	(160)
Written back upon written off	–	–	(35)	–	(35)
Exchange realignment	5	–	–	1	6
At 31 December 2024 and 1 January 2025	96	–	–	13	109
Charge for the year	593	–	43	8	644
Written back on lease termination	(311)	–	–	–	(311)
Exchange realignment	(11)	–	–	(1)	(12)
At 31 December 2025	367	–	43	20	430
Net book value:					
At 31 December 2025	515	–	69	44	628
At 31 December 2024	534	–	–	9	543

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Right-of-use assets (included in the property, plant and equipment)

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	2025 RMB'000	2024 RMB'000
Property and motor vehicle leased for own use, carried at cost less depreciation and impairment (note)	515	534

Note: As at 31 December 2025, the Group leased an office (2024: an office and a motor vehicle) for its operations. The lease contract was entered into for a fixed term of 2 years (2024: 1.6 to 3 years). Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. The lease agreement does not impose any covenants other than the security interested in the leased asset that was held by the lessor. The leased asset may not be used as security for borrowing purposes.

The analysis of expense items in relation to leases recognised in the consolidated profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset		
– Property and motor vehicle leased for own use (note 8)	593	612
Short-term lease expenses (note 8)	61	11
Interest expenses on lease liabilities (note 7)	66	40

Details of total cash outflows for leases and the maturity analysis of lease liabilities are set out in notes 29(b) and 22, respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. INTANGIBLE ASSETS

	Club membership (note) RMB'000
Cost:	
At 1 January 2024	195
Derecognised upon deconsolidation of subsidiaries (note 34)	(196)
Exchange realignment	1
At 31 December 2024, 1 January 2025 and 31 December 2025	–
Accumulated amortisation and impairment:	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	–
Net book value:	
At 31 December 2025 and 31 December 2024	–

Note:

The club membership represented the rights to use the club facilities over an indefinite period of time. Accordingly, no amortisation had been charged to consolidated profit or loss during the year ended 31 December 2024.

The club membership was derecognised upon deconsolidation of subsidiaries during the year ended 31 December 2024 (note 34).

16. INTEREST IN AN ASSOCIATE

On 21 April 2020, the Group and Beijing Konruns Pharmaceutical Co., Ltd (“**Beijing Konruns**”), an independent third party to the Group, entered into an agreement, pursuant to which, the Group subscribed for 40% equity interest in Beijing Kangchen Biological Technology Co., Limited (北京康辰生物科技有限公司) (“**Beijing Kangchen**”) (the then wholly-owned subsidiary of Beijing Konruns) at a consideration of RMB360,000,000. The transaction was completed on 23 April 2021. Beijing Kangchen held 100% equity interest of NT Pharma International Company Limited since 3 September 2020. On 4 November 2021, the Group transferred 13.7% equity interest in Beijing Kangchen to Beijing Konruns. During the year ended 31 December 2022, the Group disposed of 1% equity interest in Beijing Kangchen to an independent third party.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

16. INTEREST IN AN ASSOCIATE (Continued)

On 15 July 2024, in consideration of the Group's liquidity situation and the long-outstanding debt owed to one of the shareholders of the Company, Annie Investment Co., Ltd, ("**Annie Investment**") with outstanding principal amount and accrued interest of approximately HK\$234,000,000 and HK\$107,240,000, respectively as at that date, the Group has entered into a charge agreement with Annie Investment to pledge the shares of a wholly-owned subsidiary of the Company, which directly held its entire 25.3% equity interest in Beijing Kangchen. On 30 November 2024, the Group has entered into a supplemental agreement with Annie Investment, pursuant to which, the Group and Annie Investment agreed and confirmed that, the Group would relinquish its entitlement to designate a director in favor of Annie Investment, thereby allowing Annie Investment to nominate a director to Beijing Kangchen to represent Annie Investment for the sake of monitoring the assets of its collateral.

In addition, legal opinion issued by an independent lawyer registered in the PRC has been obtained by the directors of the Company to confirm that the Group has lost its power to participate in the board of Beijing Kangchen, as well as any financial and operating policy decisions for Beijing Kangchen since 30 November 2024.

Given the above and based on the actual business circumstances, the directors of the Company have determined that the Group no longer exercises any significant influence over the operating and financial activities of Beijing Kangchen on and after 30 November 2024. Consequently, Beijing Kangchen has been derecognised as an associate of the Group and reclassified as financial asset at fair value through profit and loss effective from 30 November 2024 (note 17).

As detailed in note 17, certain significant events have occurred between the Group and Beijing Kangchen during the year ended 31 December 2025 and up to the date of approval of the consolidated financial statements. Taking into consideration of these significant events during the year 2025 and an update of the legal opinion issued by an independent lawyer registered in the PRC, the directors of the Company are of the opinion that, during the year ended 31 December 2025, the Group has continued to be unable to exercise significant influence over the operating and financial activities of Beijing Kangchen. Accordingly, it is appropriate to maintain the classification of the Group's equity investment in Beijing Kangchen as financial asset at fair value through profit and loss for the year ended and as at 31 December 2025.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

16. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements as at the date of the transfer, is disclosed below:

Beijing Kangchen

	As at 30 November 2024 (date of transfer to financial asset at FVTPL) RMB'000
Gross amounts of the associate's	
Non-current assets	1,183,415
Current assets	285,012
Non-current liabilities	(1,571)
Current liabilities	(189,370)
Total equity	1,277,486
Revenue	185,808
Profit for the 11 months period ended 30 November 2024	40,494
Total comprehensive income for the 11 months period ended 30 November 2024	40,494
Reconciliation to the Group's interest in the associate	
Carrying amount of net assets of the associate	1,277,486
Percentage of equity interest attributable to the Group	25.3%
Group's share of net assets of the associate	323,204
Carrying amount in the consolidated financial statements	–
Group's share of:	
– the associate's profit for the 11 months period ended 30 November 2024	10,244
– the associate's total comprehensive income for the 11 months period ended 30 November 2024	10,244
Share of results of the associate	10,244
Fair value of the associate as at date of transfer (note 17)	293,719
Loss on reclassification of the Group's interest in associate to financial asset at fair value through profit or loss	29,485

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

17. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Unlisted equity investment (note)	331,358	317,282

Note:

As detailed in note 16, the directors of the Company have determined that the Group no longer exercises any significant influence over the operating and financial activities of Beijing Kangchen since 30 November 2024, and the Group's interest in Beijing Kangchen had been reclassified from interest in an associate to financial asset at fair value through profit or loss as from that date.

	2025 RMB'000	2024 RMB'000
At 1 January	317,282	–
Transfer from interest in an associate measured at fair value upon transfer (note 16)	–	293,719
Changes in fair value	14,076	23,563
At 31 December	331,358	317,282

As at 31 December 2024, the Group had pledged all the shares of a wholly-owned subsidiary, which directly holds its entire 25.3% equity interest in Beijing Kangchen, as security for the outstanding other borrowings due to Annie Investment.

