



天津泰达生物醫學工程股份有限公司
Tianjin TEDA Biomedical Engineering Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8189)



ANNUAL REPORT
2025

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This report, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (“the Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no matters the omission of which would make any statement herein or this report misleading



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CORPORATE INTRODUCTION



Tianjin TEDA Biomedical Engineering Company Limited (“TEDA Biomedical” or the “Company” and together with its subsidiaries, collectively the “Group”) was incorporated on 8 September 2000 and listed on GEM of the Hong Kong Stock Exchange on 18 June 2002 (Stock Code: 8189), with a current registered capital of RMB213,390,000. Currently, the Group is principally engaged in two industry sectors:

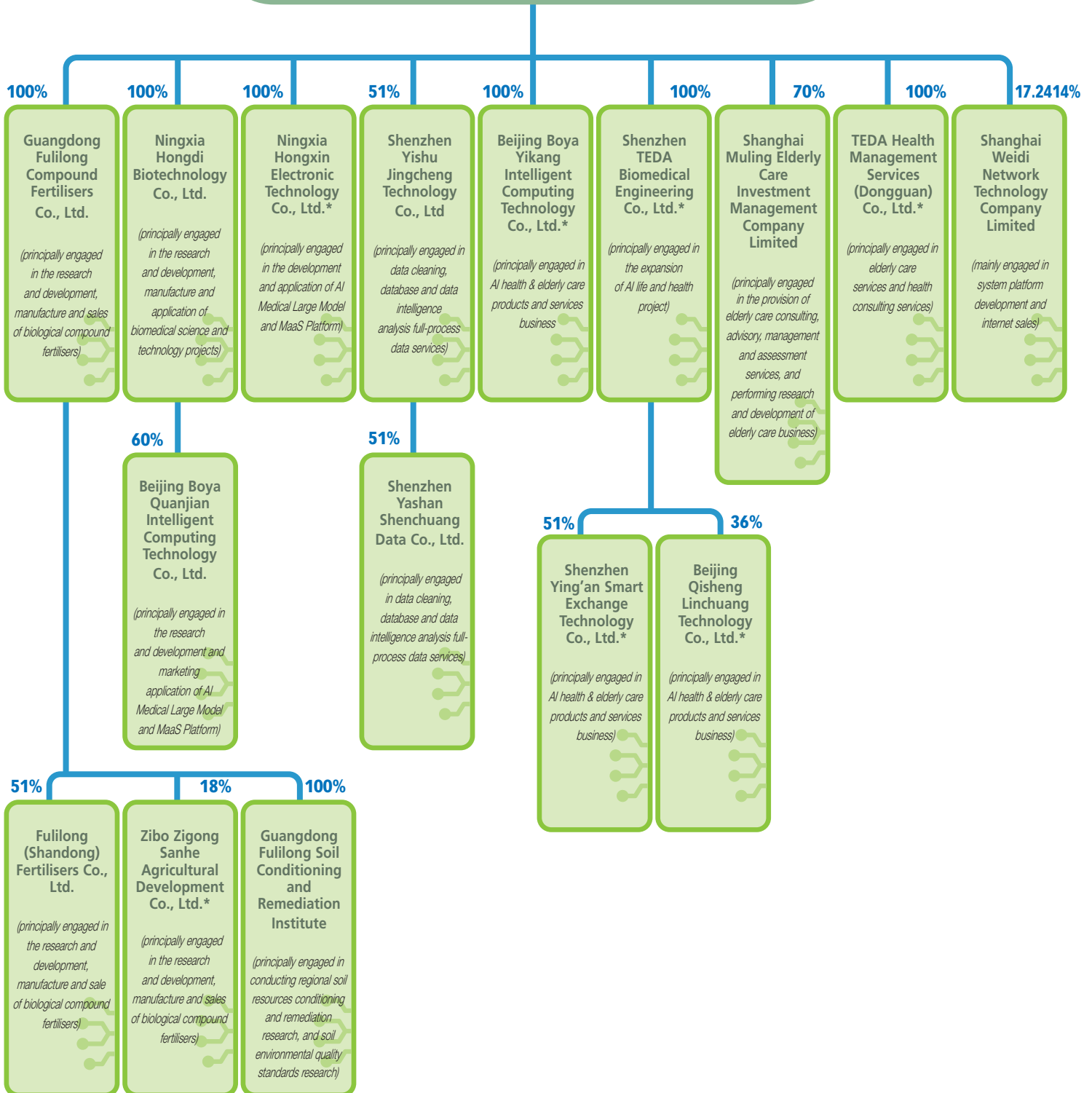
I. Biological compound fertiliser business, which principally includes a series of biological compound fertiliser products that are used for the facilitation of balanced growth of grains, fruit and vegetables.

