

The United Laboratories International Holdings Limited

(A company incorporated in the Cayman Islands with limited liability)
(Stock Code: 3933)

2025

ANNUAL REPORT





Founded in 1990, the Group focuses on the research and development, production and sales of pharmaceuticals, and ranks among the leading integrated pharmaceutical companies in China. The Group witnessed its listing on the Main Board of the Hong Kong Stock Exchange on 15 June 2007 (Stock Code: 3933). At present, the Group stands as a constituent stock of the Hang Seng Composite Index series, and has achieved an MSCI ESG rating of AA, which is an industry leading performance.

Over three decades of rapid development, the Group has established three core business segments covering intermediate products, bulk medicine and finished products, and continues to optimize its vertically integrated business model. The Group currently owns eleven production bases, covering intermediate products and bulk medicine, finished products, health & wellness products, animal healthcare products, empty capsule casings and medical devices. The Group continues to expand its international business footprint, with sales networks covering nearly 80 countries and regions worldwide.

The Group continues to expand its innovative R&D and international perspective, establishing a multi-platform synergistic layout for comprehensive development. The Group focuses on fields including endocrinology, metabolism, autoimmunity, anti-infection and ophthalmology, with several Class 1 innovative drugs having entered the clinical trial stage. The Group is actively advancing new drug out-licensing and diversified business development, continuously building a global innovation network. To date, the Group has over 100 projects under development and has obtained over 120 patents.

Keeping the corporate mission of “Making Life More Valuable” in mind, the Group will continue to deepen its innovative research and development and global layout, provide more quality and efficient products and services, and contribute to the high-quality development of China and the global pharmaceutical industry.





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CORPORATE CALENDAR OF 2025

JANUARY

- UBT251 Injection, a Class 1 innovative drug, has been approved for phase II clinical trial in China on indication of chronic kidney disease.
- The marketing application of The United Laboratories for Semaglutide Injection was accepted by the National Medical Products Administration (“NMPA”).

FEBRUARY

- UBT251 Injection, a Class 1 innovative drug, obtained clinical trial approval from the U.S. Food and Drug Administration (“U.S. FDA”) on indication of chronic kidney disease.

MARCH

- The United Bio-Technology (Hengqin) Co., Ltd. entered into an exclusive license agreement with Novo Nordisk A/S for UBT251.
- The new drug application (“NDA”) of Liraglutide Injection (specification: 3ml: 18mg (pre-filled)) and Polyvinyl Alcohol Eye Drops (specification: 1.4% (0.4ml: 5.6mg)) of The United Laboratories were approved by the NMPA.
- The sterile APIs of Zhuhai United Laboratories Co., Ltd. and the amoxicillin API of The United Laboratories (Inner Mongolia) Co., Ltd. passed the official GMP inspection by Brazil’s ANVISA, injecting strong momentum into the Group’s strategic expansion into the South American market.
- United Animal Healthcare debuted at the 2025 VIV Asia International Intensive Livestock Exhibition held in Thailand.

MAY

- United Animal Healthcare held a launch event for “BANG CUB”, the New Zealand imported prescription cans, further strengthening its precision pet nutrition solutions.

JUNE

- The United Laboratories participated in “the 23rd China Pharmaceutical Ingredients Exhibition (CPHI)” and was recognized as a “Premium Global Partner” and received the “ESG Corporate Responsibility Award”.
- Zhuhai United Laboratories Co., Ltd. was honored with the China Patent Excellence Award for “a Refolding Method for a Glargine Insulin Precursor” (Patent No. ZL201310754124.4).

JULY

- UBT37034 Injection, a Class 1 innovative drug, has been approved for clinical trial on indications of overweight or obesity by the U.S. FDA.
- Zhuhai United Laboratories Co., Ltd. ranked 23rd among the “2024 Top 100 Chinese Pharmaceutical Manufacturing Enterprises in terms of Principal Business Income”.

CORPORATE CALENDAR OF 2025

AUGUST

- The United Laboratories was recognized at the 7th China Medicine Connect Expo (CMC-CHINA 2025) as one of the “TOP30 2025 China API Business” and “TOP101 2025 China Pharmaceutical Industry”.
- 聯邦® 阿莫仙® were named to the “2025 Healthy China Brand List” and awarded the CPEO Gold Award.

SEPTEMBER

- UBT37034 Injection, a Class 1 innovative drug, has been approved for phase I clinical trial in China on indications of overweight or obesity.
- In partnership with JD Health, The United Laboratories launched 聯邦優利泰® (Liraglutide Injection) exclusively across its full online platform.
- The Ampicillin Sodium aseptic API of Zhuhai United Laboratories Co., Ltd. received the CEP certificate issued by the European Directorate for the Quality of Medicines & HealthCare (EDQM).
- The United Laboratories won the “Best ESG Pioneer Practice Listed Company Award” from the “Golden Kunpeng” China Financial Value Ranking.

OCTOBER

- Zhuhai United Laboratories Co., Ltd. ranked 61st in the “Top 500 Manufacturing Enterprises in Guangdong Province for 2025”.

NOVEMBER

- United Animal Healthcare launched seven products, including Cefovecin Sodium for Injection, covering anti-infectives, chronic disease management, skin health, nutritional support and environmental disinfection for pets.
- The United Laboratories participated in the 27th Academic Conference of the Chinese Diabetes Society.
- The United Laboratories ranked 10th on the “2025 China Innovative Drug Global Expansion Leading Enterprises Top 40”.
- The United Laboratories received the “2025 Top20 Most Competitive Chinese Pharmaceutical Listed Companies” and “2025 Top20 ESG Competitiveness among Chinese Pharmaceutical Listed Companies” awarded by Healthcare Executive.

DECEMBER

- Moxifloxacin Hydrochloride Eye Drops (specifications: 0.5% (3ml: 15mg), 0.5% (5ml: 25mg)) and Levofloxacin Eye Drops (specification: 0.488% (5ml: 24.4mg)) of The United Laboratories have been approved by NMPA.
- The United Laboratories was honored with the “Enterprise with Excellent Influence in ESG” by Hong Kong Commercial Daily.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Tsoi Hoi Shan (*Chairman*)
 Mr. Leung Wing Hon (*Vice-Chairman*)
 Ms. Choy Siu Chit
 Mr. Fang Yu Ping
 Ms. Zou Xian Hong
 Ms. Zhu Su Yan

Independent non-executive directors

Mr. Chong Peng Oon
 Prof. Song Ming
 Dr. Fu Qiushi

COMPANY SECRETARY

Mr. Leung Wing Hon (*FCPA*)

AUTHORISED REPRESENTATIVES

Mr. Tsoi Hoi Shan
 Mr. Leung Wing Hon

AUDIT COMMITTEE

Mr. Chong Peng Oon (*Chairman*)
 Prof. Song Ming
 Dr. Fu Qiushi

REMUNERATION COMMITTEE

Mr. Chong Peng Oon (*Chairman*)
 Prof. Song Ming
 Dr. Fu Qiushi

NOMINATION COMMITTEE

Prof. Song Ming (*Chairman*)
 Mr. Chong Peng Oon
 Dr. Fu Qiushi
 Ms. Zou Xian Hong

RISK MANAGEMENT COMMITTEE

Mr. Chong Peng Oon (*Chairman*)
 Prof. Song Ming
 Dr. Fu Qiushi
 Mr. Leung Wing Hon
 Ms. Choy Siu Chit

SUSTAINABILITY COMMITTEE

Ms. Choy Siu Chit (*Chairman*)
 Mr. Chong Peng Oon
 Prof. Song Ming
 Dr. Fu Qiushi
 Mr. Leung Wing Hon

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
 Registered Public Interest Entity Auditors

REGISTERED OFFICE

Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman
 KY1-1111
 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6 Fuk Wang Street
 Yuen Long Industrial Estate
 New Territories
 Hong Kong

PRINCIPAL BANKERS

China

Industrial and Commercial Bank of China Ltd.,
 Zhuhai Xiangzhou Branch
 China Merchants Bank Co., Ltd., Zhuhai Branch
 China Construction Bank Corporation,
 Bayannaoer Branch
 Bank of Communication Co., Ltd., Zhuhai Branch
 China Guangfa Bank Co., Ltd, Zhuhai Branch
 Ping An Bank Co., Ltd., Zhuhai Branch
 Bank of China Ltd, Bayannaoer Branch
 Shanghai Pudong Development Bank Co., Ltd.,
 Hengqin Guangdong-Macao Deep Cooperation
 Zone Branch
 China Resources Bank, Zhuhai Branch
 Huaxia Bank, Zhuhai Branch
 Guangdong Huaxing Bank, Zhuhai Branch
 China CITIC Bank Corporation Ltd. Hohhot Branch
 Industrial Bank Co., Ltd., Hohhot Branch
 Bank of China Ltd., Zhuhai Branch

Hong Kong

Bank of China (Hong Kong) Ltd.
 Hang Seng Bank Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

WEBSITE

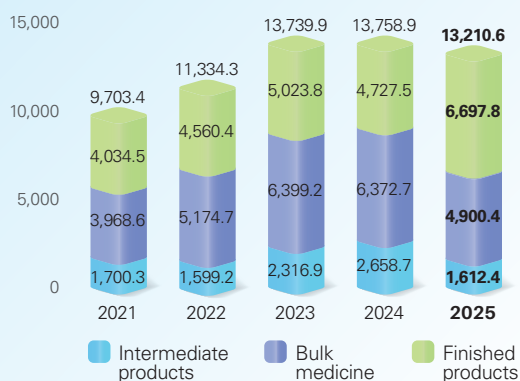
www.tul.com.cn
www.irasia.com/listco/hk/unitedlab

FINANCIAL HIGHLIGHTS

	2025 RMB'000	2024 RMB'000	Decrease %
Revenue	13,210,627	13,758,937	(4.0%)
EBITDA	3,247,227	3,939,403	(17.6%)
Profit before taxation	2,527,953	3,288,898	(23.1%)
Profit for the year attributable to owners of the Company	2,085,902	2,659,704	(21.6%)
	RMB cents	RMB cents	
Earnings per share - Basic	110.65	146.39	(24.4%)
Dividend per share			
– Interim dividend	16.0	16.0	0.0%
– Final dividend	26.0	28.0	(7.1%)
– Special dividend	–	12.0	(100.0%)
– Full-year dividend	42.0	56.0	(25.0%)

REVENUE

(RMB million)



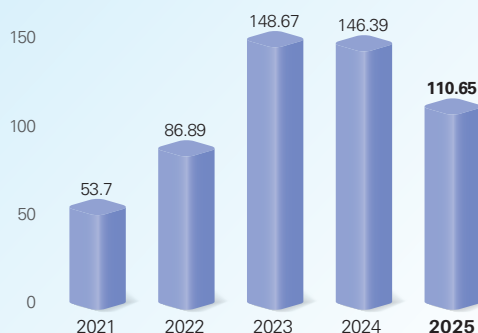
EBITDA

(RMB million)



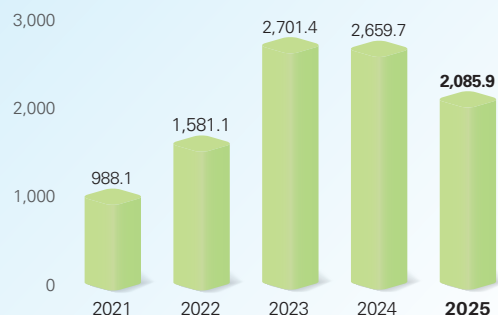
BASIC EARNINGS PER SHARE

(RMB cents)



PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB million)



CHAIRMAN'S STATEMENT



Mr. Tsoi Hoi Shan
Chairman

Dear Shareholders,

In 2025, the external environment remained complex and volatile. Guided by a high-quality development strategy, China's economy maintained steady progress with improvements in both quantity and quality. The past year marked the conclusion of China's 14th Five-Year Plan. The pharmaceutical industry continued to see policy refinements, with the combined effects of measures such as the normalisation of centralised procurement, the full implementation of reformed medical insurance payment methods, and the accelerated review and approval process for innovative drugs becoming evident, driving the industry's accelerated transformation and upgrading. Since the inception of the 14th Five-Year Plan, China's pharmaceutical sector has achieved significant accomplishments in areas including innovative drugs, high-end manufacturing, industrial scale, and internationalisation, consistently achieving leapfrog development driven by innovation and laying a solid foundation for the "Healthy China" initiative and global pharmaceutical competition.

Facing the opportunities and challenges presented by this new landscape, the Group has maintained a clear strategic focus, seizing the initiative amidst change and seeking breakthroughs amidst challenges. By focusing on R&D innovation and deepening our global footprint, we have cemented a solid foundation for the Group's long-term sustainable development. On behalf of the board of Directors (the "Board") of The United Laboratories International Holdings Limited (the "Company" or "The United Laboratories"), I am pleased to present to our shareholders and partners the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025 (the "Year").

CHAIRMAN'S STATEMENT

During the Year, the Group recorded revenue of approximately RMB13,210.6 million, representing a year-on-year decrease of 4.0%. Profit attributable to owners of the Company was RMB2,085.9 million, representing a year-on-year decrease of 21.6%. Earnings per share were RMB110.65 cents. The Board recommends the payment of a final dividend of RMB26 cents per share for the year ended 31 December 2025. The dividend for the full year was RMB42 cents together with the distributed interim dividend of RMB16 cents per share, representing a dividend payout ratio of 38.0%.

Innovation-Driven, Transforming for the Future

In 2025, national policy support for the innovative drug industry continued to intensify. The National Healthcare Security Administration issued "Several Measures to Support the High-Quality Development of Innovative Drugs", proposing 16 specific initiatives aimed at clearing the whole-chain pathway for innovative drugs from R&D and market access to reimbursement and internationalisation. The National Medical Products Administration (NMPA) issued and implemented an "Announcement on Optimising the Review and Approval Process for Clinical Trials of Innovative Drugs", establishing a 30-day review and approval channel for innovative drug clinical trials in addition to the existing 60-day implied approval system, further enhancing review efficiency. During the year, the first edition of the "Commercial Health Insurance Innovative Drug Catalogue" was officially released, signalling the gradually strengthening role of commercial health insurance in the payment system for innovative drugs. With the continued release of policy dividends, the ongoing improvement of the payment system, the maturing industrial ecosystem, the emergence of new technologies, and the acceleration of internationalisation, the market potential for innovative drugs will continue to expand, maintaining a trajectory of rapid growth.

The Group adheres to an innovation-driven development strategy. Years of accumulated R&D efforts are now bearing fruit, with positive progress achieved in new drug development, out-licensing of new drugs, product registration and approval, and the quality and efficacy consistency evaluation of generic drugs, injecting strong momentum into the Group's long-term development. The Group currently has 23 Class I new drug candidates under development, including several blockbuster products with significant market potential. During the year, the Group continued to increase its R&D investment, with the development and clinical studies of innovative drugs progressing in an orderly manner. Notably, Phase II clinical studies in China for UBT251 Injection, a Class I new drug, were successively initiated for multiple indications including overweight or obesity, diabetes, metabolic dysfunction-associated steatohepatitis (MASH), and chronic kidney disease, continuously expanding its future market potential. Furthermore, UBT37034 Injection for the indication of overweight or obesity, another Class I new drug, received approval for clinical trials in both China and the United States, empowering its international expansion.

During the Year, the Group's first GLP-1 product, 聯邦優利泰® (Liraglutide Injection), was approved for marketing. This approval further enriches the Group's product portfolio in the field of diabetes treatment and GLP-1 target. As the first segmented production pilot variety of biological products in the country to achieve production capacity conversion, Liraglutide Injection offers significant advantages in meeting market demand, improving production efficiency, and ensuring product quality. It will also continue to accumulate valuable practical experience for segmented production. Additionally, Semaglutide Injection (for the diabetes indication), which has garnered widespread market attention, has entered the production application stage and is expected to benefit a broad patient population.

CHAIRMAN'S STATEMENT

Success in UBT251 Out-Licensing: Another Milestone in Innovative Transformation

In 2025, the total value of out-licensing deals for Chinese innovative drugs exceeded US\$130 billion, reaching record highs in terms of transaction volume, value, and upfront payments. China's innovative drug has entered a new stage of development, successfully securing a core position within the global pharmaceutical innovation landscape.

During the Year, the Group entered into an exclusive license agreement with Novo Nordisk A/S, a leading global healthcare company, for UBT251, a triple agonist of GLP-1R/GIPR/GCGR, granting Novo Nordisk A/S the rights to develop, manufacture, and commercialise UBT251 globally (excluding Mainland China, Hong Kong SAR, Macao SAR, and Taiwan). During the Year, the Group successfully received the upfront payment for this transaction. As the UBT251 project progresses, the Group will successively realise milestone payments, further unlocking the product's value.

This collaboration signifies high recognition of the Group's innovative R&D capabilities by the leading global pharmaceutical giants, marking a milestone leap from local innovation to global out-licensing. Leveraging this, we will explore diversified new drug collaboration models with a more open attitude, build a global innovation network, and continuously enhance The United Laboratories' innovative influence.

Expanding Diversified Collaborations While Accelerating Global Footprint

The Group is firmly advancing its internationalisation strategy by actively expanding its global business presence. Beyond new drug out-licensing, various business segments are accelerating their overseas expansion, achieving significant breakthroughs in multiple dimensions such as market coverage, customer development, and industrial synergy, comprehensively speeding up the internationalisation process.

During the Year, the Group actively participated in top-tier industry exhibitions and academic and industrial exchange events, including CPHI Worldwide, CPHI China, VIV Asia, Chronic Disease Prevention Conferences, and Frontier Diabetes Academic Meetings, engaging in in-depth interactions with Chinese and global clients, and continuously enhancing its brand influence. Adhering to the business principle of "friendship, equality, and mutual development", we have entered into strategic collaborations with multiple domestic and international partners, injecting new momentum into our global presence.

We continue to drive global business development at a relentless pace. During the Year, our insulin products successfully marked the beginning of the Group's finished products business going global, setting a record for export sales volume among Chinese products of the same category. Currently, the Group has established business collaborations with clients in multiple "Belt and Road" countries and emerging markets, steadily advancing the international presence of its finished products business. In the future, the Group will continue to align with the national "Belt and Road" development strategy, fully leveraging its vertically integrated industrial advantages. We will intensify our efforts in key countries along the route and emerging markets, working hand-in-hand with local partners to construct targeted market strategies and operational systems. Simultaneously, we will accelerate the overseas registration of key products, continuously enrich our product matrix, and rapidly advance our strategic internationalization presence.

CHAIRMAN'S STATEMENT

Enhancing Quality and Efficiency, and Achieving High-Quality Development

In 2025, Artificial Intelligence (AI) technology achieved significant breakthroughs and widespread application globally, accelerating its transition from technological exploration to large-scale implementation. During the year, seven ministries, including the Ministry of Industry and Information Technology, jointly issued the "Implementation Plan for the Digital and Intelligent Transformation of the Pharmaceutical Industry (2025-2030)", outlining a clear blueprint for the industry's digital and intelligent transformation. With keen strategic insight, the Group is fully embracing the AI wave. We are actively advancing our AI strategic deployment, continuously promoting the deep integration of artificial intelligence with core business functions such as R&D, production, and management. We aim to improve quality and efficiency through AI technologies, injecting new momentum into high-quality development.

In team building, we adhere to a people-oriented philosophy, continuously improving our institutional systems and optimising incentive mechanisms. We are dedicated to building a talent team that is friendly, responsible, diligent, efficient, and possesses an international perspective and capabilities. During the Year, the United Laboratories Craftsman Training School was successfully launched, which will continuously supply professionally skilled talent for regional industrial upgrading.

During the Year, the Group steadily advanced capacity upgrades, with several key construction projects successfully coming to fruition. Relying on our comprehensive industrial chain advantages, we continuously enhance the Group's overall competitiveness, comprehensively empowering its high-quality development.

Environmental, Social and Governance

Upholding the corporate mission of "Making Life More Valuable", the Group integrates the concept of sustainable development into its business operations and decision-making. We actively fulfill our social responsibilities by continuously investing in various fields such as education, disaster relief, and community care to contribute to the society. Simultaneously, we respond wholeheartedly to the national policy of green and sustainable development, promoting industrial upgrading and facilitating the green and low-carbon transformation of enterprises.

Facing the profound impacts of global climate change, we proactively incorporate climate risk response and opportunity identification into our strategic vision. We actively identify climate-related risks and opportunities within our production operations and value chain, promote energy conservation, emission reduction, and energy structure optimisation, explore application scenarios for low-carbon technologies in the pharmaceutical sector, and seek breakthroughs in green manufacturing and the recycling economy. We are committed to transforming climate challenges into new drivers for innovative development.

Outlook

The Central Economic Work Conference in 2025 clearly positioned biomedicine as an "emerging pillar industry", sending a clear policy signal to "promote the high-quality development of innovative drugs". Currently, with clinical value at its core, the industry is building a new pattern for high-quality development characterised by "source innovation, intelligent manufacturing, and global presence", laying a solid foundation for entering the 15th Five-Year Plan period.