During the year ended 31 December 2025, the board of directors of Beijing Kangchen, without the representation of the Group, approved the resolution to amend the memorandum of association of Beijing Kangchen, among others, to remove the clause of the entitlement to designate a director in the board of Beijing Kangchen by a wholly owned subsidiary of the Company. The resolution was later passed by majority shareholders of Beijing Kangchen without the Group's involvement. The amendment of the memorandum of association of Beijing Kangchen was later notified to the Group. In October 2024, Mr. Ng had formally notified Beijing Kangchen and its board of directors of his resignation as a director of Beijing Kangchen but with no response. No change of his directorship was submitted to State Administration for Industry and Commerce by Beijing Kangchen in this respect. In view of this, during the year ended 31 December 2025, Mr. Ng made another formal notification to Beijing Kangchen and its board of directors to reiterate his resignation as a director and to disclaim any liability arising from the non-cooperation of Beijing Kangchen. On 18 July 2025, the Company entered into an agreement with Annie Investment, pursuant to which, Annie Investment agreed to release the pledge over the shares of Beijing Kangchen and renegotiate a new repayment plan.

In order to understand the actual operational and financial conditions of Beijing Kangchen and its subsidiaries, verify the accuracy of financial data and safeguard the Group's legitimate rights and interests, the Group had requested Beijing Kangchen to provide its financial information in full, including all books and records, to the Group but without success. On 8 August 2025, the Group filed a civil complaint for shareholders' right to information against Beijing Kangchen with the 北京市昌平區人民法院 (the "People's Court").

The People's Court's ruling was given on 23 January 2026, which was in favor of the Group and, among others, ordered Beijing Kangchen to provide the Group with all its financial information since its incorporation in 2017. Beijing Kangchen has submitted its appeal against the ruling which will bring the case to the court of second instance. Up to the date of approval of the consolidated financial statements, no notice has been received by the Group regarding the progress or timetable of the second instance.

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Finished goods	401	168

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables, net	1,796	–
Deposits, prepayments and other receivables (note (b))	5,944	6,459
	7,740	6,459
Less: non-current portion deposits	–	(65)
	7,740	6,394

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

Ageing analysis of trade receivables, net of ECL allowances, based on the invoice dates, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	1,796	–

The Group's trading terms with its customers are mainly on credit, the credit period granted is based on the historical trading and payment records of each customer, generally not more than six months.

Ageing analysis of trade receivables, net of ECL allowances, based on the past due dates, is as follows:

	2025 RMB'000	2024 RMB'000
Neither past due nor impaired	1,796	–

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 33.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES (Continued)

(b) Deposits, prepayments and other receivables

	2025 RMB'000	2024 RMB'000
Other receivables	28	19
VAT recoverable	76	63
Prepayments (note (i))	4,571	5,085
Rental and other deposits (note (ii))	1,269	1,292
	5,944	6,459

Notes:

- (i) As at 31 December 2025, the balance mainly comprised of a prepayment of RMB4,420,000 (2024: RMB5,000,000) for the provision of bone density test services to be provided by a service provider, which is an independent third party to the Group.

As at 31 December 2024, the management of the Group considered that the bone density test services would be provided by the service provider in early 2025, thereby utilising the related prepayment within the next twelve months. However, there was delay in 2025 in obtaining the license for provision of such services by the service provider. As at 31 December 2025, the management of the Group considered that the related prepayment would be utilised within the next twelve months as the service provider has obtained the license from the PRC Government in late 2025.

- (ii) As at 31 December 2025, the balance mainly comprised of other deposits of RMB826,000 (2024: RMB976,000) for the purchase of agency service rights of certain healthcare products.

The remaining financial assets included in the above balances are neither past due nor impaired as at 31 December 2025 and 2024, for which there was no recent history of default. The recoverability was assessed with reference to credit status of the debtors and the ECL as at 31 December 2025 and 2024, and are considered by the management of the Company to be minimal.

20. CASH AND BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash at banks and in hand	7,221	9,623

Bank balances carry interest at floating rates based on daily deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2025, there was approximately RMB6,010,000 (2024: RMB6,469,000) deposited with banks in the PRC. RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currency through authorised banks to conduct foreign exchange business.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

21. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (note (i))	2,661	498
Amount due to a former subsidiary (note (ii))	32,173	34,011
Accrued staff costs	1,157	2,425
Accrued directors' fee	3,542	3,350
Interest payables (note (iii))	125,726	125,976
Deposit received	2,005	1,500
Other payables and accruals (note (iv))	4,211	12,461
	171,475	180,221

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Notes:

- (i) The credit period granted by creditors ranged from 1 to 30 days.

Ageing analysis of trade payables based on the invoice dates is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	2,190	–
More than 3 months but within 6 months	–	–
More than 6 months but within 1 year	–	–
Over 1 year	471	498
	2,661	498

- (ii) The amount due is unsecured, interest free and repayable on demand as at 31 December 2025 and 2024.
- (iii) As at 31 December 2025, interest payables of approximately RMB111,563,000 (2024: RMB118,020,000) were derived from borrowings from related parties, details are set out in note 28(d).
- As at 31 December 2025, interest payables of approximately RMB14,335,000 (2024: RMB7,686,000) were derived from other borrowings which were overdue as at that date.
- (iv) As at 31 December 2025, the balance mainly related to legal and professional fees amounted to approximately RMB2,109,000 (2024: RMB11,284,000) in relation to the legal advisory fee for the Group's restructuring, accrual of audit fee of approximately RMB712,000 (2024: RMB959,000) and the remaining were accrued operation expenses.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

22. LEASE LIABILITIES

The carrying amounts of the Group's lease liabilities are as follows:

	Present value of minimum lease payment as at 31 December 2025	Minimum lease payment As at 31 December 2025	Present value of minimum lease payment as at 31 December 2024	Minimum lease payment As at 31 December 2024
Lease liabilities payable:				
Within 1 year	487	518	341	354
After 1 year but within 2 years	85	86	87	90
More than 2 years	–	–	38	38
	572	604	466	482
Less: Total future interest expenses		(32)		(16)
Present value of lease liabilities		572		466
Analysed into:				
Current portion		487		341
Non-current portion		85		125
		572		466
Analysed by:				
Leasehold property and motor vehicle		572		466

The weighted average incremental borrowing rate applied to lease liabilities by the Group was 8.83% (2024: 3.85%) per annum.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

23. OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Current		
Other borrowings (note (a))	299,033	355,487
Corporate bonds (note (b))	17,093	12,008
	316,126	367,495
Non-current		
Corporate bonds (note (b))	–	7,993
	316,126	375,488

Notes:

(a) Other borrowings

(1) Secured/guaranteed

As at 31 December 2025, loans from other independent third parties included (i) a loan of RMB24,906,000 (2024: RMB26,328,000) which was in default for repayment as at 31 December 2025, and is subject to fixed interest rate at 24% per annum and default rate of 36% per annum in accordance with the loan agreement, and (ii) a loan of approximately RMB4,447,000 (2024: RMB4,702,000) which was in default for repayment as at 31 December 2025, and is subject to fixed interest rate at 20% per annum with no specified default rate. Both loans are guaranteed by the executive director of the Company, Mr. Ng, and the non-executive directors of the Company, Ms. Chin Yu and by Mr. Ng Andy Ching Kit.