II. AI Life and Health Business. The Group has established the “AI Medical Large Model MaaS Platform” as its core business development direction and built a full-stack technical architecture covering four levels: hardware, data, model and application. **Hardware Layer:** the Group entered into a strategic cooperation relationship with “Suihong Huachuang”, a subsidiary of Hongxin Electron (Stock code: 300657), and China Mobile Xiamen Branch, providing a stable and reliable computing infrastructure for users’ cloud APIs and private deployments. **Data Layer:** the Group entered into a strategic cooperation with Shenzhen Institute of Computing Sciences (“SICS”), leveraging SICS’s independently developed Yashan Database System, Caishiji Data Quality System, and Diaoyucheng Data Analysis Engine led by Professor Fan Wenfei (“Professor Fan”), the Group’s Chief Advisor, to construct a high-quality data governance system for healthcare scenarios. In 2025, together with China Communications Construction Group Research Institute Co., Ltd. and SICS, the Group undertook the design and construction of Yinchuan’s “One Cloud, One Lake, One Platform” city-level high-standard public data operation platform, and will assist project owners in operating public data (including medical data) over the next three years. In addition, the Group entered into a strategic cooperation with Peking University Third Hospital (“PUTH”), assisting PUTH in transforming its AI medical large model results based on authentic clinical cases. **Model Layer:** based on proprietary medical data from over 100 departments and tens of thousands of diseases at PUTH, including millions of authentic medical records annotated and ethically reviewed by doctors, the Group, in collaboration with PUTH, developed a medical large model named “Xihe No. 1” with hundreds of billions of parameters. In August 2025, “Xihe No. 1” was officially released at the International Cooperation – China-Africa Hospital Alliance Establishment Conference hosted by the National Health Commission. In November 2025, the Group, together with SICS and Yinchuan, jointly released the first full-stack AI industry model in China at the provincial capital city level for both medical and pharmaceutical sectors – “Helan Mountain No. 1”. The model has been incorporated into Yinchuan’s “15th Five-Year” plan. According to relevant government documents of Yinchuan, the large-scale application of “Helan Mountain No.1” has been designated as a core task for Yinchuan’s AI and digital economy development during the “15th Five-Year” period, with the creation of no fewer than 50 “AI+” application scenarios. **Application Layer:** based on the aforementioned data resources and model advantages, the Group has built an application network covering multiple AI medical scenarios, including triage, assisted diagnosis, medical record generation, rational drug use, in-patient assisted diagnosis and treatment, misdiagnosis and missed diagnosis detection, intelligent referral, patient follow-up, chronic disease management and scientific research platform. The “AI Medical Large Model MaaS Platform” model has been implemented in Xiamen and Yinchuan, realizing a leap from single model application to platform-based services.



GROUP STRUCTURE

TIANJIN TEDA BIOMEDICAL ENGINEERING COMPANY LIMITED



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Sun Li (*Chairman and Chief Executive Officer*)
 Mr. Yang Zeng (appointed on 31 December 2025)
 Mr. Xia Alan Zhe (appointed on 31 December 2025)

NON-EXECUTIVE DIRECTORS

Mr. He Xin (redesignated from an executive director to a non-executive director on 31 March 2025)
 Dr. Li Ximing
 Mr. Wang Lei (appointed on 31 December 2025)
 Ms. Li Xueying (retired on 31 December 2025)
 Mr. Cao Aixin (resigned on 27 March 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Gao Chun
 Mr. Tu Xiangzhen
 Mr. Chen Jiang (appointed on 31 December 2025)
 Mr. Wang Yongkang (retired on 31 December 2025)

The Company convened an annual general meeting on 24 June 2025, at which a resolution to amend the Articles of Association of the Company was considered and approved. The amendments included the abolition of the supervisory committee in accordance with the Company Law of the People's Republic of China and other laws and regulations, with the audit committee assuming the functions and powers of the supervisory committee.