CHAIRMAN'S STATEMENT

Facing this new development landscape, the Group, with its solid industrial foundation and forward-looking strategic layout, is confident in seizing opportunities and addressing challenges. The Group will uphold its innovation-driven development strategy, continue to promote R&D innovation and technological upgrades, deepen its vertically integrated industrial layout, comprehensively enhance operational efficiency, and fully leverage its economies of scale and synergistic advantages. In terms of globalisation, we will perfect our R&D, production, and commercialisation systems to internationally competitive standards, continuously drive the comprehensive global expansion of our products, technologies, and brand, and expand our global business, collaboration, and innovation network. In the future, we will unwaveringly pursue the path of high-quality and sustainable development, striving to create greater value for our shareholders and society.

On behalf of the Board, I would like to take this opportunity to express my gratitude to our shareholders and our partners for their full trust and support in long time, as well as to our staff for their hard work and contributions. I hope we can join hands and create a better future together.

Tsoi Hoi Shan

Chairman

Hong Kong, 24 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS



Mr. Leung Wing Hon

Vice-Chairman

BUSINESS REVIEW

In 2025, the Group achieved significant progress in drug launches, production submissions, clinical studies, and the out-licensing of new drug projects. At the same time, a refined production and supply system, together with precise and efficient marketing strategies, progressed in tandem, enabling the steady development of all business segments and consolidating the Group's industry-leading position. During the year, the Group recorded revenue of approximately RMB13,210.6 million, representing a year-on-year decrease of 4.0%.

Intermediate Products and Bulk Medicine Business

During the year, affected by declining market prices and demand adjustment, the Intermediate products and Bulk medicine segments recorded external sales of RMB1,612.4 million and RMB4,900.4 million respectively, representing a year-on-year decrease of 39.4% and 23.1%, respectively. Overseas export recorded sales of RMB2,015.0 million, decrease of 23.8% and accounted for 15.3% of total revenue of the Group.

As one of the world's largest producers and exporters of bulk medicines, China holds a dominant position in several key categories, including antibiotics and vitamins. Leveraging a comprehensive chemical infrastructure, mature fermentation technologies, and large-scale production capabilities, China has established the world's most cost-competitive API industrial chain, providing stable, high-quality raw material assurance for the global pharmaceutical industry. Concurrently, amidst current market demand adjustments, intensified industry competition, the continuous deepening of domestic pharmaceutical centralised procurement, and a complex and volatile international trade environment, the upstream sector is undergoing profound transformation and ecological reshaping.

MANAGEMENT DISCUSSION AND ANALYSIS

Relying on mature large-scale production capabilities, the Group has accelerated its innovative R&D, continuously optimised and refined its product mix, and consistently reinforced its core competitive advantages within the industrial chain. Simultaneously, by improving quality and efficiency to enhance cost competitiveness, establishing and perfecting the quality systems aligned with international standards, and connecting with global clients through professional and efficient services, the Group continued to elevate its comprehensive competitive strength amidst industry transformation.

Finished Products Business

During the year, the external sales of Finished products was RMB6,697.8 million (including license fee income of RMB1,442.2 million), representing a year-on-year increase of 41.7% and accounted for 50.7% of total revenue of the Group.

The success of our insulin products marked the beginning of the Group's finished products business going global, maintaining stable supply and order delivery during the year while setting a record for export sales volume among Chinese products of the same category. Currently, the Group has established business collaborations with clients in multiple "Belt and Road" countries and emerging markets, steadily advancing the international presence of its finished products business.

Endocrine/Metabolism

The main products include 優思靈®USLIN® (Human Insulin Injection (N/R/30R/50R)), 聯邦優樂靈®USLEN® (Insulin Glargine Injection), 聯邦優倍靈®UBLIN® (Insulin Aspart/Insulin Aspart 30 Injection), 聯邦優利泰® (Liraglutide Injection), and 聯邦®滅特尼® (Glipizide Tablets).

The Group's first GLP-1 product, 聯邦優利泰® (Liraglutide Injection), was approved for marketing during the year. As the first segmented production pilot variety of biological products in China to achieve production capacity conversion, 聯邦優利泰® offers significant advantages in meeting market demand, improving production efficiency, and ensuring product quality. The Group partnered with JD Health for an exclusive nationwide online launch of 聯邦優利泰®, leveraging JD Health's expertise in product education, convenient online consultations and prescriptions, nationwide cold-chain delivery services, and its mature model as the "first stop for nationwide new drug launches". This collaboration accelerated the accessibility of domestically produced GLP-1 drugs to a broader patient population.

During the year, endocrine and metabolism products recorded total gross sales of RMB1,963.2 million, representing a year-on-year increase of 57.3%.

MANAGEMENT DISCUSSION AND ANALYSIS

Anti-infection

The main products include 聯邦他唑仙® (Piperacillin Sodium Tazobactam Sodium for Injection), 聯邦®阿莫仙® (Amoxicillin Capsules/Granules), 強力阿莫仙® (Potassium Amoxicillin Clavulanate for Injection, Potassium Amoxicillin Clavulanate Tablets/Dry Suspensions), and 聯邦倍能安® (Imipenem Cestastatin Sodium for Injection), among others.

During the year, the anti-infection products (for human use) recorded total sales of RMB1,814.0 million, representing a year-on-year increase of 0.9%.

Other human-used finished products

The main products include ophthalmic drugs, topical dermatological drugs, etc.

During the year, other human-used finished products recorded total sales of RMB212.4 million, representing a year-on-year decrease of 28.9%.

Health & Wellness

The main products include the United Health & Beauty series of healthcare products, United Biophin series of skincare products, etc.

The Health & Wellness Division of the Group has deployed five major product lines: general dietary supplements, healthcare food products, cross-border nutritional supplements, medical devices, medical and aesthetic skincare products, covering categories such as bone and joint nutrition, intestinal regulation, cardiovascular health, vision protection and immunity enhancement. At present, we have a matrix of e-commerce, live broadcasting and new retail online platforms represented by Tmall, JD.com, Tik Tok and WeChat Mall, and deepened our coverage of pharmacy chains and health vertical pipelines.

During the year, the Health & Wellness segment recorded sales of RMB37.1 million, representing a year-on-year increase of 85.8%.

MANAGEMENT DISCUSSION AND ANALYSIS

Animal Healthcare

The animal healthcare business of the Group is principally engaged in the research and development, production, sales and technical services of economic and companion animal medicines, covering medicines for livestock, poultry, aquatic products and pets. During the year, we launched 15 new animal healthcare products and obtained a total of 9 new veterinary drug registration certificates ranging from Class II to Class V.

The Group continues to drive the dual-engine development of its economic animal and companion animal businesses. Leveraging its industrial advantages, it is building global capabilities spanning R&D, production, and sales. Simultaneously, it continues to promote the “going global” of its animal healthcare business, actively creating benchmark markets to develop replicable internationalisation experience, and gradually radiating its presence across the global business landscape. The Group has a total of 88 overseas product registrations that have been obtained or are currently in progress.

During the year, the animal healthcare segment recorded sales of RMB1,228.9 million, representing a year-on-year decrease of 11.1%.

Pharmaceutical Research and Development

The Group regards innovative R&D as the core engine driving enterprise development, continuously increasing R&D investment and attracting scientific talents. Through diversified collaboration models such as independent R&D and cooperative development, it expanded its innovative product pipeline, enhanced new drug R&D and clinical capabilities, and accelerated the development and practical application of innovative technologies and products.

During the year, the Group invested a total of RMB1,005.0 million in pharmaceutical research and development, with a year-on-year increase in R&D of 2.0%, including expensed R&D investment of RMB921.0 million and capitalisation of R&D investment of RMB84.0 million.

The Group has established a comprehensive research and development system composed of multiple platforms, including biological research and development, chemical drug research and development, biological fermentation and chemical, enzymatic synthesis research and development, animal healthcare research and development and clinical research center. At present, the Group had 42 new drug products under development, of which 23 products are Class 1 new drugs, focusing on the areas of endocrinology, metabolism, autoimmunity, ophthalmology and anti-infection; There are a total of 60 new animal healthcare products under development, fully covering economic and companion animals. Furthermore, projects related to APIs, medical aesthetics, and the quality and efficacy consistency evaluation of generic drugs are progressing steadily.

MANAGEMENT DISCUSSION AND ANALYSIS

Progress in Research and Development

During the year, the Group made the following major progress in R&D:

- In January, the investigational new drug (IND) application for the Phase II clinical trial of **UBT251 Injection, a Class I innovative drug**, for the indication of chronic kidney disease, received implied approval from China's National Medical Products Administration (the "NMPA").
- In January, the New Drug Application (NDA) for **Semaglutide Injection** was accepted by the NMPA.
- In March, the IND application for **UBT251 Injection, a Class I innovative drug**, received clinical trial approval from the U.S. Food and Drug Administration (FDA).
- In March, the NDA for **Polyvinyl Alcohol Eye Drops** (specification: 1.4% (0.4ml:5.6mg)) was approved by the NMPA.
- In March, the NDA for **Liraglutide Injection** (聯邦優利泰®, specification: 3ml:18mg (pre-filled)) was approved by the NMPA.
- In September, the IND application for the clinical trial of **UBT37034 for Injection, a Class I innovative drug**, for the indication of overweight or obesity, received implied approval from the NMPA.
- In November, the Phase II clinical study of **TUL01101 Tablets, a Class I innovative drug**, was completed in Chinese adult subjects with moderate to severe atopic dermatitis, achieving its predefined goals.
- In December, the NDA for **Levofloxacin Eye Drops** (specification: 0.488% (5ml:24.4mg)) was approved by the NMPA.
- In December, the NDA for **Moxifloxacin Hydrochloride Eye Drops** (specifications: 0.5% (3ml:15mg), 0.5% (5ml:25mg)) was approved by the NMPA.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group's Ceftriaxone Sodium for Injection (specifications: 1.0g; 2.0g), Cefotaxime Sodium for Injection (specifications: 1.0g; 2.0g), Amoxicillin Sodium and Clavulanate Potassium for Injection (specifications: 0.6g; 1.2g), and Cefoperazone Sodium and Sulbactam Sodium for Injection (specification: 2.0g) successively passed the consistency evaluation. The Group will continue to increase its efforts in new drug development and generic drug consistency evaluations to further consolidate its market position.

Out-Licensing

The Group achieved significant progress in advancing the global presence of its innovative drugs. In March 2025, the Group entered into an exclusive license agreement with Novo Nordisk A/S for UBT251, a triple agonist targeting the GLP-1 (glucagon-like peptide-1) receptor, GIP (glucose-dependent insulintropic polypeptide) receptor, and GCG (glucagon) receptor. Under the Agreement, the Group granted Novo Nordisk A/S the rights to develop, manufacture, and commercialise UBT251 globally (excluding Mainland China, Hong Kong SAR, Macao SAR, and Taiwan). The Group has received an upfront payment of US\$180 million (after deduction of Danish withholding tax) and is eligible to receive potential milestone payments of up to USD1.8 billion, as well as tiered royalties based on annual net sales in the licensed regions. This collaboration marks a significant step in deepening The United Laboratories' global strategic layout and represents an important milestone in the Group's innovative transformation.

MANAGEMENT DISCUSSION AND ANALYSIS

Class I new drugs under development

Project	Category	Indication	Phase
UBT251 Injection	Chemical drug	Overweight/Obesity	Clinical trial
UBT251 Injection	Chemical drug	Diabetes	Clinical trial
UBT251 Injection	Chemical drug	MASH	Clinical trial
UBT251 Injection	Chemical drug	Chronic kidney disease	Clinical trial
UBT251 Injection	Chemical drug	OSA	Clinical trial
UBT37034 for Injection	Chemical drug	Overweight/Obesity	IND approved (United States) Clinical trial (PRC)
UBT38006 Injection	Biological drug	Diabetes	IND
UBT48128 Oral Preparation	Chemical drug	Diabetes/Weight management	Pre-clinical study
Lp(a) Hypolipidemic Drug	Chemical drug	Hyperlipoproteinemia, atherosclerosis, aortic valve stenosis, etc.	Pre-clinical study
Interleukin-2 Fusion Protein	Biological drug	Vitiligo, alopecia areata, other autoimmune diseases	Pre-clinical study
UBT49003	Biological Drug	Acute Lung Injury/Acute Respiratory Distress Syndrome (ALI/ARDS), etc.	Pre-clinical study
UBT506	Biological Drug	Eczema, Asthma	Pre-clinical study
TUL01101 Tablets	Chemical drug	Rheumatoid arthritis	Clinical trial
TUL01101 Tablets	Chemical drug	Moderate to severe atopic dermatitis	Clinical trial
TUL01101 Ointment	Chemical drug	Atopic dermatitis	Clinical trial
TUL321 Capsules	Chemical drug	IgA nephropathy	IND
TUL12101 Eye Drops	Chemical drug	Xerophthalmia	Clinical trial
TUL108 for Injection	Chemical drug	Drug-resistant bacterial infection	IND approved (United States) IND (PRC)
LB2332	Chemical drug	Fungal infection	Pre-clinical study
LB2249	Chemical drug	Fat loss and muscle gain	Pre-clinical study
LB2237	Chemical drug	Hyperlipidemia	Pre-clinical study
LB2343	Chemical drug	Drug-resistant bacterial infection	Pre-clinical study

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Results

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB13,210.6 million, representing a year-on-year decrease of 4.0%. Gross profit was RMB5,514.1 million, representing a year-on-year decrease of 9.3%. EBITDA was approximately RMB3,247.2 million, representing a year-on-year decrease of 17.6%. Profit attributable to owners of the Company was RMB2,085.9 million, representing a year-on-year decrease of 21.6%. Earnings per share were RMB110.65 cents. The Board recommended the payment of a final dividend of RMB26 cents per share for the year ended 31 December 2025. Together with the interim dividend of RMB16 cents per share already paid, the total dividend for the year was RMB42 cents per share.

During the year, segmental revenue (including inter-segment sales) of Intermediate products, Bulk medicine and Finished products decrease by 31.4%, decrease by 19.8% and increase by 41.7% respectively as compared with 2024. Segmental profit decreased by 79.4%, decrease by 53.4% and increase by 455.3% year-on-year respectively. The segment profit of Intermediate products and Bulk medicine decreased significantly are mainly due to decline in the market prices of the product. Significant increase in segment profit of finished products is mainly contributed from the license fee income from Novo Nordisk A/S.

Optimising Financial Structure

In terms of finance, the Group continuously optimised its financial structure to improve liquidity by adjusting the mix of onshore and offshore borrowings, balancing long-term and short-term borrowings to reduce the finance expenses and enhance financial flexibility and efficiency in the utilisation of funds and maintain robust financial position. During the year, the Group has used Renminbi as the main borrowing currency to reduce the risk of exchange rate fluctuation and finance costs. For the year ended 31 December 2025, the finance cost of the Group amounted RMB69.7 million, representing a year-on-year increase of 99.5%. Borrowing costs of RMB57.5 million (2024: RMB40.4 million) was capitalised during the year.

As at 31 December 2025, the Group's net bank balances and cash (after deducting borrowings and trade payables under supplier finance arrangement) amounted to RMB4,027.1 million (2024: RMB2,139.7 million).

Liquidity and Financial Resources

As at 31 December 2025, the Group had pledged bank deposits, bank balances and cash amounted to approximately RMB11,234.9 million (2024: RMB7,364.2 million).

As at 31 December 2025, the Group had interest-bearing borrowings of approximately RMB4,979.3 million (2024: RMB3,138.3 million) denominated in Renminbi, of which borrowings of approximately RMB2,106.5 million with maturity within one year. Borrowings of approximately RMB525.5 million is on a fixed rate basis while the remaining balance of approximately RMB4,453.8 million is on a floating rate basis. The directors expect that all such borrowings will either be repaid by internally generated funds or rolled over upon maturity and provide sustainable funding to the Group's operations.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, current assets of the Group amounted to approximately RMB18,469.5 million (2024: RMB16,070.7 million). Net current assets increased from RMB7,298.1 million as at 31 December 2024 to RMB8,390.4 million as at 31 December 2025. The Group's current ratio was approximately 1.83 as at 31 December 2025 (2024: 1.83). As at 31 December 2025, the Group had total assets of approximately RMB30,900.5 million (2024: RMB25,833.1 million) and total liabilities of approximately RMB13,425.2 million (2024: RMB11,397.8 million). Equity attributable to owners of the Company increased from RMB14,388.3 million at 31 December 2024 to RMB17,393.0 million at 31 December 2025. As at 31 December 2025, the Group's net bank balances and cash (after deducting bank borrowings and trade payables under supplier finance arrangement) amounted to RMB4,027.1 million (2024: RMB2,139.7 million).

Currency Exchange Exposures

The Group's purchases and sales are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The operating expenses of the Group are mainly denominated in Renminbi and Hong Kong dollars. The Group's borrowings are denominated in Renminbi. The Group's treasury policy is in place to monitor and manage its exposure to fluctuation in exchange rates. Besides, the Group will conduct periodic review of its exposure to foreign exchange risk and may use financial instruments for hedging purpose when considered appropriate.

Employees and Remuneration

As at 31 December 2025, the Group had approximately 18,000 (2024: 17,000) employees in Hong Kong and Mainland China. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance.

The Company has adopted a share award scheme in October 2023 and granted a total of 12,096,900 award shares to selected directors and employees, vesting in three years, to encourage and retain such individuals for the continual operation and development of the Group. As at 31 December 2025, the scheme has completed two vests of the award shares.

Contingent Liabilities

As at 31 December 2025 and 2024, the Group had no material contingent liabilities.

Placing of New Shares

On 25 July 2025, The Company completed the placing of an aggregate of 156,000,000 new shares to not less than six places at the placing price of HK\$14.16 per share. The gross proceeds and the net proceeds (after deduction of the relevant expenses and fees) from the placing amounted to HK\$2,209.0 million and HK\$2,168.2 million (equivalent to RMB1,989.9 million), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company intends to allocate the net proceeds from the placing as follows:

- (a) approximately 60%, or HK\$1,300.9 million, will be used for capital expenditure related to the construction and expansion of the Company's manufacturing facilities, including the Inner Mongolia plant and the Zhuhai plants, strengthen external collaboration, expand the Company's international business, as well as other general corporate purposes; and
- (b) approximately 40%, or HK\$867.3 million, will be used for research and development of innovative product candidates, including the clinical trial of UBT251, and other pipelines under development.

As at 31 December 2025, proceeds from the placing have been used as:

- approximately RMB753.9 million for capital expenditure related to the construction and expansion of the manufacturing facilities, strengthen external collaboration, expand the international business, as well as other general corporate purposes; and
- approximately RMB226.0 million for research and development of innovative product candidates and other pipelines under development.

The remaining proceeds from the placing are expected to be fully utilised on or before 31 December 2028. Such expected time frame is based on the Board's best assessment, and is subject to adjustment depending on the Group's future development, market conditions and prevailing business circumstances.

Litigations

Reference is made to the Company's announcements dated 9 August 2019, 14 August 2019 and 9 November 2023 in relation to the investment and cooperation agreement with 恒大地產集團成都有限公司 (Evergrande Real Estate Group (Chengdu) Limited) ("Evergrande (Chengdu)"). The Group applied for the commencement of an action against, among others, Evergrande (Chengdu) on 7 March 2023 in the Guangzhou Intermediate People's Court for recovery of the outstanding consideration receivables of approximately RMB340 million and relevant damages and received a notice of acceptance on 14 March 2023 (the "Action"). Due to the large number of actions against China Evergrande Group commenced in the Guangzhou Intermediate People's Court, the Action is handled by the Chengdu Intermediate People's Court. The Chengdu Intermediate People's Court heard the case on 6 June 2024 and handed down the judgement dated 28 December 2024 allowing the Group's claim of approximately RMB136.3 million but rejecting other claims of the Group. The Group appealed to the Sichuan Province Higher People's Court against the judgement. The Sichuan Province Higher People's Court heard the case on 21 May 2024. On 27 September 2025, a final judgement was handed down that Evergrande (Chengdu) should pay approximately RMB166.5 million to the Group. As of today, the Group has not received payment from Evergrande (Chengdu).

Save for the above, there was no other material litigations during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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.

CORPORATE GOVERNANCE

The Board is of the view that best corporate governance is crucial to safeguard the interests of shareholders and to enhance the Group's performance. The Board is dedicated to maintaining and ensuring a high standard of corporate governance. For the year ended 31 December 2025, the Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code ("CG Code") and Corporate Governance Report contained in Appendix C1 of Listing Rules, except for deviation which is summarised below:

- Code Provision C.2.1

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the year ended 31 December 2025, the Company did not have a chief executive officer. The Company will make appointment to fill the post as appropriate.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Following a specific enquiry, all directors confirmed that they have complied with the required standards set out in the Model Code throughout the year covered by this announcement.