(2) Unsecured

As at 31 December 2025, unsecured other borrowings were represented by (i) loan from a shareholder of the Company, Annie Investment, of approximately RMB213,480,000 (2024: RMB225,671,000); (ii) loan from the substantial shareholder of the Company, Golden Base, of approximately RMB17,648,000 (2024: RMB77,843,000); (iii) loans from an executive director of the Company, Mr. Ng, of approximately RMB7,202,000 (2024: Nil); (iv) loan from an executive director of the Company, Ms. Ng Ching Mei, of approximately RMB13,343,000 (2024: RMB9,403,000); (v) loan from a senior management and a son of an executive director, Mr. Ng Ching Kit, of approximately RMB845,000 (2024: RMB893,000); and (vi) loans from other independent third parties, of approximately RMB17,162,000 (2024: RMB4,979,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

23. OTHER BORROWINGS (Continued)

Notes: (Continued)

(a) Other borrowings (Continued)

(2) Unsecured (Continued)

- (i) As at 31 December 2025, loan from Annie Investment was unsecured, carried interest at 5% per annum and repayable on demand. As at 31 December 2024, loan from Annie Investment was secured by the shares of a wholly-owned subsidiary of the Company, which directly held the Group's entire 25.3% equity interest in Beijing Kangchen. The relevant pledge of assets was released in July 2025 as disclosed in note 17. As at 31 December 2024, the loan carried interest at 5% per annum and was repayable on demand.
- (ii) As at 31 December 2025, loan from Golden Base was bearing interest at 12% per annum and repayable on demand (2024: Same).

Upon completion of the loan capitalisation on 21 February 2025 (see Note 25(iii)), the Company has allotted and issued 263,636,363 new shares to Golden Base as partial settlement of the outstanding principal of approximately HK\$71,103,000 (equivalent to RMB66,602,000) and accrued interest of approximately HK\$15,897,000 (equivalent to RMB14,891,000) due to Golden Base. Details of the loan capitalisation are set out in note 25.
- (iii) As at 31 December 2025, loans from Mr. Ng were carried interest at 12% per annum and repayable by April and September 2026.
- (iv), (v) As at 31 December 2025, these loans were bearing interest at 12% per annum and repayable on demand (2024: Same).
- (vi) As at 31 December 2025, a loan of approximately RMB3,820,000 (2024: RMB4,979,000) which was in default for repayment, and is subject to fixed interest rate at 24% per annum with no specified default rate; and a new loan of approximately RMB13,342,000 obtained during the year ended 31 December 2025, carried interest at 16% per annum and repayable by April 2026.

The weighted average interest rate of other borrowings was 8.34% (2024: 9.06%) per annum.

Details of the other borrowings with related parties are set out in note 28(d).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

23. OTHER BORROWINGS (Continued)

Notes: (Continued)

(b) The movement of corporate bonds recognised in the consolidated financial statements are as follows:

	6.0% corporate bonds due 2023 RMB'000	0.3% corporate bonds due 2023 RMB'000	12% corporate bonds due 2023 RMB'000	13.5% corporate bonds due 2023 RMB'000	20% corporate bonds due 2025 RMB'000	1.00% corporate bonds due 2026 RMB'000	Total RMB'000
At 1 January 2024	13,333	1,196	1,379	1,196	–	3,218	20,322
Issuance during the year	–	–	–	–	–	4,616	4,616
Interest charged	737	(12)	166	174	19	52	1,136
Interest paid	–	–	(172)	(190)	–	(32)	(394)
Interest payable included in trade and other payables (note 21)	(737)	12	5	16	(19)	(20)	(743)
Repayment during the year	(3,295)	(1,201)	–	(720)	(166)	–	(5,382)
Transfer	–	–	–	(480)	480	–	–
Exchange realignment	240	5	32	4	6	159	446
At 31 December 2024 and 1 January 2025	10,278	–	1,410	–	320	7,993	20,001
Interest charged	590	–	134	–	7	78	809
Interest paid	–	–	(41)	–	(7)	(32)	(80)
Interest payable included in trade and other payables (note 21)	(590)	–	(93)	–	–	(46)	(729)
Repayment during the year	(191)	–	(1,334)	–	(302)	–	(1,827)
Exchange realignment	(555)	–	(76)	–	(18)	(432)	(1,081)
At 31 December 2025	9,532	–	–	–	–	7,561	17,093

The Group's corporate bonds were denominated in HK\$, with duration of one year to four years (2024: one year to four years) from the date subscribed.

All bondholders are independent third parties of the Group as at 31 December 2025 (2024: Same).

As at 31 December 2025, certain corporate bonds with carrying amount of approximately RMB9,532,000 (2024: RMB11,688,000) were in default for repayment.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

24. FINANCIAL GUARANTEE CONTRACTS

The Company had provided financial guarantees on behalf of Suzhou First Pharma, formerly a wholly-owned subsidiary of the Group, and its subsidiaries for their bank borrowings and one of the other borrowings due to Mr. leong lat (“**Mr. leong**”). Suzhou First Pharma was undergoing a debt restructuring process which is subject to several auctions on the remaining assets held to repay the amounts due to its creditors. According to the court ruling given by 江蘇省蘇州工業園區人民法院 on 6 July 2023, the approved amounts of bank borrowings and other borrowing due to Mr. leong were approximately RMB383,156,000 and RMB60,789,000, respectively.

The directors of the Company considered that the Company, being a guarantor, should be liable to the aforesaid borrowings if the repayment allocations could not fully recover the approved amounts. The Company might be subject to repay the remaining unpaid balances.

As at 31 December 2024, provisions for financial guarantee contracts had been recognised in this respect amounting to approximately RMB177,008,000, including RMB44,000,000 in respect of the financial guarantee obligation due to Mr. leong.

Upon completion of the loan capitalisation on 21 February 2025, the Company has allotted and issued 146,520,146 new shares to Mr. leong as full settlement of the remaining outstanding financial guarantee obligation amount due to him of RMB44,000,000. Mr. leong became a major shareholder of the Company with significant influence over the Group, with his shareholding interests in the Company constituting 21.73% of the issued share capital of the Company on and after the loan capitalisation (2024: Nil%). Details of the loan capitalisation are set out in note 25.

As at 31 December 2025 and 2024, the carrying amounts of the financial guarantee contracts represented the allowance for credit loss under the financial guarantee as at the respective financial year end dates, which were determined by the management of the Company based on the fair values of Suzhou First Pharma’s assets to be sold in the coming auctions and the repayment allocations ratio.

Up to the date of this report, the remaining lender has not taken any actions to claim against the Company in respect of these financial guarantees.

The table below shows the movements of the financial guarantee contracts:

	2025 RMB'000	2024 RMB'000
At 1 January	177,008	170,713
Adjustment for extinguishment of obligation upon loan capitalisation	(44,000)	–
Provision of loss allowance for the year (note 6)	–	6,295
At 31 December	133,008	177,008

The maximum exposure of financial guarantee contracts are set out in note 33.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

25. SHARE CAPITAL

Details of movements of share capital of the Company during the years ended 31 December 2025 and 2024 are as follows:

	No of Shares '000	RMB'000
Ordinary shares, issued and fully paid:		
At 1 January 2024	2,640,895	1
Share consolidation (note (ii))	(2,376,805)	–
At 31 December 2024 and 1 January 2025	264,090	1
Shares issued under capitalisation of other borrowings and financial guarantee contracts (note (iii))	410,156	3
At 31 December 2025	674,246	4

Notes:

- (i) The Company was incorporated on 1 March 2010 with an authorised share capital of United States dollar (“**US\$**”) 50,100 divided into 626,250,000,000 shares of US\$0.00000008 each and one share was issued at par upon incorporation.