SUPERVISOR

Ms. Liu Jinyu (retired on 24 June 2025 due to the abolition of the supervisory committee)

INDEPENDENT SUPERVISORS

Mr. Liang Weitao (retired on 24 June 2025 due to the abolition of the supervisory committee)
 Mr. Zhao Zhiyou (resigned on 12 February 2025)

COMPANY SECRETARY/QUALIFIED ACCOUNTANT

Mr. Ng Ka Kuen Raymond, CPA, FCIS

COMPLIANCE OFFICER

Ms. Sun Li

AUDIT COMMITTEE

Ms. Gao Chun (*Chairman*)
 Mr. Tu Xiangzhen
 Mr. Chen Jiang (appointed on 31 December 2025)
 Mr. Wang Yongkang (retired on 31 December 2025)

REMUNERATION COMMITTEE

Ms. Gao Chun (*Chairman*)
 Ms. Sun Li
 Mr. Tu Xiangzhen (appointed on 31 December 2025)
 Mr. Wang Yongkang (retired on 31 December 2025)

NOMINATION COMMITTEE

Ms. Sun Li (*Chairman*)
 Ms. Gao Chun
 Mr. Tu Xiangzhen (appointed on 31 December 2025)
 Mr. Wang Yongkang (retired on 31 December 2025)

AUTHORISED REPRESENTATIVES

Ms. Sun Li
 Mr. Ng Ka Kuen Raymond

REGISTERED OFFICE

No. 12 Tai Hua Road,
 The 5th Avenue,
 TEDA Tianjin, PRC

AUDITOR

Fan, Chan & Co. Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

9th Floor, Block A2,
 Tianda Hi-Tech Park,
 No. 80, The 4th Avenue
 TEDA
 Tianjin, PRC

HONG KONG REPRESENTATIVE OFFICE

4/F The Chinese Club Building
 21-22 Connaught Road Central
 Central, Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.bioteda.com

STOCK CODE

8189

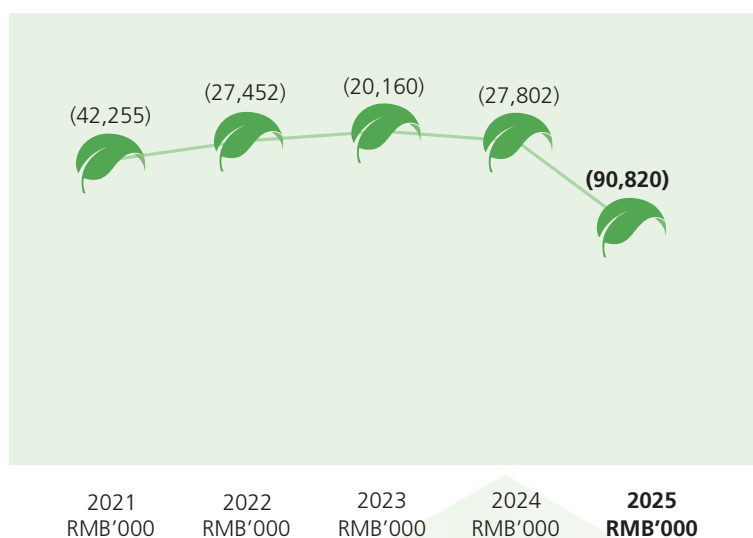
FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

	For the year ended 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Turnover	476,385	403,729	397,998	385,482	522,967
Gross profit	45,605	14,822	21,366	20,223	35,675
Gross margin	9.57%	3.67%	5.37%	5.25%	6.82%
Loss attributable to the shareholders	(42,255)	(27,452)	(20,160)	(27,802)	(90,820)
Loss per share (RMB cents)	(2.23) cents	(1.45) cents	(1.06) cents	(1.46) cents	(4.37) cents

	As at 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets & Liabilities					
Total assets	347,595	337,196	303,278	332,527	264,843
Total liabilities	237,236	256,046	238,699	304,087	262,111
Equity attributable to the shareholders	100,781	70,111	49,951	22,149	12,224

Loss attributable to the shareholders



CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of the Company, I would like to present the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025.