AUDIT COMMITTEE REVIEW

The Audit Committee comprises three independent non-executive directors, namely Mr. Chong Peng Oon, Prof. Song Ming and Dr. Fu Qiushi. The Audit Committee has reviewed with the management of the Company the consolidated financial statements for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to the final dividend, the Register of Members of the Company will be closed on Thursday, 9 July 2026 and Friday, 10 July 2026 on which no transfer of shares will be registered. In order to qualify for the final dividend (record date being Friday, 10 July 2026), all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 July 2026.

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

DIRECTORS

Executive directors

Mr. Tsoi Hoi Shan (蔡海山先生), aged 48, is an executive director and the Chairman of the Company. Mr. Tsoi joined the Group in 2000 as a supervisor of the quality control department and was responsible for supervising the production process at the Hong Kong Yuen Long Plant and ensuring that it was in compliance with the Good Manufacturing Practice. Mr. Tsoi graduated from Tongji Medical University with a bachelor degree in pharmacy in 1998. Mr. Tsoi is the brother of Ms. Choy Siu Chit, who is an executive director of the Company.

Mr. Leung Wing Hon (梁永康先生), aged 64, is an executive director, the Vice-Chairman, the Chief Financial Officer and the Company Secretary of the Company. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of International Accountants and a fellow member of The Taxation Institute of Hong Kong. He holds a Bachelor of Accountancy degree from University of Bolton and Postgraduate Certificate in Business Administration from University of Leicester in the United Kingdom. Mr. Leung has over 30 years' experience in accounting, finance management and business administration. Mr. Leung joined the Group in 1997 and is responsible for overseeing the financial matters of the Group.

Ms. Choy Siu Chit (蔡紹哲女士), aged 53, is an executive director of the Company. Ms. Choy joined the Group in 1990. She handled the Drug Master File submission relating to the Group's amoxicillin bulk medicine with the FDA pursuant to which the Group became the holder of Drug Master File Type II (no. DMF 15377) relating to its amoxicillin bulk medicine in 2001. Ms. Choy also holds directorship in certain subsidiaries of the Company. She passed the Private Equity Investment Fund Advanced Class organized by the Beijing University with distinction in 2010. She is the sister of Mr. Tsoi Hoi Shan, an executive director and the Chairman of the Company.

Mr. Fang Yu Ping (方煜平先生), aged 63, is an executive director of the Company and a vice president of the Group. Mr. Fang graduated from the Medical School of Southeast University in the PRC, with a bachelor degree in medicine in 1986. After graduation, he served as a teaching staff member of the School for 8 years. Mr. Fang joined the Group in 1995 and was promoted to vice president of the Group in 2008. He was the general manager of China Sales Division of Finished Products from 2011 to 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

Ms. Zou Xian Hong (鄒鮮紅女士), aged 61, is an executive director of the Company and a vice president of the Group. Ms. Zou graduated from China Pharmaceutical University in 1984 and obtained her Executive Master of Business Administration from Hunan University in 2005. In June 2010, Ms. Zou obtained a doctorate in management science of Central South University. Ms. Zou has over 30 years' experience in the PRC pharmaceutical industry. Ms. Zou was employed as a teacher at the Hunan Medical Middle School from 1988 to 1993 prior to joining the Group in 1994. Since joining the Group, she has been responsible for the sales management of the Group. She was the general manager of China Sales Division of Finished Products from 2008 to 2010.

Ms. Zhu Su Yan (朱蘇燕女士), aged 61, is an executive director of the Company and a vice president of the Group. Ms. Zhu graduated from Southeast University in the PRC in 1988. She was granted a degree of Executive Master of Business Administration from Business School of Nanjing University in 2005. Ms. Zhu worked in Nanjing Gulou Hospital as a neurosurgeon from 1988 to 1993, and joined Pfizer in 1994. She joined the Group in early 1995 and had served as regional manager of Jiangsu Province, vice president of national hospital development department and general manager of China Sales Division of Finished Products, etc. Ms. Zhu has extensive experience in the sales and marketing of pharmaceutical products in the PRC and is principally responsible for the sales and marketing of the Group's products in the PRC.

Independent non-executive directors

Mr. Chong Peng Oon (張品文先生), aged 77, was appointed as an independent non-executive director on 31 March 2009. He is the chairman of the audit committee, remuneration committee and risk management committee, and a member of the nomination committee and sustainability committee of the Company. Mr. Chong was admitted as an Associate of the Institute of Chartered Accountant in England & Wales in April 1975 and was recognised as a Fellow Member of the Institute in 1981. He was in the accounting practice in Hong Kong for over 30 years. He has experience in auditing of companies ranging from small and medium enterprises to large listed groups in the service and other sectors including shipping, logistics, electronics and real estate. Mr. Chong retired from the accounting practice on 1 January 2009 and now acts as a consultant specialised in cross-border business and tax advisory business for companies in Hong Kong and China. He was a former member of the Foreign Experts Group for Independent Auditing Standards Committee of the Chinese Institute of Certified Public Accountants.

Prof. Song Ming (宋敏教授), aged 64, was appointed as an independent non-executive director on 25 May 2007. He is the chairman of the nomination committee and a member of the audit committee, remuneration committee, risk management committee and sustainability committee of the Company. Prof. Song graduated from the Department of Economics of the Ohio State University in 1991 and obtained a PhD, majoring in financial economics. Prof. Song is currently the Dean of Economics and Management School of Wuhan University.

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

Dr. Fu Qiushi (傅秋實博士), aged 54, was appointed as an independent non-executive director of the Company on 30 June 2023. He is a member of audit committee, remuneration committee, nomination committee, risk management committee and sustainability committee of the Company. Dr. Fu has over 15 years of experience in investment management by acting as a partner of various venture capital institutions specialising in the investment in healthcare and biopharmaceutical industries. In July 2007, Dr. Fu started his venture capital career in Shenzhen Fortune Venture Capital Co. Ltd. (深圳市達晨財智創業投資管理有限公司), mainly responsible for the investment in the healthcare industry. Dr. Fu is currently a partner of Shanghai Lichen Private Equity Management Co., Ltd. (上海驪宸私募基金管理有限公司). Dr. Fu obtained his bachelor degree in science from Peking University in 1994, a master degree in life sciences from Peking University in 1997, and a Doctor of Philosophy degree from the University of Illinois in 2004.

SENIOR MANAGEMENT

Mr. Wu Shou Ting (吳守廷先生), aged 59, is the general manager of the Group's Zhuhai United Laboratories Co., Ltd. (Zhongshan Branch). Mr. Wu graduated from Jiangxi College of Chinese Medicine in 1990 and graduated from the Advanced Level Research Class, Selected Course of the MBA for Managers in Office of Sun Yat-sen University in 2002. Mr. Wu was employed by Yufeng Pharmaceutical, Nanchang City, Jiangxi Province for approximately three years before joining the Group in 1996. He had worked as supervisor of the powder injection workshop and manager of the production department at the Group's production plant in Zhongshan before being promoted to general manager in September 2003. Mr. Wu is primarily responsible for the overall management and operation of the Group's production base in Zhongshan.

Mr. Zhang Wen Yu (張文玉先生), aged 57, is the general manager of The United Laboratories (Inner Mongolia) Co., Ltd. Mr. Zhang graduated from school of microbiology of Shandong University. Mr. Zhang joined the Group in 2005 and had over 15 years' experience in the field of production management and is currently responsible for the management of the Group's Inner Mongolia production base.

Mr. Han Yu Bo (韓玉波先生), aged 52, is the general manager of Zhuhai United Laboratories Co., Ltd. Mr. Han graduated from East China University of Science and Technology in 1994. He has over 20 years' experience in pharmacy production management. Mr. Han joined the Group in 2005 and has worked in United Laboratories (Chengdu) and United Laboratories (Inner Mongolia). He is currently responsible for management of the Group's production base in Zhuhai.

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

Mr. Liu Hong Chi (劉紅池先生), aged 46, is the general manager of The United Animal Healthcare business of the Group. Mr. Liu graduated from Sichuan University of Science and Engineering in 2004 majoring in pharmaceutical manufacturing. He obtained a bachelor degree in veterinary medicine from Sichuan Agricultural University in 2017 and a master degree in business administration from Sichuan University in 2019. Mr. Liu joined the Group in 2004, and has worked in United Laboratories (Chengdu) and United Laboratories (Inner Mongolia). He has been responsible for the management of The United Animal Healthcare business of the Group since 2014. He obtained a doctor of business administration from University of Macau in 2024.

Mr. Zheng Shun Teng (鄭順騰先生), aged 49, is the operating senior general manager of the Group's intermediate and bulk medicine. Mr. Zheng graduated from China Pharmaceutical University in 2002, majoring in Pharmacy and graduated from the Advanced Level Research Class, Selected Course of the MBA for Managers in Office of Sun Yat-sen University in 2002. Joining in 1997, he worked successively as the head of the orally-taken solid workshop, the assistant to manager of the production department, the manager of the procurement department, and the director of the powder injection workshop of Zhongshan factory. From July 2006 to 2013, he had been the Eastern China regional manager and senior regional manager of the Group's intermediate and bulk medicine sales department, the sales director of the Eastern China region and the Southern China region, and the sales director of the regions of India, Middle East and Africa. Mr. Zheng has been the operating general manager of the Group's intermediate and bulk medicine sales department since 2014 and was promoted to senior general manager and assistant to executive director in 2022, primarily responsible for sales and management of the Group's intermediate and bulk medicine products.

Mr. Cao Chun Lai (曹春來先生), aged 47, is the general manager of United Bio-Technology (Hengqin) Co., Ltd. Mr. Cao obtained a master degree in fermentation engineering from South China University of Technology in 2005, and joined the Group in the same year. He was the director of the Biological Research Institute of Zhuhai United Laboratories Co., Ltd. and the director of the Guangdong Diabetes Biopharmaceutical Engineering Technology Center. He has been engaged in R&D of recombinant protein drugs especially diabetic drugs for 18 years.

Mr. Zhang Yu Bin (張玉斌先生), aged 54, is the general manager of the Group's Finished Products Marketing Center. Mr. Zhang obtained a bachelor degree in Chinese language and literature education from West China Normal University in 1995 and an executive master's degree in business administration from Southwestern University of Finance and Economics in 2011. Mr. Zhang joined the Group in 1998 and has over 25 years of experience in pharmaceutical sales and marketing. He has been responsible for sales operations in multiple provinces and served as sales representative, supervisor, regional manager, general regional manager, deputy general manager, vice president, etc. He was previously responsible for sales management in Sichuan, Hunan, Guizhou, Gansu and Qinghai. Mr. Zhang has served as the general manager of the Finished Products Marketing Center since 15 December 2024.

REPORT OF THE DIRECTORS

The Board is pleased to submit their report together with the audited consolidated financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

Details of principal activities of the principal subsidiaries of the Company are set out in note 41 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and segment information for the year ended 31 December 2025 is set out in note 5 to the consolidated financial statements.

RESULTS AND DISTRIBUTIONS

The Group's results for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 47 and 48 of this annual report.

The Board recommends the payment of a final dividend of RMB26 cents per share for the year ended 31 December 2025, subject to approval by the shareholders in the forthcoming annual general meeting.

FINANCIAL SUMMARY

A summary of the Group's result, and of the assets and liabilities for the past five financial years are set out on page 154 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE PREMIUM AND RESERVES

In accordance with the Companies Law, Chapter 22 (as revised) of the Cayman Islands, and the Company's articles of association, the Company may distribute its share premium to shareholders in the forms of dividend or fully paid bonus shares, provided that immediately following the distribution or payment of dividend, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

As at the reporting date, the directors were of the opinion that the distributable share premium and reserves of the Company was approximately RMB6,086.9 million.

Details of movements in the share premium and reserves of the Group during the year are set out in consolidated statement of changes in equity on page 51 of this annual report.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

In 2025, the aggregate sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total sales for the year.

In 2025, the aggregate purchases attributable to the Group's largest and five largest suppliers accounted for 16.1% and 34.8% respectively of the Group's total purchases for the year.

None of the directors or chief executive or any of their associates or any shareholder (which, to the knowledge of the directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest customers and suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company during the year ended 31 December 2025 and up to the date of this report were as follows:

Executive Directors

Mr. Tsoi Hoi Shan (*Chairman*)

Mr. Leung Wing Hon (*Vice-Chairman*)

Ms. Choy Siu Chit

Mr. Fang Yu Ping

Ms. Zou Xian Hong

Ms. Zhu Su Yan

Independent Non-Executive Directors

Mr. Chong Peng Oon

Prof. Song Ming

Dr. Fu Qiushi

In accordance with article 84 of the Company's articles of association, Mr. Tsoi Hoi Shan, Ms. Zou Xian Hong and Mr. Chong Peng Oon will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Biographical details of directors of the Company are set out on pages 22 to 24 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Tsoi Hoi Shan has entered into a service contract with the Company. Mr. Tsoi shall be subject to his re-election following retirement by rotation at any subsequent annual general meeting of the Company in accordance with the articles of association of the Company. The amount of Mr. Tsoi's basic emolument as an executive director is HK\$4,608,000 per annum.

Mr. Leung Wing Hon has entered into a service contract with the Company under which the annual salary payable by the Company to Mr. Leung Wing Hon is HK\$4,320,000 and is subject to review at the discretion of the Board and the remuneration committee after completion of 12 months of service. He will also be entitled to a discretionary bonus as decided by the Board and the remuneration committee.

REPORT OF THE DIRECTORS

Ms. Choy Siu Chit has entered into a service contract with the Company. She is required to retire by rotation at the annual general meeting of the Company in accordance with the articles of association of the Company. The basic emolument of Ms. Choy Siu Chit as an executive director is HK\$3,060,000 per annum. She will also be entitled to a discretionary bonus as decided by the Board.

The basic emolument of Mr. Fang Yu Ping, Ms. Zou Xian Hong and Ms. Zhu Su Yan as an executive director is HK\$1,980,000 per annum, and they are also entitled to a monthly performance bonus not exceeding RMB60,000 as determined by the executive directors of the Company with reference to performance of the Group. Their subsequent appointment shall also be subject to their re-election following retirement by rotation at any subsequent annual general meeting of the Company in accordance with the articles of association of the Company.

The amount of the annual salary increment and the bonus payable under such service contracts for executive directors is at the discretion of the Board and the remuneration committee of the Company, provided that the respective parties to such service contracts shall abstain from voting and not be counted in the quorum in respect of any such determination of the Board in relation to him or her.

Each of Mr. Chong Peng Oon, Prof. Song Ming and Dr. Fu Qiushi has entered into a letter of appointment with the Company. The annual director's fee for each of the above independent non-executive directors is HK\$256,800.

Save as disclosed in this annual report, none of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACT

No contracts concerning the management or administration of the whole or any substantial part of the business were entered into or in existence during the year.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS AND CONTRACTS

None of the directors have any interests in a business which competes with the business of the Group. Furthermore, no contracts of significance in relation to the Group's business in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 2025, the directors and chief executive of the Company had the following interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"):

Long position in the shares and underlying shares of the Company:

Name of directors	Number of shares held	Number of underlying shares held (note)	Total	Capacity	Percentage of interest
Mr. Tsoi Hoi Shan	16,690,275	191,700	16,881,975	Personal interest	0.86%
Mr. Leung Wing Hon	289,400	133,700	423,100	Personal interest	0.02%
Ms. Choy Siu Chit	297,075	89,600	386,675	Personal interest	0.02%
Mr. Fang Yu Ping	124,600	62,300	186,900	Personal interest	0.01%
Ms. Zou Xian Hong	124,600	62,300	186,900	Personal interest	0.01%
Ms. Zhu Su Yan	124,779	62,300	187,079	Personal interest	0.01%

Note: The interests represent the unvested award shares granted on 13 November 2023 pursuant to the 2023 Share Award Scheme.

Save as disclosed above, none of the directors, chief executive and their associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, 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 pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in "Share Award Scheme" section, during the year, the Company did not grant any rights to any directors, chief executive and their respective spouse or children under 18 of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company, and none of the above persons have exercised the said rights during the year. The Company, its holding company or any of its subsidiaries were not a party to any arrangements to enable the directors to acquire such benefits in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the following shareholders, other than the directors or chief executive of the Company, were recorded in the register required to be kept by the Company under section 336 of the SFO as being interested (including short positions) in the shares or underlying shares of the Company:

Long and short positions in the ordinary shares of the Company:

Name	Notes	Number of shares held	Percentage of Interest
Heren Far East Limited ("Heren")		834,250,000(L)	42.28%
Heren Far East #4 Limited	(1)	834,250,000(L)	42.28%
IQ EQ Services (HK) Limited	(2)	834,250,000(L)	42.28%

L/S: Long position/short position

Notes:

- (1) Heren Far East #4 Limited is interested in more than one-third of the issued share capital of Heren, and is deemed or taken to be interested in the 834,250,000 shares of the Company beneficially owned by Heren for the purposes of Part XV of the SFO.
- (2) IQ EQ Services (HK) Limited is the trustee of the respective trusts holding entire interest in each of Heren Far East #2 Limited, Heren Far East #3 Limited and Heren Far East #4 Limited (which together hold the entire issued share capital of Heren), and is deemed to be interested in the 834,250,000 shares of the Company beneficially owned by Heren for the purposes of Part XV of the SFO.

Save as disclosed above, no other person being recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 31 December 2025.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTION

The United Animal Healthcare (Inner Mongolia) Co., Ltd., The United Animal Healthcare (Zhuhai) Co., Ltd. (both are indirect wholly-owned subsidiaries of the Company), and Henan Lianmu Veterinary Medicine Co., Ltd. (an indirect non-wholly-owned subsidiary of the Company) (collectively “Suppliers”), and Muyuan Foods Co., Ltd. (牧原食品股份有限公司), a joint stock company organised and established in accordance with the laws of the PRC and listed on the Shenzhen Stock Exchange (stock code: SZ002714) and Stock Exchange of Hong Kong (stock code: 2714) (“Muyuan Foods”) entered into a master sales agreement dated 3 June 2024, pursuant to which the Suppliers have agreed to supply to Muyuan Foods, and Muyuan Foods has agreed to purchase from the Suppliers veterinary drug products, including but not limited to injections such as Amoxicillin Sodium for injection, customized Penicillin Sodium for injection and Ampicillin Sodium for injection for a period of three years from 1 January 2024 to 31 December 2026 (both dates inclusive) under annual sales cap for three years 2024, 2025 and 2026 amounting to RMB1,100,000,000, RMB1,320,000,000 and RMB1,650,000,000 respectively.

The annual sales for the year ended 31 December 2025 to Muyuan Foods amounted to RMB808,624,000, which has been reviewed and confirmed by the independent non-executive directors and the auditor of the Company.

SHARE AWARD SCHEME

The Company adopted a share award scheme on 26 October 2023 (the “Share Award Scheme”). The Share Award Scheme is to reward the directors and employees of the Group for their hard work, contribution and loyalty and align their interest with those of the shareholders of the Company. The number of shares to be funded by issue of new shares of the Company and/or purchased of existing shares on-market which may be awarded under the Share Award Scheme shall not exceed 10% of the issued shares of the Company as at 26 October 2023 (i.e. 181,702,650 shares). The principal terms of the Share Award Scheme are set out in the Company’s circular dated 15 September 2023.

On 13 November 2023, the directors of the Company resolved to grant a total of 12,096,900 shares (the “Awarded Shares”) to selected participants in accordance with the terms of the Share Award Scheme. All of the 12,096,900 Awarded Shares are granted by way of acquisition of the existing shares of the Company through on-market transactions by the trustee of the Share Award Scheme. The grant of 12,096,900 Awarded Shares will not result in any issue of new shares of the Company. Details of the grant of the Awarded Shares are disclosed in the Company’s announcement dated 13 November 2023.

As at 31 December 2025, 169,605,750 shares of the Company are available for future grant under the Share Award Scheme.

REPORT OF THE DIRECTORS

During the year ended 31 December 2025, the movements of unvested Awarded Shares granted under the Share Award Scheme are as follows:

Grantee name/categories	Date of grant	Vesting period	Number of unvested Awarded Shares					As at 31 December 2025
			As at 1 Jan 2025	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	
Directors of the Company:								
Tsoi Hoi Shan	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	383,400	-	191,700	-	-	191,700
Leung Wing Hon	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	267,400	-	133,700	-	-	133,700
Choy Siu Chit	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	179,200	-	89,600	-	-	89,600
Fang Yu Ping	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	124,600	-	62,300	-	-	62,300
Zou Xian Hong	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	124,600	-	62,300	-	-	62,300
Zhu Su Yan	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	124,600	-	62,300	-	-	62,300
Other employees of the Group:	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	6,860,800	-	2,767,900	520,100	142,400	3,430,400
Total Awarded Shares granted:	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	8,064,600	-	3,369,800	520,100	142,400	4,032,300
Five highest paid individuals in aggregate <i>(note 1):</i>	13 Nov 2023	13 Nov 2024 to 13 Nov 2026	1,079,200	-	539,600	-	-	539,600

Notes:

- All of the five highest paid individuals of the Group are directors of the Company.
- There is no purchase price to be paid by the grantees. The consideration for each grant of the Awarded Shares is nil.
- The closing prices of the shares of the Company immediate before the date of the grant and on the date of the grant of the unvested Awarded Shares were HK\$7.77 and HK\$7.45 per share respectively.
- The fair value of the unvested Awarded Shares granted on 13 November 2023 was HK\$7.45 per share as at the date of grant.
- The accounting standard and policy adopted are set out in note 3 to the consolidated financial statements in 2025 Annual Report.