On 5 June 2017, the authorised share capital of the Company was re-designated from US\$50,100 comprising 626,250,000,000 ordinary shares of US\$0.00000008 each into US\$50,100 comprising (i) 625,925,000,000 ordinary shares of par value of US\$0.00000008 each, and (ii) 325,000,000 redeemable convertible preference shares of par value of US\$0.00000008 each with the rights, privileges and restrictions of the redeemable convertible preference shares.

- (ii) On 14 May 2024, the directors of the Company proposed to implement a share consolidation on the basis that every ten (10) issued and unissued shares of US\$0.00000008 each would be consolidated into one (1) consolidated share of US\$0.00000008 each.

Pursuant to an ordinary resolution passed in an extraordinary general meeting of the Company on 28 June 2024, the share consolidation was approved by the shareholders of the Company and has become effective on 3 July 2024. Immediately after the share consolidation, the total number of issued shares of the Company was adjusted from 2,640,895,000 to 264,089,500.

Details of the Share Consolidation were set out in the Company's announcements dated 14 May 2024 and 28 June 2024.

- (iii) On 28 November 2024, the Company entered into a subscription agreement with Golden Base and Mr. leong, pursuant to which the Company has conditionally agreed to allot and issue (i) 263,636,363 new shares to Golden Base as settlement of the outstanding principal of approximately HK\$71,103,000 (equivalent to RMB65,066,000) and accrued interest of approximately HK\$15,897,000 (equivalent to RMB14,547,000); and (ii) 146,520,146 new shares to Mr. leong as full settlement of the outstanding amount due to him of RMB44,000,000 (the “**Subscription**”).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

25. SHARE CAPITAL (Continued)

Notes: (Continued)

(iii) (Continued)

The Subscription was completed on 21 February 2025 and a total of 410,156,509 new shares were duly allotted and issued as fully paid by the Company to Golden Base and Mr. leong as to 263,636,363 shares and 146,520,146 shares, respectively. The difference between the fair value of the new shares issued and the carrying amount of the liabilities extinguished resulted in amounts recognised in other reserve of approximately RMB25,930,000 in relation to the subscription by Golden Base and of approximately RMB14,411,000 in relation to the subscription by Mr. leong, as Golden Base was a substantial shareholder of the Company and Mr. leong is the son of the largest substantial shareholder of the Company immediately prior to the completion of the Subscription.

Immediately after the completion of the subscription on 21 February 2025, Golden Base became the controlling shareholder of the Company, with its shareholding increased from 15.26% to 45.08% of the Company's issued share capital. Mr. leong became a major shareholder of the Company, with his shareholding increased from nil to 21.73%, and the shareholding of him and parties acting in concert with him increased from 20.8% to 29.88% of the issued share capital of the Company. Golden Base is wholly owned by Mr. Ng and Ms. Chin Yu, both of whom are directors of the Company. Mr. leong is the son of Ms. Shum Ning and leong Chong Mang, both are substantial shareholders of the Company. Details of related parties are set out in note 28(a).

Details of the loan capitalisation and Subscription were disclosed in the announcements of the Company dated 28 November 2024, 19 December 2024, 28 January 2025, 4 February 2025, 17 February 2025 and 21 February 2025 and in the circular dated 28 January 2025.

26. RESERVES

(i) Share premium

The share premium represents the difference between the nominal value of the shares of the Company and proceeds received from the issuance of shares of the Company. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of non-PRC entities. The reserve is dealt with in accordance with the material accounting policy information set out in note 3.

(iii) Statutory reserve

Pursuant to applicable PRC regulations, all PRC subsidiaries of the Group are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of the registered capital of each relevant PRC subsidiary. The transfer to the statutory reserve must be made before distribution of dividends to shareholders. The statutory reserve fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase the registered capital of the subsidiary.

(iv) Merger reserve

The merger reserve represents the difference between the net assets of the subsidiaries acquired in 2005, which were under common control of the controlling shareholders, and the cash consideration paid.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

26. RESERVES (Continued)

(v) Other reserve

The Company's other reserve arose from (i) the transfer of the entire equity interest in NT Pharma (Group) Co., Ltd. from NT Pharma Holdings Company Limited ("**NT Holdings**") to the Company in 2011 and acquisition of non-controlling interests in a wholly-owned subsidiary of the Company, Suzhou First Pharma in 2012; (ii) the capitalisation of the amount due to NT Holdings as a result of the reorganisation and represented the difference between the amount due to NT Holdings of RMB383,380,000 and the nominal value of the shares of the Company issued in exchange thereof in 2011; and (iii) the deemed contribution from equity participants of the Company arising from the loan capitalisations upon the completion of the subscription in the year 2025 referred to in Note 25(iii).

(vi) Capital reserve

At 31 December 2025 and 2024, the capital reserve comprised of the portion of the grant date fair value of unexercised share options to employees of the Group, that was recognised in accordance with the accounting policy information adopted for share-based payments as set out in note 3.

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Share option schemes

A share option scheme was approved and adopted by the shareholders of the Company pursuant to an ordinary resolution passed on 22 September 2014 ("**2014 Share Option Scheme**"). The 2014 Share Option Scheme was set up for the purpose to provide rewards and incentives to eligible participants for their contribution to the Group. The exercise price is to be determined by the Board and shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of such a share option; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding to the day of offer of such a share option; and (iii) the nominal value of the shares. A nominal consideration of HK\$1 is payable on acceptance of the share option within 21 days from the date of making such offer.

The maximum number of shares in respect of which options may be granted under the 2014 Share Option Scheme and any other share option schemes of the Company may not exceed 10% of the issued share capital of the Company at the date of approval of the 2014 Share Option Scheme. The maximum number of shares issuable under 2014 Share Option Scheme to each eligible participant within any 12-month period is limited to 1% of the issued share capital of the Company from time to time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

Share option schemes (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting. The options under the 2014 Share Option Scheme vested after one to three years from the date of grant are exercisable for a period of ten years following the date of grant.

(a) The terms and conditions of the grants

Date	Number of Options granted	Vesting conditions	Exercise Period
Options granted to directors: – 15 January 2015	800,000	Vesting of the options is conditional upon the performance of the participant. Options granted are vested in 3 equal tranches from 1 January each year from 2016 to 2018	On or prior to 14 January 2025
Options granted to employees: – 15 January 2015	120,000	Vesting of the option is conditional upon the performance of the participants. Fully vested in the third anniversary of the date of grant	On or prior to 14 January 2025
Options granted to consultants (as quasi-employee): – 15 January 2015	900,000	Vesting of the option is conditional upon the performance of the participant. Fully vested in the third anniversary of the date of grant	On or prior to 14 January 2025
	1,820,000		

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

Share option schemes (Continued)

(b) The number and weighted average exercise prices of share options

	2025		2024	
	Weighted average exercise price	Weighted Number of options	Weighted average exercise price	Weighted Number of options
Outstanding at the beginning of the year	US\$1.56	1,740,000	US\$0.16	20,200,000
Adjusted during the year (note)	–	–	US\$0.16	(18,180,000)
Lapsed during the year	US\$1.56	1,740,000	US\$1.56	(280,000)
Outstanding at the end of the year	–	–	US\$1.56	1,740,000
Exercisable at the end of the year	–	–	US\$1.56	1,740,000

During the year ended 31 December 2025, 1,740,000 share options under 2014 Share Option Scheme has lapsed (2024: 280,000 share options), resulting in release from capital reserve directly to accumulated loss with amount of approximately RMB9,145,000 (2024: RMB1,907,000).

The share options outstanding at 31 December 2024, which were granted under the 2014 Share Option Scheme, had exercise price of US\$1.56 and weighted average remaining contractual life of 14 days.

There are no share options outstanding at 31 December 2025.

Note:

On 14 May 2024, the directors of the Company proposed to implement a share consolidation on the basis that every ten (10) issued and unissued shares would be consolidated into one (1) consolidated share. Upon completion of the share consolidation on 3 July 2024, the number of options and exercise prices were adjusted accordingly, as disclosed in note 25(ii).

(c) Fair value of share options and assumptions

No share option was granted during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

28. MATERIAL RELATED PARTY TRANSACTIONS

(a) List of related parties

During the year ended 31 December 2025, except those disclosed elsewhere in the consolidated financial statements, transactions with the following parties were considered to be related party transactions in the normal ordinary course of business of the Group:

Name of related parties	Relationship with the Group
Golden Base	On 21 February 2025, following the completion of the loan capitalisation, the Company allotted and issued 263,636,363 new shares to Golden Base, and it became the immediate and ultimate holding company of the Company. Mr. Ng and Ms. Chin Yu, both directors of the Company, are the beneficial shareholders of Golden Base.
Annie Investment	Wholly-owned by the shareholders of the Company, Ms. Shum Ning and Mr. leong Chong Mang
Mr. Ng	Chairman of the Group
Mr. Ng Andy Ching Kit	Son of Mr. Ng and Ms. Chin Yu
Ms. Ng Anna Ching Mei	An executive director of the Company and daughter of Mr. Ng and Ms. Chin Yu
Mr. leong lat	A major shareholder of the Company and son of Ms. Shum Ning and Mr. leong Chong Mang

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

28. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

The details of the remuneration paid to the key management personnel during the year are set out in note 10.

(c) Transactions with related parties

Name of related party	Nature of transactions	2025 RMB'000	2024 RMB'000
Golden Base	Interest expenses on other borrowings paid/payable	2,792	8,395
Annie Investment	Interest expenses on other borrowings paid/payable	10,981	11,078
Mr. Ng	Interest expenses on other borrowings paid/payable	1,682	–
Mr. Ng Andy Ching Kit	Interest expenses on other borrowings paid/payable	104	288
	Salaries and other emoluments paid	540	–
	Contributions to retirement benefits scheme	8	–
Ms. Ng Anna Ching Mei	Interest expenses on other borrowings paid/payable	1,644	44

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

28. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties

	2025 RMB'000	2024 RMB'000
Other borrowings (note 23(a)(2))		
– Golden Base	17,648	77,843
– Annie Investment	213,480	225,671
– Mr. Ng	7,202	–
– Mr. Ng Andy Ching Kit	845	893
– Ms. Ng Anna Ching Mei	13,343	9,403
	252,518	313,810
Interest payables included in other payables (note 21(iii))		
– Golden Base	708	13,913
– Annie Investment	108,733	103,659
– Mr. Ng Andy Ching Kit	482	403
– Ms. Ng Anna Ching Mei	1,640	45
	111,563	118,020

29. CASH FLOW INFORMATION

(a) Major non-cash transactions

- (i) The Group had non-cash additions to right-of-use assets and lease liabilities of approximately RMB907,000 and RMB907,000 (2024: RMB630,000 and RMB630,000) respectively during the year ended 31 December 2025 in respect of lease arrangements for the properties (notes 14 and 22).
- (ii) Loan capitalisation for other borrowings and financial guarantee contracts

Upon completion of the loan capitalisation on 21 February 2025, the Company has allotted and issued 263,636,363 new shares to Golden Base as partial settlement of the outstanding principal of approximately HK\$71,103,000 (equivalent to RMB66,602,000) and accrued interest of approximately HK\$15,897,000 (equivalent to RMB14,891,000), and 146,520,146 new shares to Mr. leong as full settlement of the outstanding financial guarantee contract due to him of RMB44,000,000. Details of the loan capitalisation are set out in notes 23 and 24.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

29. CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Other borrowings RMB'000	Accrued interest included in other payables RMB'000	Lease liabilities RMB'000
At 1 January 2024	343,926	101,721	1,016
Changes from financing cash flows:			
Repayments of other borrowings	(1,921)	–	–
Proceeds from new other borrowings	26,051	–	–
Proceed from issue of a corporate bond (note 23(b))	4,616	–	–
Repayment of corporate bonds (note 23(b))	(5,382)	–	–
Repayments of lease liabilities principal	–	–	(726)
Repayments of lease liabilities interest	–	–	(40)
Interests paid	(9,945)	–	–
	13,419	–	(766)
Other changes:			
Interest expenses	31,504	–	40
Lease termination	–	–	(455)
Addition of lease liabilities	–	–	630
Credited to interest payables	(21,559)	21,559	–
Exchange realignment	8,198	2,696	1
	18,143	24,255	216
At 31 December 2024	375,488	125,976	466

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

29. CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Other borrowings RMB'000	Accrued interest included in other payables RMB'000	Lease liabilities RMB'000
At 1 January 2025	375,488	125,976	466
Changes from financing cash flows:			
Repayments of other borrowings	(7,179)	–	–
Proceeds from new other borrowings	34,369	–	–
Repayment of corporate bonds (note 23(b))	(1,827)	–	–
Repayments of lease liabilities principal	–	–	(605)
Repayments of lease liabilities interest	–	–	(66)
Interests paid	–	(19,821)	–
	25,363	(19,821)	(671)
Other changes:			
Interest expenses	195	27,579	66
Deemed contribution from the shareholder	(293)	–	–
Lease termination	–	–	(180)
Addition of lease liabilities	–	–	907
Loan capitalisation	(66,602)	(14,891)	–
Exchange realignment	(18,025)	6,883	(16)
	(84,725)	19,571	777
At 31 December 2025	316,126	125,726	572

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2025 RMB'000	2024 RMB'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries		–	–
Current assets			
Other receivables and prepayments		7	8
Cash and cash equivalents		1	1
		8	9
Current liabilities			
Other payables and accruals		129,374	141,550
Amounts due to subsidiaries		23,295	39,360
Other borrowings		308,924	367,495
Financial guarantee contracts		133,008	177,008
		594,601	725,413
Net current liabilities		(594,593)	(725,404)
Total assets less current liabilities		(594,593)	(725,404)
Non-current liability			
Other borrowings		–	7,993
NET LIABILITIES		(594,593)	(733,397)
EQUITY			
Share capital	25	4	1
Reserves	(b)	(594,597)	(733,398)
Total capital deficits		(594,593)	(733,397)

The statement of financial position of the Company were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Mr. Ng Tit
Chairman