REPORT OF THE DIRECTORS

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Group is committed to complying with laws and regulations that govern our businesses. As a company incorporated in the Cayman Islands with its shares listed on the Stock Exchange of Hong Kong, the Company is governed by the Companies Law of the Cayman Islands, as well as the Listing Rules of Stock Exchange of Hong Kong and the Securities and Futures Ordinance.

In addition, the Group operates its pharmaceutical business mainly through its subsidiaries in the PRC and accordingly, relevant laws and regulations in the PRC applicable for the research and development, manufacturing, sales and distribution of pharmaceutical products, including but not limited to the laws and regulations on quality, safety, production, environmental protection, intellectual property and labour, shall be complied with.

During the year ended 31 December 2025, to the best knowledge of the Board, the Group does not have any incidence of non-compliance with the relevant laws and regulations that would have a significant impact on the Group's business and operations.

CORPORATE GOVERNANCE

The Company is dedicated to maintaining a high standard of corporate governance. Information regarding the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 35 to 41 of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this annual report, there is sufficient public float as required under the Listing Rules.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Tsoi Hoi Shan

Chairman and Executive Director

Hong Kong, 24 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is of the view that best corporate governance is crucial to safeguard the interests of shareholders and to enhance the Group's performance. The Board is dedicated to maintaining and ensuring a high standard of corporate governance. For the year ended 31 December 2025, the Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code ("CG Code") and Corporate Governance Report contained in Appendix C1 of the rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange, except for deviation which is summarized below:

Code Provision C.2.1

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2025, the Company did not have a chief executive officer. The Company will make appointment to fill the post as appropriate.

THE BOARD

The Board comprises six executive directors and three independent non-executive directors. The biographical details and the relationships of the members of the Board have been set out in the "Biographical Details of Directors & Senior Management" on pages 22 to 24. The Board has established five Board committees, namely Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and Sustainability Committee. The attendance rates of individual directors at board meetings, general meeting and other meetings of board committees are set out below. The duties of the Board and the Board committees are outlined in the later part of this report.

	Board	General Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	Sustainability Committee
Executive Directors							
Mr. Tsoi Hoi Shan	4/4	1/1	N/A	N/A	N/A	N/A	N/A
Mr. Leung Wing Hon	4/4	1/1	N/A	N/A	N/A	1/1	1/1
Ms. Choy Siu Chit	4/4	1/1	N/A	N/A	N/A	1/1	1/1
Mr. Fang Yu Ping	4/4	1/1	N/A	N/A	N/A	N/A	N/A
Ms. Zou Xian Hong	4/4	1/1	N/A	N/A	0/0	N/A	N/A
Ms. Zhu Su Yan	4/4	1/1	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors							
Mr. Chong Peng Oon	4/4	1/1	3/3	1/1	1/1	1/1	1/1
Prof. Song Ming	4/4	1/1	3/3	1/1	1/1	1/1	1/1
Dr. Fu Qiushi	4/4	1/1	3/3	1/1	1/1	1/1	1/1

CORPORATE GOVERNANCE REPORT

The Board is responsible for setting the Group's objectives and strategies as well as to monitor the Group's performance. The Board also approves matters like annual and interim results, major transactions, appointment of directors, dividend and accounting policies and scrutinizes internal control procedures of the Group's operations. The Board has delegated the responsibility and authority of day-to-day operations to the management team.

All directors are provided with updated information in relation to governance and control matters regularly. The directors may seek independent professional advice according to prescribed procedures in order to assist them to discharge their duties at the expenses of the Company.

Four regular board meetings were held by the Board during the year. At least 14 days notices are given to all directors for all regular board meetings. Directors can include matters to be discussed in the agenda if necessary. Agenda of regular board meetings accompanied with board papers are dispatched to all directors within a reasonable time before the date of meeting. All draft minutes of the Board are circulated to all directors within a reasonable time for comments before being confirmed.

Minutes of the Board and Board committees are kept by the secretary duly appointed at such meetings. All directors are entitled to inspect the board papers and relevant information and access to sufficient information on a timely basis so as to enable the Board to make informed decisions on matters to be brought before meetings.

DIVERSITY

The Company has established policy to achieve balanced diversity at the Board as far as practicable. Board appointments will be based on merit and candidates will be considered against measurable objectives, taking into account the Company's business and needs. Selection of candidates will be based on a range of diversity criteria, including but not limited to gender, age, cultural and educational background, knowledge, professional experience and skills. The ultimate decision will be based on merit and the contribution that the selected candidates may bring to the Board.

The proportion of female Board representation is a measurable objective of the Company in assessing the implementation of the diversity policy. The Board currently has three female Directors out of nine Directors, achieving the gender diversity of the Board at 33.3%.

The nine Directors are from diverse and complementary backgrounds, including pharmacy industry management, corporate finance, investment and management, accounting and finance management. The valuable experience and expertise they bring to our business are critical for the long-term growth of the Group. The Board reviews the implementation and effectiveness of the Board diversity and is satisfied that the Board diversity policy has been properly implemented and is effective.

In striving to maintain gender diversity, similar considerations are used when recruiting and selecting senior management and general staff. As of 31 December 2025, a 59.8% male: 40.2% female gender ratio has been achieved in the workforce (including senior management). Further information about the composition of the Group's workforce can be found in the Environmental, Social and Governance Report 2025 separately released on the websites of The Stock Exchange of Hong Kong Limited and the Company.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT

Under code provision C.1.1 of the CG Code, directors of the Company should participate in continuous professional development to develop and refresh their knowledge and skills. Each newly appointed director receives induction on the first occasion of his or her appointment, so as to ensure that he or she has appropriate understanding of the business and operations of the Company and that he or she is fully aware of his or her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Directors are also regularly updated on the Group's business and industry environments where appropriate in the management's monthly reports to the Board as well as briefings and materials circulated to the Board before board meeting.

During the year, the Company has arranged for all directors to undergo continuous trainings designed to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant.

A record of training they received for the year ended 31 December 2025 was provided to the Company. The individual training record of each director for the year ended 31 December 2025 is set out below:

	Reading regulatory updates	Attending seminars/ workshops relevant to the business/directors' duties
Executive Directors		
Mr. Tsoi Hoi Shan	✓	✓
Mr. Leung Wing Hon	✓	✓
Ms. Choy Siu Chit	✓	✓
Mr. Fang Yu Ping	✓	✓
Ms. Zou Xian Hong	✓	✓
Ms. Zhu Su Yan	✓	✓
Independent Non-Executive Directors		
Mr. Chong Peng Oon	✓	✓
Prof. Song Ming	✓	✓
Dr. Fu Qiushi	✓	✓

CHAIRMAN

The information of Mr. Tsoi Hoi Shan, the Chairman is set out in the Biographical Details of Directors & Senior Management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board currently has three independent non-executive directors. Among the three independent non-executive directors, one of them possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules. All the independent non-executive directors of the Company are appointed for a fixed term subject to retirement and re-appointment pursuant to the Company's articles of association.

Each of the independent non-executive directors has submitted a confirmation of his independence as required by Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive directors to be independent and that each of them satisfies the guidelines of independence set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee to ensure that there are formal and transparent procedures to follow when determining the remuneration policies of the directors. The Remuneration Committee currently comprises three independent non-executive directors, namely Mr. Chong Peng Oon, Prof. Song Ming and Dr. Fu Qiushi. Mr. Chong Peng Oon is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are consistent with the relevant provisions set out in the CG Code, but with a deviation from the code provision of the Remuneration Committee's responsibilities to determine the specific remuneration packages of all executive directors and senior management of a listed company. The Board considers that the Remuneration Committee of the Company should review (as opposed to determine) and make recommendations to the Board on the remuneration packages of directors only and not senior management for the following reasons:

- (i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior executives and that this evaluation process is more effectively carried out by the executive directors;
- (ii) the executive directors must be in a position to supervise and control senior management and thus must be able to determine their compensation; and
- (iii) there is no reason for executive directors to pay senior management more than industry standards and thus shareholders will benefit by reducing costs in the fixing of such compensation packages.

The terms of reference of the Remuneration Committee are posted on the Company's website.

The Remuneration Committee held one meeting during the year. It undertook a review of the remuneration and benefits of the directors. The Remuneration Committee ensures that no director is involved in determining his/ her own emoluments.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Chong Peng Oon, Prof. Song Ming and Dr. Fu Qiushi. Mr. Chong Peng Oon is the chairman of the Audit Committee.

The major duties of the Audit Committee include reviewing and monitoring the financial reporting system and internal control procedures of the Group. The Audit Committee held three meetings during the year. It reviewed the Group's financial reporting matters, and reviewed the internal control systems in relation to finance and accounting and submitted improvement proposals to the Board. The terms of reference of the Audit Committee are consistent with the relevant provisions set out in the CG Code. The terms of reference of the Audit Committee are posted on the Company's website.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Board has established a Nomination Committee to ensure fair and transparent procedures for the appointment, re-election and removal of directors to the Board. The Nomination Committee currently comprises three independent non-executive directors and one executive director, namely Mr. Chong Peng Oon, Prof. Song Ming, Dr. Fu Qiushi and Ms. Zou Xian Hong. Prof. Song Ming is the chairman of the Nomination Committee.

The Nomination Committee held one meeting during the year to discuss re-election of directors. During selection and recommendation of candidates for directors, the Committee will consider about experience, qualification, suitability of the candidates and diversity of board composition. The Board will approve the appointments based on the same criteria. The terms of reference of the Nomination Committee, a copy of which is posted on the Company's website, are consistent with the terms set out in the relevant section of the CG Code.

RISK MANAGEMENT COMMITTEE

The Company has established a Risk Management Committee in February 2016. The Risk Management Committee comprises three independent non-executive directors, namely Mr. Chong Peng Oon, Prof. Song Ming and Dr. Fu Qiushi, and two executive directors, namely Mr. Leung Wing Hon and Ms. Choy Siu Chit. Mr. Chong Peng Oon is the chairman of the Risk Management Committee.

The major duties of the Risk Management Committee include overseeing and reviewing the Group's risk management and internal control systems. The Risk Management Committee held one meeting during the year to review the Group's risk management and internal control systems.

SUSTAINABILITY COMMITTEE

The Company has established a Sustainability Committee in December 2023. The Sustainability Committee comprises three independent non-executive directors, namely Mr. Chong Peng Oon, Prof. Song Ming and Dr. Fu Qiushi and two executive directors, namely Mr. Leung Wing Hon and Ms. Choy Siu Chit. Ms. Choy Siu Chit is the chairman of Sustainability Committee.

The major duties of the Sustainability Committee include formulating and updating the Group's ESG goals, strategies and management approaches as well as reviewing and monitoring the implementation and outcomes of ESG initiatives, reporting to the Board of Directors and providing recommendations.

The terms of reference of the Sustainability Committee is posted on the Company's website.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the Listing Rules as its own code of conduct for director's securities transactions. Having made specific enquiry, all directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

To comply with code provision C.1.3 of the CG Code, the Company has adopted standard code for the code of conduct for relevant employees' securities transactions to regulate certain employees of the Group who are deemed to be in possession of unpublished price sensitive information of the Company when dealing in the securities of the Company.

ACCOUNTABILITY AND INTERNAL CONTROL

The Board acknowledges its responsibility for preparing the Group's financial statements. As at 31 December 2025, within the knowledge of the directors, there was no material event or condition that may cast significant doubt upon the Group's ability to continue as a going concern.

The Group has established sufficient internal control systems. In the year under review, the Board considers the internal control systems of the Group are sufficient and effective, hence the Company has complied with the code provisions relevant to the internal control in the CG Code.

AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the auditor of the Company provided audit and non-audit services for the Company and the Group.

The service fees for audit and non-audit services in 2025 amounted to approximately RMB5,487,000 and RMB2,086,700 respectively.

COMPANY SECRETARY

Mr. Leung Wing Hon is the company secretary of the Company. Mr. Leung reports to Mr. Tsoi Hoi Shan, the Chairman of the Board. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of International Accountants. He undertook no less than 15 hours of relevant professional training during the year.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting by Shareholders

Pursuant to article 58 of the Company's Articles of Association, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

Putting Forward Proposals at General Meetings

A shareholder shall make a written requisition to the Board or the company secretary at the Company's office in Hong Kong at 6 Fuk Wang Street, Yuen Long Industrial Estate, New Territories, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

As regards proposing a person for election as a director, please refer to the procedures available on the websites of the Company and the Stock Exchange.

Making Enquiry to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the company secretary at the Company's office in Hong Kong at 6 Fuk Wang Street, Yuen Long Industrial Estate, New Territories, Hong Kong.

INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has established a range of communication channels between itself, its shareholders and investors, including answering questions through the annual general meeting, the publications of annual and interim reports, notices, announcements and circulars on the website of the Company at www.tul.com.cn and www.irasia.com/listco/hk/unitedlab. During the year, the Board is not aware of any significant changes in the Company's constitutional documents.

Led by Mr. Leung Wing Hon, the Company's vice-chairman and executive director, and Ms. Karen Yang, the Investor Relationship Director, the Company is well positioned with an experienced investor relations team supporting the various investor relations initiatives. The team will continue to work towards further enhancing the communication with investors through various platforms such as roadshows, meetings, plant visits, conference calls and other forms of engagement. In addition, the investor relations department will continue to implement various exercises towards building a targeted shareholders base that supports the investment proposition of the company to correctly reflect its valuation.

Effective investor relations communication is an integral part of the Company's management philosophy. The Company will continue to maintain effective communication with investors. Through the investor relations department's efforts, the Company aspired to instill further confidence among investors and enhance their understanding of our business.

On behalf of the Board

Leung Wing Hon

Vice-Chairman and Executive Director

Hong Kong, 24 March 2026

INDEPENDENT AUDITOR'S REPORT

Deloitte.
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香港金鐘道88號
太古廣場一座35樓Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong**TO THE SHAREHOLDERS OF
THE UNITED LABORATORIES INTERNATIONAL HOLDINGS LIMITED**
聯邦制藥國際控股有限公司
*(incorporated in the Cayman Islands with limited liability)***OPINION**

We have audited the consolidated financial statements of The United Laboratories International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 153, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables

We identified the impairment assessment of the trade receivables as a key audit matter as the assessment of expected credit loss ("ECL") involved high level of estimation uncertainty. Except for trade receivable balance with credit-impaired, the Group estimates the ECL on trade receivables using a provision matrix. The loss rates are estimated based on historical credit loss experience adjusted for forward-looking factors specific to the debtor's industry and the macroeconomic environment. In addition, trade receivables with significant outstanding and credit-impaired balances are assessed for ECL individually.

At 31 December 2025, the net carrying value of the trade receivables was approximately RMB2,216,758,000, with allowance for credit losses of approximately RMB31,812,000.

Details relating to the Group's trade receivables and the ECL assessment are set out in Notes 23 and 37 to the consolidated financial statements, respectively.

Our audit procedures in relation to the valuation of the trade receivables included:

- Obtaining an understanding of the process relating to the allowance for credit losses of trade receivables;
- Evaluating the reasonableness of the key judgments and assumptions relating to calculation of historical default rates and forward-looking factor made in the ECL model;
- Evaluating the completeness, accuracy and relevance of data used in the ECL model and checking the arithmetic accuracy of the calculations;
- Obtaining the full aging report of trade receivables and testing the accuracy by checking the aging of selected invoices and instalment schedule on a sample basis; and
- Reviewing the presentation and disclosure of the trade receivables for compliance with relevant HKFRS Accounting Standards.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS 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 HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lau Kai Hung (practising certificate number: P03789).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 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	13,210,627	13,758,937
Cost of sales		(7,696,556)	(7,676,546)
Gross profit		5,514,071	6,082,391
Other income	6	354,367	356,929
Other gains and losses, net	7	23,371	153,781
Selling and distribution expenses		(1,355,051)	(1,402,483)
Administrative expenses		(947,531)	(894,112)
Research and development expenditures		(921,048)	(890,757)
Other operating expenses		(50,202)	(36,821)
Impairment losses recognised under expected credit loss model, net	9	(20,243)	(44,880)
Share of results of an associate	21	(51)	(192)
Finance costs	8	(69,730)	(34,958)
Profit before taxation		2,527,953	3,288,898
Tax expense	11	(446,871)	(631,077)
Profit for the year	12	2,081,082	2,657,821
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,156)	549
Total comprehensive income for the year		2,079,926	2,658,370

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>NOTE</i>	2025 RMB'000	2024 RMB'000
Profit (loss) for the year attributable to:			
Owners of the Company		2,085,902	2,659,704
Non-controlling interests		(4,820)	(1,883)
		2,081,082	2,657,821
Total comprehensive income (expense)			
for the year attributable to:			
Owners of the Company		2,084,746	2,660,253
Non-controlling interests		(4,820)	(1,883)
		2,079,926	2,658,370
Earnings per share		RMB cents	RMB cents
– Basic	<i>16</i>	110.65	146.39

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	17	11,557,901	8,724,524
Right-of-use assets	18	441,833	450,800
Goodwill	19	3,031	3,031
Intangible assets	20	274,195	209,200
Interests in an associate	21	7,061	7,112
Deposits for acquisition of property, plant and equipment		75,818	283,298
Deposit for acquisition of intangible assets		3,729	10,710
Deferred tax assets	29	67,399	73,681
		12,430,967	9,762,356
Current assets			
Inventories	22	2,369,133	2,434,166
Trade and bills receivables, other receivables, deposits and prepayments	23	4,741,718	6,272,323
Pledged bank deposits	24	628,503	1,034,366
Tax recoverables		123,765	–
Cash and cash equivalents	24	10,606,390	6,329,841
		18,469,509	16,070,696
Current liabilities			
Trade and other payables	25	7,890,941	7,636,911
Contract liabilities	26	76,785	96,119
Lease liabilities	27	4,969	4,781
Tax payables		–	204,354
Borrowings – due within one year	28	2,106,458	830,384
		10,079,153	8,772,549
Net current assets		8,390,356	7,298,147
Total assets less current liabilities		20,821,323	17,060,503

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>NOTES</i>	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Deferred tax liabilities	<i>29</i>	376,079	282,492
Deferred income in respect of government grants	<i>25 & 33</i>	89,644	22,205
Lease liabilities	<i>27</i>	7,453	12,667
Borrowings – due after one year	<i>28</i>	2,872,831	2,307,899
		3,346,007	2,625,263
Net assets			
		17,475,316	14,435,240
Capital and reserves			
Share capital	<i>30</i>	18,396	16,965
Reserves		17,374,558	14,371,318
Equity attributable to owners of the Company		17,392,954	14,388,283
Non-controlling interests		82,362	46,957
Total equity			
		17,475,316	14,435,240

The consolidated financial statements on pages 47 to 153 were approved and authorised for issue by the Board of Directors on 24 March 2026 and are signed on its behalf by:

TSOI HOI SHAN
DIRECTOR

LEUNG WING HON
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Special reserve RMB'000 <i>(Note b)</i>	Capital reserve RMB'000 <i>(Note a)</i>	Share-based compensation reserve RMB'000	Foreign exchange reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024	16,965	3,722,482	-	277,100	1,419,177	6,365	9,534	7,283,155	12,734,778	12,840	12,747,618
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	549	-	549	-	549
Profit (loss) for the year	-	-	-	-	-	-	2,659,704	2,659,704	(1,883)	2,657,821	
Total comprehensive income (expense) for the year	-	-	-	-	-	-	549	2,659,704	2,660,253	(1,883)	2,658,370
Capital contribution from the non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	36,000	36,000
Dividends recognised as distribution <i>(Note 15)</i>	-	-	-	-	-	-	(1,017,535)	(1,017,535)	-	(1,017,535)	
Purchase of shares for share award scheme	-	-	(36,465)	-	-	-	-	-	(36,465)	-	(36,465)
Transaction cost attributable to purchase of shares for share award scheme	-	-	(112)	-	-	-	-	-	(112)	-	(112)
Recognition of share-based compensation expense	-	-	-	-	-	47,364	-	-	47,364	-	47,364
Vesting of shares	-	-	35,539	-	-	(24,693)	-	(10,846)	-	-	-
Appropriations	-	-	-	-	162,188	-	-	(162,188)	-	-	-
At 31 December 2024	16,965	3,722,482	(1,038)	277,100	1,581,365	29,036	10,083	8,752,290	14,388,283	46,957	14,435,240
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(1,156)	-	(1,156)	-	(1,156)
Profit (loss) for the year	-	-	-	-	-	-	2,085,902	2,085,902	(4,820)	2,081,082	
Total comprehensive (expense) income for the year	-	-	-	-	-	-	(1,156)	2,085,902	2,084,746	(4,820)	2,079,926
Capital contribution from the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	40,225	40,225
Dividends recognised as distribution <i>(Note 15)</i>	-	-	-	-	-	-	(1,042,496)	(1,042,496)	-	(1,042,496)	
Issue of new shares	1,431	1,988,450	-	-	-	-	-	1,989,881	-	1,989,881	
Purchase of shares for share award scheme	-	-	(41,423)	-	-	-	-	-	(41,423)	-	(41,423)
Transaction cost attributable to purchase of shares for share award scheme	-	-	(130)	-	-	-	-	-	(130)	-	(130)
Recognition of share-based compensation expense	-	-	-	-	-	14,093	-	-	14,093	-	14,093
Vesting of shares	-	-	40,016	-	-	(23,074)	-	(16,942)	-	-	-
Appropriations	-	-	-	-	102,151	-	-	(102,151)	-	-	-
At 31 December 2025	18,396	5,710,932	(2,575)	277,100	1,683,516	20,055	8,927	9,676,603	17,392,954	82,362	17,475,316

Notes:

- (a) Capital reserve represents the PRC statutory reserve which must be provided for before declaring dividends to the shareholders as approved by the board of directors in accordance with the PRC regulations applicable to the Company's PRC subsidiaries until the fund reaches 50% of the registered capital of the respective subsidiaries.
- (b) Included in special reserve is an amount of RMB203,263,000 which represents the portion of registered capital of the two PRC subsidiaries contributed by certain beneficial owners of the Company. The remaining amount of RMB73,837,000 represents the difference between the carrying amount of the non-controlling interests acquired and the fair value of considerations paid for acquisition of additional interests in subsidiaries in prior years.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Operating activities		
Profit before taxation	2,527,953	3,288,898
Adjustments for:		
Write-down of inventories reversed	(12,382)	(15,959)
Impairment loss recognised under expected credit loss model, net	20,243	44,880
Amortisation of intangible assets	18,964	19,486
Depreciation of property, plant and equipment	613,205	579,883
Depreciation of right-of-use assets	17,374	16,178
Net gain on fair value changes of derivative financial instruments	(133,658)	(92,032)
Gain on disposal of financial assets at fair value through profit and loss	(79,378)	(66,501)
Finance costs	69,730	34,958
Release of government grants	(24,884)	(14,886)
Bank interest income	(152,573)	(127,791)
Share of results of an associate	51	192
Share-based payment expense	14,093	47,364
Net (gain) loss on disposal of property, plant and equipment	(21,036)	4,269
Gain on termination of lease contracts	(397)	(8)
Write-off of property, plant and equipment	48,585	23,297
Net unrealised foreign exchange loss	155,324	74
Operating cash flows before movements in working capital	3,061,214	3,742,302
Decrease (increase) in inventories	77,415	(179,723)
Decrease in trade and bills receivables, other receivables, deposits and prepayments	983,548	429,076
Increase (decrease) in trade and other payables	322,098	(115,148)
Decrease in contract liabilities	(19,334)	(19,465)
Cash generated from operations	4,424,941	3,857,042
Income taxes paid	(675,121)	(657,740)
Net cash from operating activities	3,749,820	3,199,302

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Investing activities		
Payments for purchase of property, plant and equipment	(2,726,679)	(1,431,869)
Payment for deposits of acquisition of property, plant and equipment	(75,818)	(283,298)
Proceeds on disposal of property, plant and equipment	34,653	9,514
Placement of pledged bank deposits	(2,769,028)	(4,827,996)
Withdrawal of pledged bank deposits	3,174,891	4,765,879
Placement of financial asset at fair value through profit and loss	(47,223,881)	(20,818,787)
Receipts of financial asset at fair value through profit and loss	47,303,259	20,885,788
Receipts of government grants	56,523	–
Interest received	152,573	127,791
Additions to right-of-use assets	(7,911)	(60,386)
Additions to intangible assets	(83,959)	(94,727)
Net cash used in investing activities	(2,165,377)	(1,728,091)
Financing activities		
Interest paid	(127,263)	(68,398)
Dividends paid	(1,042,496)	(1,017,535)
Capital contribution from the non-controlling interest of a subsidiary	40,225	36,000
Repayments of lease liabilities	(5,126)	(5,266)
New borrowings raised	4,037,487	2,227,570
Repayments of borrowings	(2,205,129)	(586,140)
Net settlement of foreign currency forwards	133,658	47,254
Payment on purchase of shares for share award scheme	(41,423)	(36,465)
Transaction costs attributable to purchase of shares for share award scheme	(130)	(112)
Proceeds from issuance of shares	1,989,881	–
Net cash from financing activities	2,779,684	596,908
Net increase in cash and cash equivalents	4,364,127	2,068,119
Effect of foreign exchange rate changes	(87,578)	(267)
Total cash and cash equivalents at beginning of the year	6,329,841	4,261,989
Total cash and cash equivalents at end of the year	10,606,390	6,329,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The United Laboratories International Holdings Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The Company’s parent company and ultimate holding company is Heren Far East Limited, a company incorporated in the British Virgin Islands and is ultimately controlled by The Choys’ Family Trusts. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at 6 Fuk Wang Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 41.

The consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company and most of its subsidiaries (the “Group”), the currency of the primary economic environment in which the principal subsidiaries of the Company operate.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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 HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)*

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 Financial Instruments clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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

3.1 Basis of preparation of consolidated financial statements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in a subsidiary is presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5 and 26.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS Accounting Standard 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, lease payment made at or before commencement date for land use rights, any initial direct costs incurred by the Group and an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (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 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 incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise fixed lease payments.

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign exchange reserve (attributed to non-controlling interests as appropriate).

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 their 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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Government grants *(Continued)*

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Share-based payments

Equity-settled share-based payment transactions

Share awards granted to directors and employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based compensation reserve.

When share awards granted are vested, the amount previously recognised in share-based compensation reserve will be transferred to share capital and share premium.

When trustee of the share award scheme purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is deducted from total equity and is presented as shares held for share award scheme. No gain or loss is recognised on the transactions of the Company's own shares.

When the trustee transfers the Company's granted shares to grantees upon vesting, the related costs of the granted shares vested are reversed from shares held for share award scheme and the related expense of the granted shares vested is reversed from share-based compensation reserve. The difference arising from such transfer is debited/credited to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. 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 profits will be available to allow all or part of the asset to be recovered.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognised a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment *(Continued)*

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

Depreciation is recognised so as to write off the cost of assets other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Intangible assets *(Continued)*

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of internal project to develop new pharmaceutical products) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure (Continued)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment losses. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment losses (if any). Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand; and
- (b) cash equivalents which represents short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments

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

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received 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 financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets

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 generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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 fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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.

(ii) Financial asset at FVTPL

Financial asset at FVTPL is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, banker’s acceptance bills receivables, consideration receivables, other receivables and refundable deposits, pledged bank deposits, and bank balances) which are subject to impairment assessment under HKFRS 9. 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 is 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 both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

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, in which case 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

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (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;
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(i) Significant increase in credit risk *(Continued)*

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.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(ii) Definition of default

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; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(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 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 and 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.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 7) as part of the net foreign exchange gain (loss).
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the net gain on fair value changes of derivative financial instrument and gain on disposal of financial assets at FVTPL (Note 7).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade payables and trade payables under supplier finance arrangement, other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(Continued)

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (Note 7) as part of net foreign exchange gain (loss) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition 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 profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an on-going 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.

Key sources of estimation uncertainty

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

Provision of ECL for trade receivables

The Group estimates the ECL on trade receivables using a provision matrix. During the years ended 31 December 2025 and 2024, the loss rates for the trade receivables are estimated based on historical credit loss experience, adjusted for forward-looking factors specific to the debtor's industry and the macroeconomic environment.

At every reporting date, all available historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables is disclosed in Notes 37 and 23, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

The Group is currently organised into three revenue streams, including Intermediate products, Bulk medicine and Finished products.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- 1) Intermediate products – mainly represent sales of 6-Aminopenicillanic acid ("6-APA") products and penicillin G potassium products;
- 2) Bulk medicine – mainly represent sales of amoxicillin products; and
- 3) Finished products – mainly represent sales of insulin series products, antibiotics products, ophthalmic products, veterinary drugs and license fee income.

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2025					
	Intermediate products RMB'000	Bulk medicine RMB'000	Finished products RMB'000	Segments Total RMB'000	Elimination RMB'000	Consolidated RMB'000
Types of products						
– 6-APA	1,205,858	–	–	1,205,858	–	1,205,858
– Antibiotics products	–	4,841,126	3,042,889	7,884,015	–	7,884,015
– Insulin products	–	–	1,881,466	1,881,466	–	1,881,466
– License fee income	–	–	1,442,210	1,442,210	–	1,442,210
– Others	406,496	59,318	331,264	797,078	–	797,078
Revenue from contracts with customers	1,612,354	4,900,444	6,697,829	13,210,627	–	13,210,627
Inter-segment sales	2,405,952	992,419	–	3,398,371	(3,398,371)	–
Segment revenue	4,018,306	5,892,863	6,697,829	16,608,998	(3,398,371)	13,210,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(i) Disaggregation of revenue from contracts with customers *(Continued)*

	For the year ended 31 December 2024					
	Intermediate	Bulk	Finished	Segments	Elimination	Consolidated
	products	medicine	products	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of products						
– 6-APA	1,857,922	–	–	1,857,922	–	1,857,922
– Antibiotics products	–	6,362,746	3,179,585	9,542,331	–	9,542,331
– Insulin products	–	–	1,182,676	1,182,676	–	1,182,676
– Others	800,769	9,937	365,302	1,176,008	–	1,176,008
Revenue from contracts						
with customers	2,658,691	6,372,683	4,727,563	13,758,937	–	13,758,937
Inter-segment sales	3,198,429	979,071	–	4,177,500	(4,177,500)	–
Segment revenue	5,857,120	7,351,754	4,727,563	17,936,437	(4,177,500)	13,758,937

All of the Group's revenue is recognised at a point in time during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of products

Revenue is recognised at a point of time when control of the goods has been transferred, being when the goods have been delivered to port of discharge or the customer's specific location as stipulated in the sales agreement. The Group satisfied its performance obligations upon shipment or upon delivery in accordance with the contract signed with customers, who start to bear the risks of obsolescence and loss in relation to the goods.

License fee income

The Group provides license of its patented intellectual property to a customer and revenue is recognised when the customer obtains rights to access or use the underlying patented intellectual property. License fee income is recognised at a point in time upon the customer obtains control of patented intellectual property.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

Contracts for sale of pharmaceutical products are typically non-cancellable. The contracts for sales of products have expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") (i.e. executive directors of the Company) for the purpose of allocating resources to segments and assessing their performance.

The three revenue streams are the operating and reportable segments of the Group on which the Group reports its primary segment information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(a) Segment revenue and results

Year ended 31 December 2025

	Intermediate products RMB'000	Bulk medicine RMB'000	Finished products RMB'000	Segments total RMB'000	Elimination RMB'000	Consolidated RMB'000
REVENUE						
External sales	1,612,354	4,900,444	5,255,619	11,768,417	–	11,768,417
Inter-segment sales	2,405,952	992,419	–	3,398,371	(3,398,371)	–
License fee income <i>(note)</i>	–	–	1,442,210	1,442,210	–	1,442,210
Segment revenue	4,018,306	5,892,863	6,697,829	16,608,998	(3,398,371)	13,210,627
Segment profit before research and development expenses	650,191	391,231	2,373,972			3,415,394
Research and development expenses (included in the measurement of segment profit)	(217,753)	(62,419)	(640,876)			(921,048)
RESULT						
Segment profit	432,438	328,812	1,733,096			2,494,346
Share of results of an associate						(51)
Unallocated other income						207,414
Unallocated corporate expenses						(153,328)
Unallocated other gains and losses, net						50,922
Impairment losses under expected credit loss model, net						(1,620)
Finance costs						(69,730)
Profit before taxation						2,527,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(a) Segment revenue and results *(Continued)*

Note: During the year ended 31 December 2025, the Group entered into an exclusive license agreement (the “Exclusive License Agreement”) with a customer (the “Licensee”) for its patented intellectual property (the “Patented Intellectual Property”). Under the Exclusive License Agreement, the Licensee will obtain worldwide rights (excluding China mainland, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) (the “Territory”) to develop, manufacture and commercialise the Patented Intellectual Property.

Under the Exclusive License Agreement and subject to the terms and conditions thereof, the Group is eligible to receive an upfront payment, potential milestone payments subject to the achievement of certain development and sales milestone and royalties based on annual net sales in the Territory.

During the year ended 31 December 2025, an upfront payment of RMB1,442,210,000 was recognised as revenue as the Licensee obtained rights to access the underlying patented intellectual property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(a) Segment revenue and results *(Continued)*

Year ended 31 December 2024

	Intermediate products RMB'000	Bulk medicine RMB'000	Finished products RMB'000	Segments total RMB'000	Elimination RMB'000	Consolidated RMB'000
REVENUE						
External sales	2,658,691	6,372,683	4,727,563	13,758,937	–	13,758,937
Inter-segment sales	3,198,429	979,071	–	4,177,500	(4,177,500)	–
Segment revenue	5,857,120	7,351,754	4,727,563	17,936,437	(4,177,500)	13,758,937
Segment profit before research and development expenses	2,215,316	904,596	889,307			4,009,219
Research and development expenses (included in the measurement of segment profit)	(113,881)	(199,648)	(577,228)			(890,757)
RESULT						
Segment profit	2,101,435	704,948	312,079			3,118,462
Share of results of an associate						(192)
Unallocated other income						136,300
Unallocated corporate expenses						(114,871)
Unallocated other gains and losses, net						184,325
Impairment losses under expected credit loss model, net						(168)
Finance costs						(34,958)
Profit before taxation						3,288,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(a) Segment revenue and results *(Continued)*

Measurement

The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment results that is used by the CODM for the purposes of resource allocation and assessment of segment performance. Taxation is not allocated to reportable segments.

Other than the segment revenue and segment results analysis presented above, information about assets and liabilities was not regularly provided to the CODM. Hence, no segment asset or segment liability information is presented.

Inter-segment revenue is charged at prevailing market rates.

Reportable segment results represent the profit earned by each segment without allocation of certain other income, share of results of an associate, corporate expenses and other gains and losses (net), impairment losses reversed under expected credit loss model, net and finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(b) Other segment information

Amounts included in the measurement of segment profit or loss:

For the year ended 31 December 2025

	Intermediate products RMB'000	Bulk medicine RMB'000	Finished products RMB'000	Unallocated RMB'000	Consolidated RMB'000
Amortisation of intangible assets	1,925	-	17,039	-	18,964
Depreciation of right-of-use assets	3,756	8,114	3,652	1,852	17,374
Depreciation of property, plant and equipment	380,645	93,137	137,560	1,863	613,205
Net loss on disposal of property, plant and equipment	(14,182)	(13,027)	6,173	-	(21,036)
Written off of property, plant and equipment	39,444	3,421	5,720	-	48,585
Write-down of inventories (reversed) recognised	(32,562)	16,562	3,618	-	(12,382)
Impairment losses (reversed) recognised	(3,783)	29,781	(7,375)	1,620	20,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(b) Other segment information *(Continued)*

For the year ended 31 December 2024

	Intermediate products RMB'000	Bulk medicine RMB'000	Finished products RMB'000	Unallocated RMB'000	Consolidated RMB'000
Amortisation of intangible assets	1,925	–	17,561	–	19,486
Depreciation of right-of-use assets	2,872	8,920	3,232	1,154	16,178
Depreciation of property, plant and equipment	355,496	119,603	103,895	889	579,883
Net loss on disposal of property, plant and equipment	1,899	1,667	703	–	4,269
Written off of property, plant and equipment	8,618	7,712	6,967	–	23,297
Write-down of inventories (reversed) recognised	(5,641)	793	(11,111)	–	(15,959)
Impairment losses recognised	3,027	7,253	34,432	168	44,880

(c) Geographical information

The revenue by geographical market (irrespective of the origin of the goods) based on the location of the customers are presented below:

	Revenue from external customers	
	2025 RMB'000	2024 RMB'000
PRC, including Hong Kong (country of domicile)	9,199,205	11,115,585
Europe	2,001,705	695,589
India	439,678	634,347
Middle East	37,649	73,284
South America	843,692	363,284
Other Asian regions	492,848	633,318
Other regions	195,850	243,530
	13,210,627	13,758,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(c) Geographical information *(Continued)*

The information about its non-current assets is presented based on the geographical location of the assets, as below:

	Non-current assets	
	2025	2024
	RMB'000	RMB'000
PRC (excluding Hong Kong) (country of domicile)	12,269,412	9,592,132
Hong Kong	94,156	96,543
	12,363,568	9,688,675

Non-current assets excluded deferred tax assets.

(d) Information about major customers

Revenue from a customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	Revenue from an external customer	
	2025	2024
	RMB'000	RMB'000
Customer A ¹	1,442,210	N/A ²

¹ Revenue from license fee income

² The corresponding customer did not contribute revenue of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Bank interest income	152,573	127,791
Sales of scrap materials	37,585	31,654
Subsidy income (<i>Note</i>)	155,855	189,626
Sundry income	8,354	7,858
	354,367	356,929

Note: Subsidy income includes tax subsidy and grants from the PRC government which are specifically for (i) capital expenditure incurred for plant and machinery, which are recognised as income over the useful life of related assets; (ii) incentives and other subsidies for research and development activities, which are recognised upon meeting the specific conditions; and (iii) incentives which have no specific conditions attached to the grants. Details of the subsidy income are set out in Note 33.

7. OTHER GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Other gains and losses, net		
Net gain on fair value changes of derivative financial instruments (<i>Note</i>)	133,658	92,032
Gain on disposal of financial assets at FVTPL	79,378	66,501
Net gain (loss) on disposal of property, plant and equipment	21,036	(4,269)
Written off of property, plant and equipment	(48,585)	(23,297)
Net foreign exchange (loss) gain	(161,393)	25,792
Others	(723)	(2,978)
	23,371	153,781

Note: During the years ended 31 December 2025 and 2024, the Group had entered into several foreign currency forward contracts with banks and financial institutions to reduce its exposure to foreign currency risks. These derivatives were not accounted for under hedge accounting. The Group did not hold any (2024: nil) derivative financial instruments as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on borrowings	126,612	74,608
Interest on lease liabilities	651	759
	127,263	75,367
Less: amounts capitalised in the cost of qualifying assets	(57,533)	(40,409)
	69,730	34,958

Borrowing costs capitalised during the current year arose on the specific borrowing pool and general borrowing pool. The general borrowing costs have been capitalised at a rate of 2.56% (2024: 3.40%) per annum.

9. IMPAIRMENT LOSSES RECOGNISED (REVERSED) UNDER EXPECTED CREDIT LOSS MODEL, NET

	2025 RMB'000	2024 RMB'000
Impairment losses recognised (reversed):		
– trade receivables	18,661	39,254
– banker's acceptance bills receivables	(38)	19
– other receivables	1,620	5,607
	20,243	44,880

Details of impairment assessment are set out in Note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. CONSIDERATION RECEIVABLES

On 7 August 2019, The United Laboratories Limited, a wholly-owned subsidiary of the Company, and 恒大地產集團成都有限公司 (“Evergrande Chengdu”), an independent third party, entered into an investment and cooperation agreement (the “Agreement”).

Pursuant to the terms of the Agreement, the Group disposed of its wholly owned subsidiary to Evergrande Chengdu at a consideration of RMB980,000,000 which will be settled in seven installments within 27 months from the date of disposal.

Consideration of RMB637,000,000 has been received from Evergrande up till 31 December 2021 and remaining consideration of RMB343,000,000 is still outstanding as at 31 December 2021. The entire balance of RMB343,000,000 was fully impaired by the management of the Group during the year ended 31 December 2021.

During the years ended 31 December 2025 and 2024, no repayment has been settled by Evergrande Chengdu. The Group has been exploring and considering the possible action against Evergrande Chengdu to recover the consideration receivables, including application of an action against Evergrande Chengdu in the Guangzhou Intermediate People’s Court (the “Court”) for recovery of the consideration receivables and relevant damages which is still under process by the Court during the years ended 31 December 2025 and 2024. The management of the Group is of the opinion that no reversal of impairment loss in respect of the consideration receivables is recognised during the years ended 31 December 2025 and 2024 as the probability of recovery of the consideration receivables is uncertain, after considering various factors, including but not limited to the recoverable amount of the underlying assets, potential transaction cost of recovering the consideration receivables, the financial position of Evergrande Chengdu as well as the controlling shareholder of Evergrande Chengdu was ordered to be wound up by the High Court announced on 29 January 2024. Reference is made to the Company’s announcements dated 9 August 2019, 14 August 2019 and 9 November 2023 in relation to the investment and cooperation agreement with 恒大地產集團成都有限公司 (Evergrande Real Estate Group (Chengdu) Limited) (“Evergrande (Chengdu)”). The Group applied for the commencement of an action against, among others, Evergrande (Chengdu) on 7 March 2023 in the Guangzhou Intermediate People’s Court for recovery of the outstanding consideration receivables of approximately RMB343,000,000 and relevant damages and received a notice of acceptance on 14 March 2023 (the “Action”). Due to the large number of actions against China Evergrande Group commenced in the Guangzhou Intermediate People’s Court, the Action is handled by the Chengdu Intermediate People’s Court. The Chengdu Intermediate People’s Court heard the case on 6 June 2024 and handed down the judgement dated 28 December 2024 allowing the Group’s claim of approximately RMB136,300,000 but rejecting other claims of the Group. The Group appealed to the Sichuan Province Higher People’s Court against the judgement. The Sichuan Province Higher People’s Court heard the case on 21 May 2024. On 27 September 2025, a final judgement was handed down that Evergrande (Chengdu) should pay approximately RMB166,500,000 to the Group. As of this report, the Group has not received payment from Evergrande (Chengdu).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. TAX EXPENSE

	2025 RMB'000	2024 RMB'000
The tax charge comprises:		
Current tax		
Hong Kong Profits Tax	4,003	8,098
PRC Enterprise Income Tax ("EIT")	197,015	539,408
PRC withholding tax on interest income	2,525	1,448
PRC withholding tax on royalty income	70	36
PRC withholding tax on distributed profits of PRC subsidiaries	–	80,556
Danish withholding tax on license fee income	143,390	–
	347,003	629,546
Deferred tax charge (<i>Note 29</i>)	99,868	1,531
	446,871	631,077

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC EIT is calculated at the applicable rates of tax prevailing in the areas in which the Group operates, based on the existing legislation, interpretations and practices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. TAX EXPENSE *(Continued)*

Pursuant to the PRC EIT law and its detailed implementation rules promulgated on 16 March 2007 and 6 December 2007, respectively, the tax rate for domestic and foreign enterprises is unified at 25% and is effective from 1 January 2008. Besides, with effect from 1 January 2008, if the subsidiaries are qualified as high-technology companies (under the new PRC EIT law), the subsidiaries are entitled to a reduced rate of 15% and such qualification is subject to renewal for every three years. Certain of group entities in the PRC are entitled to the reduced tax rate of 15% for 2025 and 2024.

In 2025, The United Laboratories (Inner Mongolia) Co., Limited, subsidiaries of the Company, applied and were successfully granted for a reduced 15% enterprise income tax (EIT) under The National Development and Reform Commission (NDRC) released an updated list of industries in western regions (2025 Edition).

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No.1, dividend distributed out of the profits generated since 1 January 2008 by a PRC entity to a non-PRC tax resident shall be subject to the PRC EIT pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises. The withholding tax rate applicable to the Group is 5%. As at 31 December 2025 and 2024, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

Pursuant to the Danish domestic tax law, the withholding tax on royalty payment in Denmark is subject to withholding tax at the statutory rate of 22% on the gross amount. Under the applicable double tax arrangement, the Group is entitled to a reduced rate of 10% for current period.

The Group is operating in one of the jurisdictions where Pillar Two Rules is effective. However, as the Group's estimated effective tax rates of such in-effect jurisdiction in which the Group operates are higher than 15%, after taking into account certain adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. TAX EXPENSE (Continued)

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	2,527,953	3,288,898
Tax at the PRC EIT rate of 25% (2024: 25%)	631,988	822,225
Tax effect of share of results of an associate	13	48
Tax effect of expenses not deductible for tax purpose	174,055	181,963
Tax effect of income not taxable for tax purpose	(78,818)	(51,441)
Tax effect of super deduction of research and development expenses (<i>Note</i>)	(159,451)	(55,394)
Tax effect of tax losses not recognised	13,099	23,909
Utilisation of tax losses previously not recognised	(119,253)	(737)
PRC withholding tax on distributable profits of the PRC subsidiaries	93,587	74,968
PRC withholding tax on interest income	2,525	1,448
PRC withholding tax on royalty income	70	36
Danish withholding tax on license fee income	143,390	–
Effect of tax concessionary rates granted to the PRC subsidiaries	(125,710)	(361,373)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(125,154)	(4,171)
Others	(3,470)	(404)
Tax expense for the year	446,871	631,077

Note: Pursuant to State Administration of Taxation Announcement No. 7, 2023, the Group is able to enjoy super deduction of 200% on qualifying research and development expenditures for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. PROFIT FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	5,487	5,494
Depreciation		
Depreciation of right-of-use assets	17,374	16,178
Depreciation of property, plant and equipment	613,205	579,883
Amortisation of intangible assets (included in cost of sales)	18,964	19,486
Staff costs, including directors' emoluments		
Salaries and other benefits	1,863,378	1,765,089
Share-based compensation expenses	14,093	47,364
Contributions to retirement benefit schemes	340,187	279,636
	2,217,658	2,092,089
Write-down of inventories reversed (included in cost of sales)	(12,382)	(15,959)
Cost of inventories recognised as expenses	7,636,202	7,692,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

2025

(a) Executive directors

	Tsoi Hoi Shan RMB'000	Leung Wing Hon RMB'000	Choy Siu Chit RMB'000	Fang Yu Ping RMB'000	Zou Xian Hong RMB'000	Zhu Su Yan RMB'000	Total RMB'000
	<i>(Note)</i>						
Fees	-	-	-	-	-	-	-
Other emoluments	-	-	-	-	-	-	-
Salaries and other benefits	4,255	4,122	2,825	1,828	1,828	1,828	16,686
Bonus	-	196	-	720	720	720	2,356
Contributions to retirement benefit schemes	17	17	17	-	-	-	51
Share-based compensation expenses	1,009	703	471	328	328	328	3,167
Sub-total	5,281	5,038	3,313	2,876	2,876	2,876	22,260

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The directors' share-based compensation expenses are disclosed in Note 32.

(b) Independent non-executive directors

	Chong Peng Oon RMB'000	Song Ming RMB'000	Fu Qiushi RMB'000	Total RMB'000
Fees	238	238	238	714
Total				22,974

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

2024

(a) Executive directors

	Tsoi Hoi Shan RMB'000 <i>(Note)</i>	Leung Wing Hon RMB'000	Choy Siu Chit RMB'000	Fang Yu Ping RMB'000	Zou Xian Hong RMB'000	Zhu Su Yan RMB'000	Total RMB'000
Fees	-	-	-	-	-	-	-
Other emoluments	-	-	-	-	-	-	-
Salaries and other benefits	4,267	4,133	2,833	1,833	1,833	1,833	16,732
Bonus	-	101	-	720	720	720	2,261
Contributions to retirement benefit schemes	17	17	17	28	-	-	79
Share-based compensation expenses	2,251	1,570	1,052	732	732	732	7,069
Sub-total	6,535	5,821	3,902	3,313	3,285	3,285	26,141

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The directors' share-based compensation expenses are disclosed in Note 32.

(b) Independent non-executive directors

	Chong Peng Oon RMB'000	Song Ming RMB'000	Fu Qiushi RMB'000	Total RMB'000
Fees	239	239	121	599
Total				26,740

Note: Tsoi Hoi Shan is an executive director and chairman of the Company for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. FIVE HIGHEST PAID EMPLOYEES

For the years ended 31 December 2025 and 2024, all the five highest paid individuals of the Group are directors of the Company, details of which are included in Note 13.

15. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the current year		
– 2025 interim dividend RMB16 cents (2024: 2024 interim dividend RMB16 cents) per share	315,684	290,724
– 2024 final dividend RMB28 cents (2024: 2023 final dividend RMB28 cents) per share	508,768	508,768
– 2024 special dividend RMB12 cents (2024: 2023 special dividend RMB12 cents) per share	218,044	218,043
	1,042,496	1,017,535

Subsequent to the end of the reporting period, a final dividend of RMB26 cents (2024: RMB28 cents) per ordinary share in respect of the year ended 31 December 2025, in an aggregate amount of RMB512,987,000 (2024: RMB726,773,000), have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. EARNINGS PER SHARE

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

Earnings

	2025 RMB'000	2024 RMB'000
Earnings for the purposes of basic earnings per share being profit for the year attributable to owners of the Company	2,085,902	2,659,704

Number of shares

	2025 '000	2024 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,885,111	1,816,814

No diluted earnings per share for both 2025 and 2024 were presented as there were no potential ordinary shares in issue for both 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2024	4,917,270	8,183,288	167,864	65,935	413,508	13,747,865
Additions	208,251	227,035	51,762	12,745	2,358,288	2,858,081
Disposals	–	(28,980)	(3)	(1,332)	–	(30,315)
Write-off	(39,298)	(236,071)	(8,770)	(2,640)	–	(286,779)
Reclassification	133,676	764,885	17,480	–	(916,041)	–
At 31 December 2024	5,219,899	8,910,157	228,333	74,708	1,855,755	16,288,852
Additions	91,608	350,303	39,714	3,105	3,024,054	3,508,784
Disposals	–	(32,298)	(490)	(870)	–	(33,658)
Write-off	(125,226)	(154,157)	(4,158)	(1,948)	–	(285,489)
Reclassification	1,411,406	1,573,461	38,140	–	(3,023,007)	–
At 31 December 2025	6,597,687	10,647,466	301,539	74,995	1,856,802	19,478,489
DEPRECIATION						
At 1 January 2024	1,676,837	5,441,660	104,402	41,560	–	7,264,459
Charge for the year	169,758	381,465	23,642	5,018	–	579,883
Eliminated on disposals	–	(15,935)	(3)	(594)	–	(16,532)
Eliminated on write-off	(24,084)	(229,513)	(7,245)	(2,640)	–	(263,482)
At 31 December 2024	1,822,511	5,577,677	120,796	43,344	–	7,564,328
Charge for the year	159,747	414,950	31,783	6,725	–	613,205
Eliminated on disposals	–	(18,848)	(399)	(794)	–	(20,041)
Eliminated on write-off	(90,805)	(140,318)	(3,939)	(1,842)	–	(236,904)
At 31 December 2025	1,891,453	5,833,461	148,241	47,433	–	7,920,588
CARRYING AMOUNTS						
At 31 December 2025	4,706,234	4,814,005	153,298	27,562	1,856,802	11,557,901
At 31 December 2024	3,397,388	3,332,480	107,537	31,364	1,855,755	8,724,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment less their residual values over their estimated useful lives, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the lease term
Plant and machinery	5% - 20%
Furniture, fixtures and equipment	20% - 25%
Motor vehicles	20% - 30%

The carrying amount of land and buildings shown above comprises properties situated on:

	2025	2024
	RMB'000	RMB'000
Leasehold land and buildings in Hong Kong	54,617	57,363
Buildings in the PRC	4,651,617	3,340,025
	4,706,234	3,397,388

Note: At 31 December 2025, the Group was in the process of obtaining the real estate ownership certificate for buildings in the PRC with an aggregate carrying amount of RMB358,295,000 (2024: RMB573,747,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2024	384,740	5,961	–	390,701
Additions	60,386	4,050	12,244	76,680
Depreciation	(11,053)	(2,671)	(2,454)	(16,178)
Disposal	–	(403)	–	(403)
At 31 December 2024	434,073	6,937	9,790	450,800
Additions	7,911	1,719	–	9,630
Depreciation	(11,834)	(3,093)	(2,447)	(17,374)
Disposal	–	(1,223)	–	(1,223)
At 31 December 2025	430,150	4,340	7,343	441,833

	2025 RMB'000	2024 RMB'000
Total cash outflow for leases	13,688	66,411

For the years ended 31 December 2025 and 2024, the Group entered into several lease contracts in respect of leased staff quarters, office buildings and vehicles for its operations. Lease contracts are entered into for fixed term of 3 years to 10 years.

In addition, the Group owns several office buildings and industrial buildings where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. GOODWILL

	RMB'000
COST	
At 1 January 2024, 31 December 2024 and 2025	3,031

Goodwill has been allocated to two individual cash-generating units, including one subsidiary operates in the Bulk medicine segment and one subsidiary operates in the Finished products segment. The carrying amounts of goodwill at the end of the reporting period allocated to these units are as follows:

	2025	2024
	RMB'000	RMB'000
Bulk medicine	774	774
Finished products	2,257	2,257
	3,031	3,031

The directors of the Company are of the opinion that there is no impairment (2024: no impairment) recognised after performing the impairment assessment for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. INTANGIBLE ASSETS

	Development cost RMB'000 <i>(Note i)</i>	Know-How RMB'000 <i>(Note ii)</i>	Total RMB'000
COST			
At 1 January 2024	237,049	47,100	284,149
Additions	94,727	–	94,727
At 31 December 2024	331,776	47,100	378,876
Additions	76,978	6,981	83,959
At 31 December 2025	408,754	54,081	462,835
AMORTISATION			
At 1 January 2024	104,795	27,435	132,230
Charge for the year	17,781	1,705	19,486
At 31 December 2024	122,576	29,140	151,716
Charge for the year	18,964	–	18,964
At 31 December 2025	141,540	29,140	170,680
IMPAIRMENT			
At 1 January 2024, 31 December 2024 and 2025	–	17,960	17,960
CARRYING AMOUNTS			
At 31 December 2025	267,214	6,981	274,195
At 31 December 2024	209,200	–	209,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. INTANGIBLE ASSETS (Continued)

In accordance with HKAS 36, the Group performed its annual impairment test for intangible asset not yet available to use by comparing its carrying amount with its recoverable amount. The calculation applied discount cash flow methodology, of which the cash flow projections are based on financial budget endorsed by management. The management of the Group determined no impairment loss (2024: no impairment loss) is required during the year ended 31 December 2025.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis at the following rates per annum.

Development costs	10% to 20%
Know-How	10%

Notes:

- i. At 31 December 2025 and 2024, development cost of certain products have been capitalised as the management of the Group considers the recognition criteria of internally generated intangible asset has been satisfied as regulatory approvals before production have been obtained. The cost of intangible assets comprise of:

	2025 RMB'000	2024 RMB'000
Semaglutide (note a)	127,788	90,074
Insulin degludec (note a)	45,489	21,875
Liraglutide (note b)	29,081	22,122
Animal related drugs (note c)	16,397	9,694
Insulin aspart (note d)	77,129	77,129
6-APA (note d)	4,447	4,447
Clavulanate potassium (note d)	9,200	9,200
Insulin glargine (note d)	69,408	69,408
Others (note e)	29,815	27,827
	408,754	331,776

Notes:

- (a) There has been no amortisation (2024: no amortisation) for the development cost as the related products have not been put into production during the year ended 31 December 2025.
- (b) The development cost of the product has started to amortise (2024: no amortisation) as the related product has been put into production during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. INTANGIBLE ASSETS *(Continued)*

Notes: (Continued)

- (c) Save for the capitalised development cost of certain products of RMB2,691,000 (2024: RMB537,000) has started to amortise in 2025, there has been no amortisation for remaining capitalised development cost during the year ended 31 December 2025 as the related product has not been put into production.
 - (d) The capitalised development cost of Insulin aspart, 6-APA and Insulin glargine are amortised over 10 years and the capitalised development cost of Clavulanate potassium is amortised over 5 years which are the expected period for which they will bring future economic benefits to the Group.
 - (e) The amounts have been fully amortised (2024: fully amortised) for the capitalised development costs related to products during the year ended 31 December 2025.
- ii. An amount of RMB54,081,000 (2024: RMB47,100,000), representing externally acquired technical Know-How in identifying processes for manufacturing finished products and protocols for fermentation/purification methodology.

During the year ended 31 December 2015, two of the Know-How at a total cost of RMB47,100,000 had commenced amortisation starting from the date when they were put into production process. It is amortised over 10 years which is the expected period for which they will bring future economic benefits to the Group.

Due to suspension of a product development, the management estimated the recoverable amount of it to be minimal as the future economic benefits are not probable to bring to the Group based on value in use calculation. As a result, a full impairment loss of RMB17,960,000 has been recognised on one of the Know-How of the relevant product development during the year ended 31 December 2018.

During the year ended 31 December 2025, certain animal related veterinary drugs Know-How externally acquired from an overseas independent third party amounted to RMB6,981,000 has been recognised as intangible asset. No amortisation has been recognised in 2025 as the related know-how has not been put into production.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INTERESTS IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Cost of investment in an associate	7,350	7,350
Share of post-acquisition loss and other comprehensive expense	(289)	(238)
	7,061	7,112

Details of the Group's associate as at 31 December 2024 and 2025 are as follows:

Name of an associate	Place of incorporation/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		2025	2024	2025	2024	
寧波普邦生物科技有限公司 ("Ningbo Pubang")	The PRC	49%	49%	49%	49%	Sale of veterinary drugs in PRC

The Group has 49% ownership interest and voting rights in Ningbo Pubang. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of Ningbo Pubang unilaterally, the directors of the Group conclude that the Group only has significant influence over Ningbo Pubang and therefore it is classified as an associate of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INTERESTS IN AN ASSOCIATE *(Continued)*

Summarised financial information of Ningbo Pubang

The summarised financial information below represents amounts shown in Ningbo Pubang's financial information prepared in accordance with HKFRS Accounting Standards.

Ningbo Pubang is accounted for using the equity method in these consolidated financial statements.

	2025 RMB'000	2024 RMB'000
Non-current assets	45	167
Current assets	49,857	17,753
Current liabilities	35,492	3,406
Loss for the year	(104)	(392)

Summarised financial information of Ningbo Pubang

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of the associate	14,410	14,514
Proportion of the Group's ownership interest in the associate	49%	49%
Carrying amount of Group's interest in the associate	7,061	7,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	740,103	723,914
Work in progress	329,393	290,269
Finished goods	1,299,637	1,419,983
	2,369,133	2,434,166

23. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Trade receivables from contracts with customers	2,248,570	2,406,076
Less: allowance for credit losses	(31,812)	(13,166)
Banker's acceptance bills receivables	1,982,202	3,333,266
Less: allowance for credit losses	(174)	(212)
Consideration receivables (<i>Note 10</i>)	339,574	339,574
Less: allowance for credit losses	(339,574)	(339,574)
Value added tax receivables	268,396	235,963
Other receivables, deposits and prepayments	287,707	321,947
Less: allowance for credit losses	(13,171)	(11,551)
	4,741,718	6,272,323

At 1 January 2024, gross carrying amount of trade receivables from contracts with customers amounted to RMB2,378,638,000.

The Group normally allows a credit period ranging from 45 days to 180 days (2024: 45 days to 180 days) to its trade customers, and may be extended to selected customers subject to their trade volume and historical settlement records with the Group. The banker's acceptance bills receivables have a general maturity period of between 90 days and 1 year (2024: 90 days to 1 year).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on dates of transferring control of the goods, and an analysis of banker's acceptance bills receivables by age, net of allowance for credit losses, presented based on the bills issuance date, at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Trade receivables from contracts with customers		
0 to 30 days	1,018,465	943,289
31 to 60 days	414,069	629,666
61 to 90 days	333,415	389,109
91 to 120 days	191,235	212,161
121 to 180 days	128,585	204,206
Over 180 days	130,989	14,479
	2,216,758	2,392,910
Banker's acceptance bills receivables		
0 to 30 days	362,012	636,132
31 to 60 days	305,817	678,738
61 to 90 days	418,932	453,539
91 to 120 days	381,778	640,674
121 to 180 days	497,646	862,069
Over 180 days	15,843	61,902
	1,982,028	3,333,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

At 31 December 2025, out of the total bills receivables of RMB1,982,202,000 (2024: RMB3,333,266,000), bills of RMB25,532,000 (2024: RMB16,884,000) and RMB1,629,114,000 (2024: RMB2,354,258,000) were further discounted to banks and endorsed to suppliers respectively with full recourse. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed below. All bills received by the Group are with a maturity period of less than one year.