Ms. Chin Yu
Director

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share Premium (note 26(i)) RMB'000	Exchange reserve (note 26(ii)) RMB'000	Other reserve (note 26(v)) RMB'000	Capital reserve (note 26(vi)) RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	1,806,205	39,279	279,467	11,052	(2,803,444)	(667,441)
Loss for the year	-	-	-	-	(46,399)	(46,399)
Other comprehensive income for the year						
– Exchange differences arising on translation	-	(19,558)	-	-	-	(19,558)
Other comprehensive loss for the year	-	(19,558)	-	-	(46,399)	(65,957)
Lapse of share options	-	-	-	(1,907)	1,907	-
At 31 December 2024 and 1 January 2025	1,806,205	19,721	279,467	9,145	(2,847,936)	(733,398)
Loss for the year	-	-	-	-	(31,409)	(31,409)
Other comprehensive income for the year						
– Exchange differences arising on translation	-	44,720	-	-	-	44,720
Other comprehensive loss for the year	-	44,720	-	-	(31,409)	13,311
Lapse of share options	-	-	-	(9,145)	9,145	-
Loan capitalisation	85,149	-	40,341	-	-	125,490
At 31 December 2025	1,891,354	64,441	319,808	-	(2,870,200)	(594,597)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

31. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 December 2025 and 2024. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of Incorporation. Principal place of operation	Particulars of issued and paid up/ registered capital	Group's effective Interest RMB'000	Proportion of ownership interest		Principal activities
				Held by the Company RMB'000	Held by a subsidiary RMB'000	
NT Pharma (Group) Co., Ltd.	The BVI, limited liability company	50,000 shares of US\$1	100% (2024: 100%)	– (2024: –)	100% (2024: 100%)	Dormant
Green-Life Technology (Hong Kong) Company Limited	Hong Kong, limited liability company	1 share	100% (2024: 100%)	– (2024: –)	100% (2024: 100%)	Dormant
NT Pharma (Overseas) Holding Co. Ltd	The BVI, limited liability company	1 share of US\$1	100% (2024: 100%)	– (2024: –)	100% (2024: 100%)	Investment holding
NT Pharma Pacific Company Limited	Hong Kong, limited liability company	1 share of HK\$1	100% (2024: 100%)	– (2024: –)	100% (2024: 100%)	Investment holding
Four M Digital Pharma Company Limited	Hong Kong, limited liability company	1 share of HK\$1	100% (2024: 100%)	– (2024: –)	100% (2024: 100%)	Trading of prescription medicines
Fuaimeng (Hainan) Biotechnology Co., Ltd. (福艾蒙(海南)生物科技有限公司) (note (i))	The PRC, limited liability company	Registered capital RMB10,000,000	100% (2024: 100%)	– (2024: –)	100% (2024: 100%)	Provision of agency and healthcare related services
Fuaimeng (Hainan) Digital Technology Co., Ltd. (福艾蒙(海南)數字科技有限公司) (notes (i))	The PRC, limited liability company	Registered capital RMB10,000,000	100% (2024: 100%)	– (2024: –)	100% (2024: 100%)	Provision of healthcare related services

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

31. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Place of Incorporation. Principal place of operation	Particulars of issued and paid up/ registered capital	Group's effective Interest RMB'000	Proportion of ownership interest		Principal activities
				Held by the Company RMB'000	Held by a subsidiary RMB'000	
Fuaimeng (Beijing) Technology Co., Ltd. (福艾蒙(北京)科技有限公司) (notes (i))	The PRC, limited liability company	Registered capital RMB10,000,000	100% (2024: 100%)	– (2024: –)	100% (2024: 100%)	Provision of healthcare related services
Bouyouyihe (Tianjin) Health Industry Co., Ltd. (博佑宜和(天津)健康產業 有限公司) (notes (i) and (ii))	The PRC, limited liability company	Registered capital RMB5,000,000	65% (2024: –)	– (2024: –)	65% (2024: –)	Provision of healthcare related services
Bouyouyihe (Hebei) Hospital Management Co., Ltd. (博佑宜和(河北)醫院管理 有限公司) (notes (i) and (ii))	The PRC, limited liability company	Registered capital RMB3,000,000	100% (2024: –)	– (2024: –)	100% (2024: –)	Provision of healthcare related services

Notes:

- (i) The English translation of the company names is for reference only. The official names of these entities are in Chinese.
- (ii) These subsidiaries were newly incorporated during the year ended 31 December 2025.

As at 31 December 2025, certain subsidiaries' registered capital has not been fully paid up and aggregated unpaid share capital comprised of approximately RMB26,796,100 (2024: RMB24,936,100).

None of the subsidiaries had issued any debt securities as at 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS BY CATEGORIES

	2025 RMB'000	2024 RMB'000
Financial assets		
At FVTPL	331,358	317,282
At amortised cost		
Trade and other receivables	3,093	1,311
Cash and bank balances	7,221	9,623
	341,672	328,216
Financial liabilities		
At amortised cost		
Trade and other payables	166,776	174,446
Lease liabilities	572	466
Other borrowings	316,126	375,488
	483,474	550,400
Financial guarantee contracts	133,008	177,008
	616,482	727,408

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group's principal financial instruments comprise financial assets at FVTPL, deposits, trade and other receivables, cash and bank balances, trade and other payables, lease liabilities and other borrowings. These financial instruments mainly arise from its operations. Details of the financial instruments are disclosed in respective notes.

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and financial guarantee contracts. The Group's exposure to credit risk arising from cash and bank balances is limited because the counterparties are the major banks in the PRC and Hong Kong with established credit ratings, for which the Group considers have low credit risk. Given the high credit ratings of the banks, management does not expect any counterparties to fail to meet its obligations.

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2025, 100% of the total trade receivables were due from the Group's second largest customer (2024: all trade receivables have been settled before 31 December 2024).

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB383,156,000 (2024: RMB443,945,000). At the end of the reporting period, the Directors have performed impairment assessment, and determined the loss allowance measured at an amount equal to lifetime ECL in respect of those financial guarantee contracts. Details of the financial guarantee contracts are set out in Note 24.

Maximum exposure and year-end staging

The table below shows 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 reporting period. The amounts presented are net carrying amounts after provision for ECLs for financial assets.

Maximum exposure for financial assets and year-end staging 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	–	–	–	1,796	1,796
Financial assets included in deposits and other receivables	1,297	–	–	–	1,297
Bank balances	7,221	–	–	–	7,221
	8,518	–	–	1,796	10,314

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

Maximum exposure and year-end staging 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
Financial assets included in					
deposits and other receivables	1,311	–	–	–	1,311
Bank balances	9,623	–	–	–	9,623
	10,934	–	–	–	10,934

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 to 180 days from the date of billing. The Group does not obtain collateral from its customers.

For trade receivables, the Group applies the simplified approach for measuring the lifetime ECLs on individual basis if the amounts are significant, or collective basis using the provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and lifetime ECLs for trade receivables (based on past due dates):

As at 31 December 2025

	ECL rate	Gross carrying amount RMB'000	ECL RMB'000	Net carrying amount RMB'000
Neither past due nor impaired	0.00%	1,796	–	1,796

As at 31 December 2024, all trade receivables have been settled.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Credit risk (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL-not credit-impaired	12-month ECL
Watch list	Debtor frequently repay in full after due dates but usually settle in full	Lifetime ECL-not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL-not credit-impaired	Lifetime ECL not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL-credit-impaired	Lifetime ECL credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

	Notes	Internal Credit rating	12m or lifetime ECL	Gross carrying amount	
				2025 RMB'000	2024 RMB'000
Financial assets at amortised costs					
Trade receivables	19	Low risk	Lifetime ECL	1,796	–
Other receivables and deposits	19	Low risk	12m ECL	1,297	1,311
Cash and bank balances	20	N/A	12m ECL	7,221	9,623
Financial guarantee contracts	24	Write-off	Lifetime ECL	383,156	443,945

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Credit risk (Continued)

As at 31 December 2025, the loss allowance of RMB133,008,000 (2024: RMB177,008,000) recognised for the financial guarantee contracts were estimated based on the fair values of Suzhou First Pharma's assets to be sold in the coming auctions and the repayment allocations ratio with reference to the first repayment allocation, which was completed upon the transfer to shareholding of Suzhou First Pharma. The fair values of Suzhou First Pharma's assets to be sold in the coming auctions were estimated based on the estimated auction prices of Suzhou First Pharma's assets to be sold in the coming auctions as stated in the auction's website of the PRC Court, less the applied discount of 19.59% (2024: 13.05%).

Reconciliation of loss allowance for financial guarantee contracts

	2025 RMB'000	2024 RMB'000
At 1 January	177,008	170,713
Loan capitalisation	(44,000)	–
Change in fair value of the year (note 6)	–	6,295
At 31 December	133,008	177,008

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirements in the short and long term.

During the year ended 31 December 2025, the Group incurred a net loss of approximately RMB26,255,000 (2024: RMB53,357,000) and as at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB605,734,000 and RMB273,833,000 (2024: RMB708,880,000 and RMB399,108,000), respectively. Furthermore, the Group's other borrowings amounted to approximately RMB316,126,000 (2024: RMB375,488,000), of which approximately RMB42,705,000, RMB245,316,000 and RMB28,105,000 (2024: RMB22,335,000, RMB313,810,000 and RMB31,350,000) were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2025, respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Liquidity risk (Continued)

As further explained in note 2, the directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from date of approval for the consolidated financial statements. They are of the opinion that, taking into account such plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from date of approval for the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

All non-interest bearing financial liabilities of the Group are carried at amounts not materially different from their contractual undiscounted cash flow as these financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period.

The following table sets out the remaining contractual maturities at the end of reporting period of the Group's trade and other payables, lease liabilities and other borrowings which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date of the Group would be required to repay.

As at 31 December 2025

	Scheduled undiscounted cash outflow					Carrying Amount RMB'000
	Weighted average interest rate per annum	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000	Total RMB'000	
Trade and other payables	N/A	166,776	-	-	166,776	166,776
Lease liabilities	8.83%	518	86	-	604	572
Other borrowings	8.09%	316,483	-	-	316,483	316,126
		483,777	86	-	483,863	483,474

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Liquidity risk (Continued)

As at 31 December 2024

	Weighted average interest rate per annum	Scheduled undiscounted cash outflow			Total RMB'000	Carrying Amount RMB'000
		Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000		
Trade and other payables	N/A	174,446	–	–	174,446	174,446
Lease liabilities	3.85%	354	90	38	482	466
Other borrowings	8.83%	367,863	8,007	–	375,870	375,488
		542,663	8,097	38	550,798	550,400

In addition, as disclosed in note 24, the Company was subject to credit risk in respect of Suzhou First Pharma and its subsidiaries in relation to financial guarantees on bank and other borrowings given on behalf of Suzhou First Pharma and its subsidiaries. As at 31 December 2025, the carrying amount of financial guarantees contracts in relation to Suzhou First Pharma and its subsidiaries amounted to approximately RMB133,008,000 (2024: RMB177,008,000). The management of the Company considered the maximum exposure would be approximately RMB383,156,000 (2024: RMB443,945,000), if nil consideration is received from the auction of Suzhou First Pharma's receivables, inventories and the shareholding of its subsidiaries.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances which is limited due to the short maturity. The directors of the Company consider that the exposure to cash flow interest rate on bank deposits are insignificant. The fair value interest rate risk that arises from financial assets and liabilities that carried at fixed rates are bank balances, lease liabilities and other borrowings.

As at 31 December 2025 and 2024, the Group did not have any floating rate borrowings, no sensitivity analysis on interest rate exposure is presented accordingly.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US\$, RMB and HK\$. In addition, certain borrowings are also denominated in HK\$. At present, the Group has no hedging policy with respect to its foreign exchange exposure.

(i) Exposure to currency risk

The following table details the Group's and the Company's major exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of non-PRC group entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)					
	2025			2024		
	US\$ RMB'000	RMB RMB'000	HK\$ RMB'000	US\$ RMB'000	RMB RMB'000	HK\$ RMB'000
Cash and bank balances	200	5	–	–*	310	–
Other borrowings	–	–	–	–	(22,000)	–
	200	5	–	–	(21,690)	–

* Amounts less than RMB1,000

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after income tax and accumulated losses that would have arisen if foreign exchange rates to which the Group has significant exposure at the end of reporting period had changed at that date, assuming all other risk variables remained constant.

	2025			2024		
	Increase/ (decrease) in foreign exchange rates RMB'000	(Increase)/ decrease in loss after income tax RMB'000	(Increase)/ decrease in accumulated losses RMB'000	Increase/ (decrease) in foreign exchange rates RMB'000	(Increase)/ decrease in loss after income tax RMB'000	(Increase)/ decrease in accumulated losses RMB'000
US\$	5% (5%)	8 (8)	8 (8)	5% (5%)	—* —*	—* —*
RMB	5% (5%)	—* —*	—* —*	5% (5%)	(906) 906	(906) 906
HK\$	5% (5%)	— —	— —	5% (5%)	— —	— —

* Amounts less than RMB1,000

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' loss after income tax measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of non-PRC incorporated subsidiaries into the Group's presentation currency. The analysis has been performed on the same basis for 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital with reference to its debt-to-assets ratio. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there is adequate working capital to service its debt obligations. The Group's debt-to-assets ratio, being the Group's total interest-bearing borrowings and lease liabilities over its total assets, at 31 December 2025 was 91.18% (2024: 110.6%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Financial assets and liabilities measured at fair value

The disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs. The fair value of unlisted equity investment as at 31 December 2025 and 2024 classified as financial asset at fair value through profit or loss is determined by reference to a valuation report issued by an independent qualified valuer under level 3 valuation.

The fair value of unlisted equity investment as at 31 December 2025 and 2024 classified as financial asset at fair value through profit or loss is determined by reference to a valuation report issued by an independent qualified valuer under level 3 valuation.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Financial assets and liabilities measured at fair value (Continued)

As at 31 December 2025

	Fair value RMB'000	Fair value measurements categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets:				
Financial asset at FVTPL				
– Unlisted equity investment	331,358	–	–	331,358

As at 31 December 2024

	Fair value RMB'000	Fair value measurements categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets:				
Financial asset at FVTPL				
– Unlisted equity investment	317,282	–	–	317,282

During the years ended 31 December 2025 and 2024, there was no transfer between Level 1 and Level 2, or transfers into or out of Level 3.