At 31 December 2025, included in the Group's trade receivables balance, net are debtors with aggregate carrying amount of RMB399,530,000 (2024: RMB694,032,000) which are past due but not impaired at the reporting date. Out of the past due balances, RMB58,006,000 (2024: RMB9,998,000) has been past due 90 days or more. The directors of the Company are in the view that there have been no significant increase in credit risk nor default because based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables, banker's acceptance bills receivables, consideration receivables and other receivables are set out in Note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Transfer of financial assets

The following were the Group's financial assets at 31 December 2025 and 2024 that were transferred to banks or suppliers by discounting or endorsing those bills receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the bills receivables and has recognised the cash received on the transfer as a secured borrowing (see Note 28) for discounted bills receivables or it continues to recognise the full carrying amount of the bills receivables and the full carrying amount of the trade and other payables for endorsed bills receivables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2025

	Bills receivables discounted to banks with full recourse RMB'000	Bills receivables endorsed to suppliers with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	25,532	1,629,114	1,654,646
Carrying amount of associated liabilities	(25,532)	(1,629,114)	(1,654,646)

At 31 December 2024

	Bills receivables discounted to banks with full recourse RMB'000	Bills receivables endorsed to suppliers with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	16,884	2,354,258	2,371,142
Carrying amount of associated liabilities	(16,884)	(2,354,258)	(2,371,142)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. PLEDGED BANK DEPOSITS, CASH AND CASH EQUIVALENTS

Deposits amounting to RMB628,503,000 (2024: RMB1,034,366,000) have been placed in designated banks as part of the security provided for general short-term banking facilities granted to the Group by banks and are therefore classified as current assets. The range of effective interest rates of the pledged bank deposits at 31 December 2025 was 0.45% to 1.3% (2024: 0.2% to 2.1%) per annum.

Cash and cash equivalents comprise cash held by the Group, bank balances and short-term bank deposits for the purpose of meeting the Group's short term cash commitments. The range of effective interest rates of the bank balances was 0.1% to 4.6% (2024: 0.1% to 4.6%) per annum at 31 December 2025.

The carrying amounts of the Group's monetary assets denominated in foreign currency, i.e. currency other than the functional currency of the respective group entities at the end of the reporting period were as follows:

	2025 RMB'000	2024 RMB'000
Pledged bank deposits and bank balances		
– HK\$	148,207	59,461
– USD	7,628,587	2,890,523
– Euro	68,234	74,525

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For the year ended 31 December 2025

25. TRADE AND OTHER PAYABLES

The Group normally receives credit terms of up to 120 days and 180 days for trade payables and trade payables under supplier finance arrangement respectively from its suppliers. The following is an analysis of the trade payables and trade payables under supplier finance arrangement by age, presented based on the invoice date or bills issuance date at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Trade payables		
0 to 90 days	1,234,969	1,560,814
91 to 180 days	355,830	513,876
Over 180 days	20,415	14,095
	1,611,214	2,088,785
Trade payables under supplier finance arrangement (Note)		
0 to 90 days	986,000	1,119,081
91 to 180 days	1,242,006	961,961
Over 180 days	484	5,229
	2,228,490	2,086,271
Other payables and accruals	693,970	545,328
Other tax payable	204,743	170,511
Accrual of freight expense	60,222	128,975
Accrual of salary, staff welfare and unclaimed annual leave	312,627	250,147
Accrual of water, electricity fee & steam	558,132	550,825
Deferred income in respect of government grants (Note 33)	90,338	58,699
Payables in respect of the acquisition of property, plant and equipment	2,220,849	1,779,575
	7,980,585	7,659,116
Less: Amount due within one year shown under current liabilities	(7,890,941)	(7,636,911)
Amount shown under non-current liabilities	89,644	22,205

Note: These related to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Receipts in advances from customers	76,785	96,119

At 1 January 2024, contract liabilities amounted to RMB115,584,000.

The following table shows how much of the revenue recognised for the years relates to the contract liabilities at the beginning of the year:

	2025 RMB'000	2024 RMB'000
Revenue recognised during the year	96,119	115,584

When the Group receives an amount from certain new customers before products are delivered to and received by the customer, this will give rise to a contract liability at the beginning of a contract.

27. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	4,969	4,781
Within a period of more than one year but not more than two years	4,473	5,080
Within a period of more than two years but not exceeding five years	2,980	7,549
Within a period of more than five years	–	38
	12,422	17,448
Less: Amount due for settlement with 12 months shown under current liabilities	(4,969)	(4,781)
Amount due for settlement after 12 months shown under non-current liabilities	7,453	12,667

The weighted average incremental borrowing rates applied to lease liabilities at 4.04% (2024: 4.8%).

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For the year ended 31 December 2025

28. BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank loans	4,953,757	3,121,399
Discounted bills with recourse (<i>Note 23</i>)	25,532	16,884
	4,979,289	3,138,283
Analysed as:		
Secured	4,479,289	1,257,283
Unsecured	500,000	1,881,000
	4,979,289	3,138,283
The carrying amount of the bank loans are repayable:		
– Within one year	1,580,926	813,500
– Within a period of more than one year, but not exceeding two years	954,816	1,166,350
– Within a period of more than two years but not more than five years	1,551,655	904,575
– Within a period of more than five years	366,360	236,974
	4,453,757	3,121,399
The carrying amount of bank loan that contains a repayment on demand clause (shown under current liabilities) but repayable over one year*	500,000	–
	4,953,757	3,121,399
The carrying amount of the non-bank loans are repayable:		
– Within one year	25,532	16,884
	4,979,289	3,138,283
Less: Amount due within one year shown under current liabilities	(2,106,458)	(830,384)
Amount shown under non-current liabilities	2,872,831	2,307,899

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28. BORROWINGS *(Continued)*

Interest rate

	2025 RMB'000	2024 RMB'000
Fixed rate	525,532	16,884
CNY HIBOR plus 0.70%	–	270,000
PRC Loan Prime Rate less 0.15% to 1.15% (2024: PRC Loan Prime Rate less 0.15% to 1.15%)	4,453,757	2,851,399
	4,979,289	3,138,283

The range of effective interest rates of the floating rate borrowings at 31 December 2025 is 2.05% to 2.70% (2024: 2.15% to 3.30%) per annum. The range of effective interest rates of the fixed rate borrowings at 31 December 2025 is 0.9% to 1.4% (2024: 1.08% to 1.75%) per annum.

As at 31 December 2025 and 2024, all borrowings are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. DEFERRED TAXATION

The followings are the deferred tax assets (liabilities) recognised and movements thereon for the current and prior years:

	Accelerated accounting depreciation RMB'000	Unrealised profit on inventories RMB'000	Withholding tax on undistributed profits of the PRC subsidiaries RMB'000	Total RMB'000
At 1 January 2024	60,198	20,602	(288,080)	(207,280)
(Charge) credit to profit or loss for the year	(5,228)	(1,891)	5,588	(1,531)
At 31 December 2024	54,970	18,711	(282,492)	(208,811)
Charge to profit or loss for the year	(25)	(6,257)	(93,587)	(99,869)
At 31 December 2025	54,945	12,454	(376,079)	(308,680)

The following is the analysis of the deferred tax balances for financial reporting purpose:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	67,399	73,681
Deferred tax liabilities	(376,079)	(282,492)
	(308,680)	(208,811)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. DEFERRED TAXATION *(Continued)*

The Group's unrecognised deductible temporary differences are as follows:

	2025	2024
	RMB'000	RMB'000
Tax loss carry forwards	1,113,451	1,596,686

During the years ended 31 December 2025 and 2024, no tax loss was expired. Included in unrecognised tax losses are losses of RMB430,987,000 (2024: RMB916,489,000) that will expire within five years, all other losses may be carried forward indefinitely. No deferred tax asset in respect of tax losses has been recognised because the amount of future taxable profit that will be available to realise such assets is uncertain.

The unused tax losses will be expired as follows:

	2025	2024
	RMB'000	RMB'000
2025	–	6,223
2026	6,884	23,912
2027	74,314	214,731
2028	166,726	368,270
2029	183,063	303,353
	430,987	916,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1 January 2024, 31 December 2024 and 2025	3,800,000,000	38,000
Issued and fully paid:		
At 1 January 2024 and 31 December 2024	1,817,026,508	18,170
Issue of new shares	156,000,000	1,560
	1,973,026,508	19,730
		RMB'000
Shown in the consolidated financial statements as:		
At 31 December 2024		16,965
At 31 December 2025		18,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. SHARE CAPITAL (Continued)

Notes:

- (i) During the year ended 31 December 2025, the Company repurchased its own ordinary shares for share award scheme through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
October	3,500,000	13.08	12.69	45,167,000
				RMB'000
Shown in the consolidated financial statements as:				
At 31 December 2025				41,553

During the year ended 31 December 2024, the Company repurchased its own ordinary shares for share award scheme through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
October	3,700,000	11.20	10.04	40,382,000
				RMB'000
Shown in the consolidated financial statements as:				
At 31 December 2024				36,557

- (ii) At 31 December 2025, the Company had outstanding shares held for share award scheme of 224,020 (31 December 2024: 93,820).

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. EMPLOYEE RETIREMENT BENEFITS

The Group participates in Mandatory Provident Fund Scheme (“MPF Scheme”) for all employees in Hong Kong. The MPF Schemes are registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. The obligation of the Group with respect of MPF Schemes is to make the required contributions under the MPF Schemes. No forfeited contribution is available to reduce the contributions payable in future years. The Group’s contributions to the MPF Scheme of RMB1,074,000 (2024: RMB1,162,000) are charged to profit or loss during the current year.

Employees of the subsidiaries in the PRC are members of pension schemes operated by the Chinese local government. The subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of these employees to the pension schemes to fund the benefits. The only obligation for the Group with respect to the pension schemes is the required contributions under the pension schemes. The Group’s contributions to the pension schemes of RMB339,113,000 (2024: RMB278,474,000) are charged to profit or loss during the current year.

For the Group’s subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) \times 2/3 \times Years of service

Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post -employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group’s mandatory MPF contributions, plus/minus any positive/negative returns thereof (collectively, the “Eligible Offset Amount”), for the purpose of offsetting LSP payable to an employee (the “Offsetting Arrangement”). The LSP obligation, if any, is presented on a net basis.

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2024). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group’s mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

The Company's share award scheme (the "Share Award Scheme") was adopted by the shareholders of the Company at the extraordinary general meeting held on 26 October 2023 ("Date of Adoption") for the primary purpose of rewarding the directors and employees ("Selected Participants") of the Group for their hard work, contribution and loyalty and align their interest with those of shareholders of the Company.

An award granted by the board of directors ("the Board") of the Company to the Selected Participants is a right of the relevant participant to receive the shares of the Company. Each award may be subject to such other conditions as may be imposed by the Board at its absolute discretion. The total number of shares in respect of which shares may be granted under the Share Award Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time. The number of shares award which may be granted to any individual but unvested under the Share Award Scheme shall not exceed 1% of the total number of shares of the Company in issue at any point in time.

Subject to any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Date of Adoption, after which period no further awards will be granted but the provisions of the Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any awards granted prior to the expiration of the Share Award Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Award Scheme.

During the year ended 31 December 2023, the Group granted award shares to the Group's directors and employees under the Share Award Scheme. The award shares granted would vest on specific dates, or in equal tranches from the grant date over 12 to 36 months, on condition that the directors and employees remains in service without any performance requirements. Once the vesting conditions underlying the respective award shares are met, the award shares are considered duly and validly issued to the holder, and free of restrictions on transfer.

There is no (2024: no) award shares granted during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share award scheme *(Continued)*

Details of movement in the numbers of award shares and the respective weighted average grant date fair value are as follows:

Grantees	Date of grant	Vesting period	As at 1 January 2025	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	As at 31 December 2025	Weighted average fair value per award shares HK\$
Directors									
Tsoi Hoi Shan	13 November 2023	13 November 2024 to 13 November 2026	383,400	-	191,700	-	-	191,700	7.45
Leung Wing Hon	13 November 2023	13 November 2024 to 13 November 2026	267,400	-	133,700	-	-	133,700	7.45
Choy Siu Chit	13 November 2023	13 November 2024 to 13 November 2026	179,200	-	89,600	-	-	89,600	7.45
Fang Yu Ping	13 November 2023	13 November 2024 to 13 November 2026	124,600	-	62,300	-	-	62,300	7.45
Zou Xian Hong	13 November 2023	13 November 2024 to 13 November 2026	124,600	-	62,300	-	-	62,300	7.45
Zhu Su Yan	13 November 2023	13 November 2024 to 13 November 2026	124,600	-	62,300	-	-	62,300	7.45
Employees	13 November 2023	13 November 2024 to 13 November 2026	6,860,800	-	2,767,900	520,100	142,400	3,430,400	7.45
Total			8,064,600	-	3,369,800	520,100	142,400	4,032,300	7.45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share award scheme *(Continued)*

Grantees	Date of grant	Vesting period	As at 1 January 2024	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	As at 31 December 2024	Weighted average fair value per award shares HK\$
Directors									
Tsoi Hoi Shan	13 November 2023	13 November 2024 to 13 November 2026	575,100	–	191,700	–	–	383,400	7.45
Leung Wing Hon	13 November 2023	13 November 2024 to 13 November 2026	401,100	–	133,700	–	–	267,400	7.45
Choy Siu Chit	13 November 2023	13 November 2024 to 13 November 2026	268,800	–	89,600	–	–	179,200	7.45
Fang Yu Ping	13 November 2023	13 November 2024 to 13 November 2026	186,900	–	62,300	–	–	124,600	7.45
Zou Xian Hong	13 November 2023	13 November 2024 to 13 November 2026	186,900	–	62,300	–	–	124,600	7.45
Zhu Su Yan	13 November 2023	13 November 2024 to 13 November 2026	186,900	–	62,300	–	–	124,600	7.45
Employees	13 November 2023	13 November 2024 to 13 November 2026	10,291,200	–	3,004,280	426,120	–	6,860,800	7.45
Total			12,096,900	–	3,606,180	426,120	–	8,064,600	7.45

The fair value of award share is determined based on the closing price of the Group's publicly traded ordinary shares on the date of grant.

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the award share (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to profit or loss.

As at 31 December 2025, the Expected Retention Rate for the Group's directors and employees was assessed to be 100%. The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income for share-based awards granted to the Group's directors and employees are RMB3,167,000 and RMB10,926,000 for the year ended 31 December 2025, respectively (2024: RMB7,069,000 and RMB40,295,000).

As at 31 December 2025, 169,605,750 (2024: 169,605,750) award shares are available for future grant under the aforementioned scheme mandate limit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. GOVERNMENT GRANTS

Government grants comprise:

- (i) Incentive subsidies of RMB130,360,000 (2024: RMB173,716,000) have been received in the current year to encourage the operations of certain PRC subsidiaries mainly for the development of environmental friendly manufacturing, pollution prevention, development on export sales and advanced technology. Full amounts are recognised as income in profit or loss as there were no specific conditions attached to the grants and, therefore, the Group recognised the grants to profit or loss upon receipt. The subsidies were granted on a discretionary basis to the Group during the current year.
- (ii) During the year ended 31 December 2025, the Group received and recognised RMB611,000 (2024: RMB1,024,000) from the Hong Kong government.
- (iii) Certain subsidies relate to the development of pharmaceutical products or improvement of production efficiency amounting of RMB21,169,000 (2024: RMB36,494,000) at 31 December 2025 are included as deferred income. The amounts are recognised as income when the Group has fulfilled the relevant conditions attaching to the grants, including but not limited to obtaining the medical licenses of the pharmaceutical products or the starting of commercial sales of the pharmaceutical products. During the current year, the Group has recognised the government grant of approximately RMB7,000,000 (2024: RMB4,854,000) as income in profit or loss. Government grant relate to pharmaceutical products amounting of RMB8,450,000 (2024: RMB nil) was transferred to income over the useful lives of the relevant assets.
- (iv) Government subsidies granted for the acquisition of property, plant and equipment by the Group brought forward from prior year had been treated as deferred income and was transferred to income over the useful lives of the relevant assets. RMB56,523,000 have been received in current year. At 31 December 2025, an amount of RMB69,169,000 (2024: RMB22,205,000) were included in non-current liabilities. During the year ended 31 December 2025, RMB9,434,000 (2024: RMB10,032,000) was released to the profit or loss.

The aggregate subsidy income recognised to the profit or loss during the year ended 31 December 2025 amounted to RMB155,855,000 (2024: RMB189,626,000) (Note 6).

34. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,319,378	2,147,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

Other than deposits and property, plant and machinery pledged to financing institutions disclosed in Notes 24 and 28 of the consolidated financial statements, respectively, the Group had also pledged the following assets to banks as securities against banking facilities granted to the Group at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment, at net book value	1,582,221	1,133,921
Right-of-use assets, at net book value	160,113	159,216
Banker's acceptance bills receivables	145,190	487,629

Restrictions on assets

In addition, lease liabilities of RMB12,422,000 (2024: RMB17,448,000) are recognised with related right-of-use assets of RMB11,682,000 (2024: RMB16,727,000) at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

Furthermore, bills receivables issued by third parties endorsed with recourse for settlement of trade and other payables are disclosed in Note 23.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to maintain a balance between continuity of funding of cash flows from operating activities and the flexibility through the use of the finance from banks and equity funds raising. The Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure that it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement and capital commitments.

The capital structure of the Group consists of net debt, which includes borrowings (Note 28) and lease liabilities (Note 27), net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the associated risk, and takes appropriate actions to adjust the Group's capital structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost	15,494,358	13,184,194
Financial liabilities		
Financial liabilities at amortised cost	11,758,190	9,198,093

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, banker's acceptance bills receivables, other receivables, pledged bank deposits, cash and cash equivalents, financial asset at FVTPL, trade and other payables, borrowings and derivative financial instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

The Group has foreign currency sales and purchases, derivative financial instruments and certain bank balances denominated in USD, Euro and HK\$ other than the functional currency of respective group entities, which expose the Group to foreign currency risks. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate and using foreign exchange forward contracts to reduce the currency exposures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Foreign currency risk *(Continued)*

The carrying amounts of the Group's net monetary assets and monetary liabilities denominated in foreign currency, i.e. currency other than the functional currency of the respective group entities, at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
USD	7,934,259	3,180,575	15,367	38,566
Euro	90,746	88,287	24,923	24,562
HK\$	149,260	59,898	2,059	8,477

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign currency exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and foreign currency forward contracts, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A negative number below indicates a decrease in post-tax profit for both years where RMB strengthens 5% against the relevant foreign currencies. For a 5% weakening of RMB against the relevant foreign currencies, there would be an equal and opposite impact on the profit for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Foreign currency sensitivity analysis *(Continued)*

	2025 RMB'000	2024 RMB'000
USD	(335,152)	(132,518)
Euro	(2,733)	(2,663)
HK\$	(6,257)	(2,191)

Fair value and cash flow interest rate risks

The Group has significant borrowings which bear interest rate risk. Floating rate borrowings, bank deposits and bank balances expose the Group to cash flow interest rate risk. Borrowings and leases liabilities at fixed rates expose the Group to fair value interest rate risk. During the current year, the Group has not hedged its cash flow and fair value interest rate risk. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Foreign currency sensitivity analysis *(Continued)*

Interest rate sensitivity analysis

No sensitivity analysis was prepared for pledged bank deposits and bank balances as the financial impact arising on changes in interest rates was minimal due to limited changes in interest rate. The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

At the end of the reporting period, if interest rates of loan prime rate ("LPR") (2024: CNY HIBOR and LPR) had been increased/decreased by 50 basis points and all other input variables remained constant, the Group's post-tax profit for the year ended 31 December 2025 would decrease/increase by RMB9,493,000 (2024: RMB1,845,000).

The Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Credit risk and impairment assessment

At 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group normally accepts bills issued or guaranteed by PRC banks if trade receivables are settled by bills and therefore the Group consider the credit risk arising from the endorsed or discounted bills is insignificant. In this regard, the Group consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables arising from contracts with customers

Trade receivables consist of a large number of customers so the concentration of credit risk is insignificant. Except for debtors with credit-impaired, the Group uses provision matrix to calculate ECL for trade receivables. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. An impairment loss of RMB18,646,000 (2024: impairment loss of RMB39,254,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

Bank balances, bank and other deposits

The credit risk on bank balances, bank and other deposits are limited because the counterparties are banks mostly with high credit ratings of grade A or above assigned by international credit-rating agencies. The Group assessed 12m ECL for bank balances, bank and other deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances, bank and other deposits is considered to be insignificant and therefore no loss allowance was recognised.