Reconciliation of Level 3 fair value measurement of financial assets

	2025 RMB'000	2024 RMB'000
At 1 January	317,282	–
Transfer from interest in an associate measured at fair value upon transfer (note 16)	–	293,719
Changes in fair value (note 17)	14,076	23,563
At 31 December	331,358	317,282

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Financial assets and liabilities measured at fair value (Continued)

Valuation techniques and inputs in Level 3 fair value measurement

The fair value of unlisted equity investment is estimated using market approach which provides an indication of value by comparing a business entity with identical or comparable (that is similar) assets for which price information is available. By adopting this approach, the analysis will begin by examining indications of value from the prices of comparable companies with significant adjustments for lack of marketability. These adjustments are based on unobservable inputs.

The following tables give information about how the fair value of unlisted equity investment is determined (in particular, the valuation technique and inputs used).

Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2025 RMB'000	2024 RMB'000			
Unlisted equity investment	331,358	317,282	Level 3	Market approach with reference to the price-earnings ratio of comparable companies	Price-earnings ratio Discount of lack of marketability

Significant unobservable input	% of unobservable input	Relationship of unobservable inputs to fair value
Price-earnings ratio	27.1 (2024: 19.22)	The lower/higher for price-earnings ratio derived from the Group's financial assets, the lower/higher the fair value
Discount of lack of marketability	15.36% (2024: 19.52%)	The lower/higher discount for the lack of marketability of the Group's financial asset, the higher/lower the fair value

The valuation was based on the unaudited earnings for the year ended 31 December 2025 of the investee to which the financial asset relate of approximately RMB57,108,000 (2024: RMB81,064,000). If the unaudited earnings of the investee for the year increased/decreased by 5%, loss before income tax for the year would decrease/increase by an amount of approximately RMB16,568,000 (2024: RMB15,864,000).

As at 31 December 2025, the median price-earnings ratio of comparable companies was 27.1 as compared to 19.22 as at 31 December 2024, indicating a significant increase in the future prospect of the industry during the year. If the median price-earnings ratio for the year increased/decreased by 5%, loss before income tax for the year would decrease/increase by an amount of approximately RMB16,568,000 (2024: RMB15,864,000).

The fair values of the financial asset as at 31 December 2025 and 2024 were determined with reference to valuations carried out by Graval Consulting Limited, an independent valuer who holds a recognised professional qualification and has recent experience in the type of financial asset being valued.

There have been no changes to the valuation techniques during the years presented.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. LOSS ON DECONSOLIDATION OF SUBSIDIARIES

Financial assets and liabilities measured at fair value (Continued)

Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost approximated their respective fair values at 31 December 2025 and 2024.

For the year ended 31 December 2024

Deconsolidation of subsidiaries

On 5 August 2024, a special resolution of a wholly-owned subsidiary, NT Pharma (HK) Limited resolved the winding-up of the company voluntarily pursuant to Section 288(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the liquidators have been appointed. As a result of the liquidation and appointment of liquidators, the Group lost control over NT Pharma (HK) Limited and its direct wholly-owned subsidiary, NT Pharmaceutical Trading (Shanghai) Co., Ltd. (the "**Deconsolidated Subsidiaries**"). Accordingly, the financial results of the Deconsolidated Subsidiaries were deconsolidated from the Group and a loss on deconsolidation of the subsidiaries of approximately RMB7,009,000 was recognised in the consolidated profit or loss for the year ended 31 December 2024.

The net assets of the Deconsolidated Subsidiaries at the date of deconsolidation were as follows:

	RMB'000
Analysis of liabilities over which control was lost:	
Property, plant and equipment	3
Intangible assets	196
Financial asset at fair value through profit or loss	589
Other receivables	7,455
Bank balances and cash	22
Other payables	(1,256)
Net assets of subsidiaries deconsolidated and loss on deconsolidation	7,009
Net cash outflow arising on the deconsolidation of the subsidiaries	
Cash and bank balances	(22)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

35. EVENT AFTER THE REPORTING PERIOD

On 28 April 2025, the Company, as purchaser, entered into a sale and purchase agreement with several independent third parties, as sellers. Pursuant to which the Company conditionally agreed to purchase, and the sellers conditionally agreed to sell, 100% of the issued shares in several target companies at the total consideration of approximately RMB116,220,000, which is to be satisfied by allotment and issue of 274,751,679 shares of the Company (the “**Consideration Shares**”) to the sellers at the issue price of HK\$0.45 per Consideration Share. Each of the target companies was holding certain equity interests in Zhejiang Kangyuan Medical Device Co. Ltd. (浙江康源醫療器械有限公司) (“**Kangyuan**”) and altogether were holding 58.11% of Kangyuan, in aggregate. Kangyuan is a company incorporated in the PRC with limited liability and is principally engaged in the research and operation of Artificial Intelligence (“**AI**”) X-Ray Bone Density System and Portable AI X-Ray Device in the PRC.

The acquisition was approved by the shareholders at the Extraordinary General Meeting (“**EGM**”) of the Company on 15 January 2026. Details of the acquisition and results of the EGM are set out in the circular issued by the Company on 24 December 2025 and announcement made by the Company on 15 January 2026, respectively.

On 25 March 2026, the Company completed the major transaction in relation to the acquisition of 100% of the issued shares of the target companies (the “**Acquisition**”) and the issue of Consideration Shares under specific mandate, and the target companies became indirect wholly-owned subsidiaries of the Company. Following the completion of the Acquisition, the Company indirectly holds 58.11% equity interest in Kangyuan through its wholly-owned subsidiaries, and its financial results will be consolidated into the accounts of the Group.

Up to the date of these consolidated financial statements are authorised for issue, the initial accounting for the business combination is incomplete and it is not practicable to provide the information about the Acquisition that HKFRS 3 requires to be disclosed in these consolidated financial statements to enable users of the consolidated financial statements to evaluate the nature and financial effects of the Acquisition. The Group does not have such information available because as at the date of approval of the consolidated financial statements, it has not yet performed the detailed review of the relevant facts and circumstances of the Acquisition and of Kangyuan at the time of the Acquisition in order to be able to estimate the financial effects of the Acquisition.

FIVE YEARS FINANCIAL SUMMARY

FIVE-YEAR FINANCIAL SUMMARY

Results

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Re-presented)	2021 RMB'000
Turnover	24,518	37,960	7,366	–	226,699
Gross profit	9,610	5,260	7,366	–	145,459
Loss before income tax	(26,255)	(53,480)	(33,369)	(50,040)	(148,752)
Loss for the year from discontinued operations	–	–	(110,099)	(16,365)	–
Loss for the year	(26,255)	(53,357)	(143,590)	(66,405)	(151,334)

Assets and Liabilities

	At 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total non-current assets	331,986	317,890	316,845	932,284	687,657
Total current assets	15,362	16,185	12,277	73,434	267,703
Total current liabilities	(621,096)	(725,065)	(665,087)	(1,169,693)	(895,973)
Net current liabilities	(605,734)	(708,880)	(652,810)	(1,096,259)	(628,270)
Total assets less current liabilities	(273,748)	(390,990)	(335,965)	(163,975)	59,387
Total non-current liabilities	(85)	(8,118)	(3,600)	(77,683)	(270,762)
Net liabilities	(273,833)	(399,108)	(339,565)	(241,658)	(211,375)
Total capital deficits	(273,833)	(399,108)	(339,565)	(241,658)	(211,375)