Banker's acceptance bills receivables, consideration receivables and other receivables

The management of the Group makes periodic individual and collective assessment on the recoverability of banker's acceptance bills receivables, consideration receivables and other receivables based on probability of default and loss given default of the respective credit rating grades published by external credit rating agencies, historical settlement records, past experience, and also available reasonable and supportive forward-looking information. A reversal of impairment loss of RMB38,000 (2024: provision of impairment loss of RMB19,000) is recognised for banker's acceptance bills receivables during the current year. A provision of impairment loss of RMB1,620,000 (2024: provision of impairment loss of RMB5,607,000) is recognised for other receivables. Details of the quantitative disclosures are set out below in this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Banker's acceptance bills receivables, consideration receivables and other receivables (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	Low risk types customers represent the counterparty has a low risk default and no material past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Normal risk	Normal risk types customers represent debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
High risk	High risk types customers represent 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 TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets at 31 December 2025 and 2024 which are subject to ECL assessment:

2025	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount RMB'000
Pledged bank deposits	25	Aa2 to Baa3	N/A	12m ECL	628,503
Bank balances	25	Aa1 to Baa3	N/A	12m ECL	10,605,822
Other receivables and refundable deposits	24	N/A	Note 1	12m ECL	106,404
Consideration receivables	24	N/A	Note 4	Lifetime ECL (credit-impaired)	339,574
Banker's acceptance bills receivables	24	A1 to Caa2	N/A	12m ECL	1,982,202
Trade receivables	24	N/A	Note 2	Lifetime ECL (provision matrix)	1,578,653
Trade receivables	24	N/A	Note 2	Lifetime ECL (individual assessment)	669,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

2024	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount RMB'000
Pledged bank deposits	25	Aa2 to Baa3	N/A	12m ECL	1,034,366
Bank balances	25	Aa1 to Baa3	N/A	12m ECL	6,328,963
Other receivables and refundable deposits	24	N/A	Note 1	12m ECL	106,454
Consideration receivables	24	N/A	Note 4	Lifetime ECL (credit-impaired)	339,574
Banker's acceptance bills receivables	24	A1 to Caa2	N/A	12m ECL	3,333,266
Trade receivables	24	N/A	Note 2	Lifetime ECL (provision matrix)	2,406,076
Trade receivables	24	N/A	Note 3	Amount is written off	38,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes:

- (1) For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. At 31 December 2025, the balances of other receivables and refundable deposits are not past due and based on the historical default rates of these balances are considered as low risk.
- (2) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables with major customers and with an aggregate gross carrying amount of RMB669,917,000 as at 31 December 2025 (2024: nil) are assessed individually. The exposure to credit risk for these balances are assessed within lifetime ECL with an average loss rate of approximately 4.16%, impairment allowance of RMB27,878,000 (2024: nil) was provided by the Group as at 31 December 2025.

The remaining trade receivables with gross carrying amount of RMB1,578,653,000 (2024: RMB2,406,076,000) are assessed based on debtors' aging. The following table provides information about the exposure to credit risk for trade receivables which are assessed within lifetime ECL (not credit-impaired) as at 31 December 2025 and 2024. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The following ECL rates are about the exposure to credit risk for trade receivables which are assessed based on provision matrix taking into account the weighted average rate of various categories' debtors at 31 December 2025 and 2024 within lifetime ECL (not credit-impaired).

	2025			2024		
	Average loss rate	Gross carrying amount RMB'000	Allowance amount RMB'000	Average loss rate	Gross carrying amount RMB'000	Allowance amount RMB'000
Current (not past due)	0.04%	1,175,655	467	0.33%	1,710,799	11,923
1-30 days past due	0.03%	159,994	47	0.06%	282,812	346
31-60 days past due	0.66%	92,678	614	0.09%	198,293	374
61-90 days past due	1.06%	90,476	963	0.11%	204,112	461
More than 90 days past due	3.08%	59,850	1,843	0.29%	10,060	62
		1,578,653	3,934		2,406,076	13,166

During the current year, a net reversal in impairment loss of RMB9,232,000 has been recognised (2024: net impairment of RMB707,000) for trade receivables, based on the provisional matrix.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: (Continued)

- (3) As at 31 December 2025, a principal amount of RMB Nil (2024: RMB38,547,000) has been due but not yet received by the Group. During the prior year, the debtor has failed to settle the receivables under the repayment schedule, which is mutually agreed by the Group and the debtor. After considering various factors, including but not limited to potential transaction cost of recovering the trade receivables as well as the financial position and the credit risk of the debtor, the management considers that there is evidence that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery and therefore entire amount due from this debtor has been written off during prior year.
- (4) As at 31 December 2025, principal amount of RMB343,000,000 (2024: RMB343,000,000) has been due but not yet received by the Group. Based on the legal opinion from the PRC lawyer, who is independent and not connected to the Group, the Group can initiate a litigation against Evergrande Chengdu to recover the consideration receivables, after considering various factors, including but not limited to the recoverable amount of the underlying assets, potential transaction cost of recovering the consideration receivables as well as the financial position and the credit risk of Evergrande Chengdu, the management considers that there is evidence that the consideration receivables is credit-impaired. As at 31 December 2025, after taking into consideration of probability of recovery of the consideration receivables (see Note 10 for details), the management of the Group is of the opinion that no reversal of impairment loss is recognised during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for all trade receivables under the simplified approach.

	Lifetime-ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At 1 January 2024	12,459	–	12,459
Changes due to trade receivables recognised at 1 January 2024:			
– Impairment losses reversed	(12,417)	–	(12,417)
Newly originated trade receivables	13,124	38,547	51,671
Write-off	–	(38,547)	(38,547)
At 31 December 2024	13,166	–	13,166
Changes due to trade receivables recognised at 1 January 2025:			
– Impairment losses reversed	(9,232)	–	(9,232)
Newly originated trade receivables	27,878	–	27,878
Write-off	–	–	–
At 31 December 2025	31,812	–	31,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Changes in the loss allowance for trade receivables are mainly due to:

	2025	2024
	Increase (decrease) in lifetime ECL Not credit- impaired RMB'000	Increase (decrease) in lifetime ECL Not credit- impaired RMB'000
Newly originated trade receivable balance in 2025 with gross amount of RMB2,074,669,000 (2024: RMB2,401,216,000)	27,878	13,124
Settlement in full of trade debtors with a gross carrying amount of RMB2,232,175,000 (2024: RMB2,373,379,000)	(9,232)	(12,417)

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over three years past due, whichever occurs earlier.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in ECL that has been recognised for consideration receivables, banker's acceptance bills receivables and other receivables.

	12m ECL RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At 1 January 2024	6,137	339,574	345,711
Changes due to bills and other receivables recognised at 1 January 2024:			
– Impairment losses reversed	(6,137)	–	(6,137)
Newly originated bills and other receivables	11,763	–	11,763
At 31 December 2024	11,763	339,574	351,337
Changes due to bills and other receivables recognised at 1 January 2025:			
– Impairment losses reversed	(11,763)	–	(11,763)
Newly originated bills and other receivables	13,345	–	13,345
At 31 December 2025	13,345	339,574	352,919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Changes in the loss allowance for bills and other receivables are mainly due to:

	2025	2024
	Increase	Increase
	(decrease) in	(decrease) in
	12m ECL	12m ECL
	RMB'000	RMB'000
Newly originated other receivables balance with gross amount of RMB106,404,000 (2024: RMB106,454,000)	13,171	11,551
Settlement in full of other receivables with a gross carrying amount of RMB106,454,000 (2024: RMB97,250,000)	(11,551)	(5,944)
Newly originated banker's acceptance bills receivables balance with gross amount of RMB1,982,202,000 (2024: RMB3,333,266,000)	174	212
Settlement in full of banker's acceptance bills receivables balance with gross amount of RMB3,333,266,000 (2024: RMB3,496,731,000)	(212)	(193)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures its compliance with loan covenants.

The Group relies on bank and other borrowings as a significant source of liquidity. At the date of these consolidated financial statements, the Group has available unutilised banking facilities of RMB8,995,480,000 (2024: RMB7,740,646,000). The directors of the Company are of the view that the banking facilities could be renewed based on historical experience that the Group has not encountered any difficulties to obtain banking facilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2025							
Trade and other payables		676,156	4,478,916	1,623,829	-	6,778,901	6,778,901
Borrowings							
- floating-rate	2.63	9,522	194,045	1,489,714	3,105,984	4,799,265	4,453,757
- fixed-rate	2.68	4,656	15,728	518,999	-	539,383	525,532
Lease liabilities	4.48	492	1,054	4,293	7,763	13,602	12,422
		690,826	4,689,743	3,636,835	3,113,747	12,131,151	11,770,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2024							
Trade and other payables	-	683,302	3,876,252	1,500,256	-	6,059,810	6,059,810
Borrowings							
– floating-rate	2.79	401,164	336,828	141,077	2,431,799	3,310,868	3,121,399
– fixed-rate	1.28	4,617	12,403	80	-	17,100	16,884
Lease liabilities	4.80	470	1,013	4,384	13,370	19,237	17,448
		1,089,553	4,226,496	1,645,797	2,445,169	9,407,015	9,215,541

The table below summarises the maturity analysis of term loans of RMB500,000,000 (2024: RMB270,000,000) with a repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements at 31 December 2025. The amounts include interest payments computed using the specified fixed rates or variable rates. As a result, these amounts are greater than the amounts disclosed in the “on demand” time band in the maturity analysis above. Taking into account the Group’s financial position, the directors of the Company do not consider that it is probable that the banks will exercise its discretion to demand immediate repayment. The directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments

	Less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-3 years RMB'000	Total undiscounted cash outflows RMB'000	Carrying amount RMB'000
31 December 2025	1,146	2,292	34,052	496,771	534,261	500,000
31 December 2024	630	1,260	270,000	-	271,890	270,000

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Share held for share award scheme RMB'000	Borrowings RMB'000 (Note 29)	Non- controlling interests RMB'000	Lease liabilities RMB'000 (Note 28)	Derivative financial instruments RMB'000	Dividend payable RMB'000 (Note 15)	Total RMB'000
At 1 January 2024	–	1,496,853	12,840	6,831	44,778	–	1,561,302
Financing cash flows	(36,577)	1,573,791	36,000	(6,025)	47,254	(1,017,535)	596,908
Vesting of shares	35,539	–	–	–	–	–	35,539
Fair value change (Note 7)	–	–	–	–	(92,032)	–	(92,032)
Derecognition of bills receivables	–	(23,853)	–	–	–	–	(23,853)
Recognition of bills receivables discounted	–	16,884	–	–	–	–	16,884
Finance costs	–	74,608	–	759	–	–	75,367
Dividend declared	–	–	–	–	–	1,017,535	1,017,535
Loss for the year attribute to non-controlling interests	–	–	(1,883)	–	–	–	(1,883)
New leases entered	–	–	–	16,294	–	–	16,294
Lease terminations	–	–	–	(403)	–	–	(403)
Gain on termination of lease contracts	–	–	–	(8)	–	–	(8)
At 31 December 2024	(1,038)	3,138,283	46,957	17,448	–	–	3,201,650
Financing cash flows	(41,553)	1,705,746	40,225	(5,777)	133,658	(1,042,496)	789,803
Vesting of shares	40,016	–	–	–	–	–	40,016
Fair value change (Note 7)	–	–	–	–	(133,658)	–	(133,658)
Derecognition of bills receivables	–	(16,884)	–	–	–	–	(16,884)
Recognition of bills receivables discounted	–	25,532	–	–	–	–	25,532
Finance costs	–	126,612	–	651	–	–	127,263
Dividend declared	–	–	–	–	–	1,042,496	1,042,496
Loss for the year attributable to non-controlling interests	–	–	(4,820)	–	–	–	(4,820)
New leases entered	–	–	–	1,719	–	–	1,719
Lease terminations	–	–	–	(1,222)	–	–	(1,222)
Gain on termination of lease contracts	–	–	–	(397)	–	–	(397)
At 31 December 2025	(2,575)	4,979,289	82,362	12,422	–	–	5,071,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. MAJOR NON-CASH TRANSACTIONS

During the current year, short term borrowings drawn on discounted bills with recourse and bills receivables endorsed to suppliers with full recourse of RMB16,884,000 (2024: RMB23,853,000) and RMB1,111,399,000 (2024: RMB661,921,000), respectively, have been derecognised when the related receivables were matured. Discounted bills with recourse amount of RMB25,532,000 (2024: RMB16,884,000) and bills receivables endorsed to suppliers with full recourse amount of RMB636,987,000 (2024: RMB1,111,399,000) have been recognised for which the maturity dates of the related receivables have not yet fallen due at the end of the reporting period.

During the current year, the Group has non-cash additions to right-of-use assets by entering into new lease agreements for the use of leased office and staff quarters ranged from two years to three years (2024: two years to three years). On the lease commencement, the Group recognised RMB1,719,000 (2024: RMB16,294,000) right-of-use assets and RMB1,719,000 (2024: RMB16,294,000) lease liabilities.

40. RELATED PARTY TRANSACTIONS

Compensation to key management personnel representing directors' remuneration has been disclosed in Note 13.

During the year, the Group entered into the following transaction with a related party:

Name of related party	Nature of transaction		2025	2024
	/balance	Relationship	RMB'000	RMB'000
寧波普邦生物科技有限公司	Sales of goods	Associate	46,530	4,621
	Trade advance	Associate	-	7,500
	Trade and bills receivables	Associate	47,308	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company <i>(Note a)</i>		Principal activities and place of operation
			2025	2024	
The United Laboratories (Hong Kong) Holding Limited	British Virgin Islands	USD50,000	100%	100%	Investment holding in Hong Kong
The United Laboratories (Hong Kong) Group Limited	British Virgin Islands	USD50,000	100%	100%	Investment holding in Hong Kong
Bowden Trading Limited	Samoa	USD1,000	100%	100%	Inactive
The United Laboratories Limited	Hong Kong	HK\$15,000,000	100%	100%	Investment holding and manufacturing and sale of pharmaceutical products in the PRC and trademark holding in Hong Kong
Team Crown Trading Limited	Hong Kong	HK\$10,000	100%	100%	Trading of pharmaceutical products to overseas
Bear World Limited	Hong Kong	HK\$50,000,000	100%	100%	Investment holding
The United Laboratories (Hong Kong) Health Products Limited	Hong Kong	HK\$10,000	100%	100%	Trading of health products in the PRC
The United Laboratories (Macao) Health Products Limited	Macau	MOP500,000	100%	100%	Trading of health products
珠海聯邦康知樂實業有限公司 <i>(Note c)</i>	The PRC	RMB250,000,000	100%	100%	Investment holding in the PRC
Zhuhai United Laboratories Co., Ltd. <i>(Note d)</i>	The PRC	RMB1,762,316,000	100%	100%	Manufacturing and sale of pharmaceutical products
珠海樂邦制藥有限公司 <i>(Note b)</i>	The PRC	RMB12,825,000	100%	100%	Investment holdings in the PRC
珠海市萬邦藥業有限公司 <i>(Note c)</i>	The PRC	RMB1,000,000	100%	100%	Trading of pharmaceutical products in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company <i>(Note a)</i>		Principal activities and place of operation
			2025	2024	
珠海聯邦制藥銷售有限公司 <i>(Note c)</i>	The PRC	RMB10,000,000	100%	100%	Trading of pharmaceutical products in the PRC and overseas
Guangdong Kaiping Kingly Capsules Limited <i>(Note b)</i>	The PRC	RMB31,250,000	100%	100%	Manufacturing and sale of soft capsules casings in the PRC
中山金億食品有限公司 <i>(Note b)</i>	The PRC	RMB8,015,000	100%	100%	Investment holding in the PRC
珠海市金德福企業策劃有限公司 <i>(Note c)</i>	The PRC	RMB15,000,000	100%	100%	Investment holding in the PRC
The United Laboratories (Inner Mongolia) Co., Ltd. <i>(Note b)</i>	The PRC	RMB3,084,000,000	100%	100%	Manufacturing and sale of pharmaceutical intermediate products and bulk medicine in the PRC
The United Animal Healthcare (Inner Mongolia) Co., Ltd. <i>(Note b)</i>	The PRC	RMB274,000,000	100%	100%	Manufacturing and sale of veterinary drugs in the PRC
富邦生物 (內蒙古) 有限公司 <i>(Note c)</i>	The PRC	RMB20,000,000	75%	75%	Inactive
聯邦制藥 (中國) 有限公司 <i>(Note b)</i>	The PRC	RMB160,080,000	100%	100%	Investment holding in the PRC
珠海聯邦金龍營銷策劃有限公司 <i>(Note c)</i>	The PRC	RMB50,000,000	100%	100%	Providing management services in the PRC
成都樂邦生物醫藥科技有限公司 <i>(Note c)</i>	The PRC	RMB1,000,000	100%	100%	Investment holding in the PRC
成都智匯城有限公司 <i>(Note c)</i>	The PRC	RMB10,000,000	100%	100%	Investment holding in the PRC
The United Bio-Technology (Hengqin) Co., Ltd. <i>(Note b)</i>	The PRC	RMB108,100,000	100%	100%	Research and development of pharmaceutical products in the PRC and out-license of patented Intellectual property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company (Note a)		Principal activities and place of operation
			2025	2024	
珠海聯邦生物醫藥有限公司 (Note c)	The PRC	RMB92,320,000	100%	100%	Sale, production, research and development of pharmaceutical products in the PRC
Henan Lianmu Veterinary Medicine Co., Ltd. (Note c)	The PRC	RMB225,000,000	60%	60%	Manufacturing and sale of veterinary drugs in the PRC
Kendor Technology (Zhejiang) Co., Ltd. (Note b)	The PRC	RMB20,500,000	100%	100%	Manufacturing and sale of medical device in the PRC
The United Animal Healthcare (Zhuhai) Co., Ltd (Note c)	The PRC	RMB187,000,000	100%	100%	Manufacturing and sale of veterinary drugs in the PRC
廣州聯新健康產業有限公司 (Note c)	The PRC	RMB5,000,000	100%	100%	Trading of health products in the PRC
Inner Mongolia United Everbright Biotechnology Co., Ltd (Note c)	The PRC	RMB68,356,000	100%	100%	Manufacturing and sale of pharmaceutical intermediate Products in the PRC

Notes:

- (a) Other than The United Laboratories (Hong Kong) Holding Limited, all subsidiaries are indirectly held by the Company.
- (b) A wholly foreign-owned enterprise established in the PRC.
- (c) A company established in the PRC with limited liability.
- (d) A joint stock limited liability company established in the PRC.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
Non-current assets		
Interests in subsidiaries	–	2,552,000
Right-of-use assets	1,332	2,173
Property, plant and equipment	219	290
	1,551	2,554,463
Current assets		
Other receivables and prepayments	14,019	1,765
Amounts due from subsidiaries	2,470,134	106,847
Cash and cash equivalents	4,385,044	1,760,357
	6,869,197	1,868,969
Current liabilities		
Other payables and accrued charges	5,848	11,646
Amounts due to subsidiaries	239,604	196,199
Borrowing – due within one year	500,000	270,000
Lease liabilities	520	1,394
Tax payables	1,126	3,639
	747,098	482,878
Net current assets	6,122,099	1,386,091
Total assets less current liabilities	6,123,650	3,940,554
Non-current liability		
Lease liabilities	873	850
Net assets	6,122,777	3,939,704
Capital and reserves		
Share capital	18,396	16,965
Reserves	6,104,381	3,922,739
Total equity	6,122,777	3,939,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(b) Reserves

	Share premium RMB'000	Shares held for share award scheme RMB'000	Share-based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	3,722,482	–	6,365	1,061,148	4,789,995
Profit and total comprehensive income for the year	–	–	–	139,492	139,492
Dividends recognised as distribution <i>(Note 15)</i>	–	–	–	(1,017,535)	(1,017,535)
Purchase of shares for share award scheme	–	(36,465)	–	–	(36,465)
Transaction cost attributable to purchase of shares for share award scheme	–	(112)	–	–	(112)
Vesting of shares	–	35,539	(24,693)	(10,846)	–
Recognition of share-based compensation expense	–	–	47,364	–	47,364
At 31 December 2024	3,722,482	(1,038)	29,036	172,259	3,922,739
Profit and total comprehensive income for the year	–	–	–	1,263,147	1,263,147
Dividends recognised as distribution <i>(Note 15)</i>	–	–	–	(1,042,496)	(1,042,496)
Issue of shares	1,988,451	–	–	–	1,988,451
Purchase of shares for share award scheme	–	(41,423)	–	–	(41,423)
Transaction cost attributable to purchase of shares for share award scheme	–	(130)	–	–	(130)
Vesting of shares	–	40,016	(23,074)	(16,942)	–
Recognition of share-based compensation expense	–	–	14,093	–	14,093
At 31 December 2025	5,710,933	(2,575)	20,055	375,968	6,104,381

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	9,703,438	11,334,262	13,739,879	13,758,937	13,210,627
Profit before taxation	1,202,647	2,006,766	3,344,148	3,288,898	2,527,953
Tax expense	(213,062)	(425,743)	(643,303)	(631,077)	(446,871)
Profit for the year attributable to owners of the Company	988,098	1,581,094	2,701,350	2,659,704	2,085,902

ASSETS AND LIABILITIES

	As at 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	16,331,119	18,979,625	21,017,180	25,833,052	30,900,476
Total liabilities	(6,991,211)	(8,370,194)	(8,269,562)	(11,397,812)	(13,425,160)
Equity attributable to owners of the Company	9,340,492	10,608,086	12,734,778	14,388,283	17,392,954
Non-controlling interests	(584)	1,345	12,840	46,957	82,362