OPERATIONAL REVIEW

I. Fertiliser Products Business

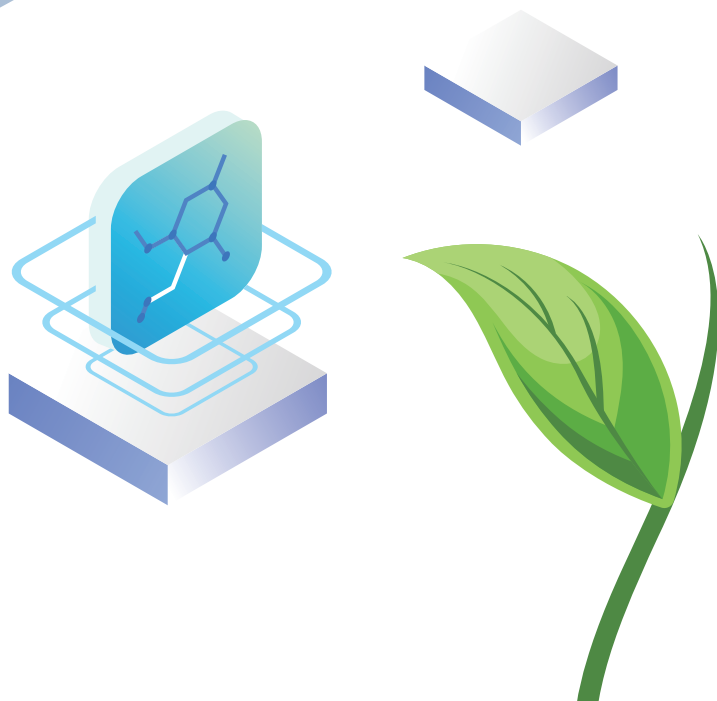
The Group's compound fertilizer business has long been dedicated to the research and development, production and sales of compound fertilizers. With production bases in Weifang, Shandong, and Dongguan, Guangdong, the Group has established an integrated operational system covering procurement, production, marketing, logistics, and finance. Our compound fertilizer products are primarily high-tower compound fertilizers, encompassing various types such as sulfur-based, chloride-based, and nitrate-based formulations. We also offer a range of products including high-concentration compound fertilizers, water-soluble fertilizers, controlled-release fertilizers, and crop-specific fertilizers. These products are widely used in both field crops and cash crops. We own well-known brands such as "Fulilong" and a well-established comprehensive dealer network, complemented by e-commerce platforms to expand our market reach.

During the review period, the operating environment for the compound fertilizer industry remained under pressure. Overall industry demand was weak, market competition intensified, and price increases for products failed to keep pace with rising costs, resulting in a continuous narrowing of profits. Prices for key raw materials such as urea, ammonium phosphate, potash, and sulfur fluctuated at high levels. Coupled with geopolitical factors that exacerbated disruptions in global supply chains, raw material prices are expected to remain elevated, further squeezing the industry's profit level. Due to multiple factors, including a downturn in industry conditions, weak demand, and pressure on asset valuations, there is significant uncertainty regarding the future profitability and recoverable amounts of assets related to the compound fertilizer business.

Taking into account market conditions and the actual condition of its assets, the Group has conducted a prudent assessment of assets related to accounts receivable, prepayments, fixed assets, and property, plant, and equipment of the compound fertilizer business. Provisions for these assets increased significantly this year compared to the previous year, which collectively impacted the Group's financial performance for the year.

II. AI Life and Health Business

The Group has been engaged in the elderly care business since 2017. As China's population continues to age and the integration of elderly care services with healthcare deepens, the Group began developing its AI medical large model business in 2024 and formally launched its AI medical large model MaaS platform business in 2025 (i.e. a service platform that provides AI medical large-model capabilities to medical institutions on a "pay-as-you-go" basis). At present, the Group is promoting the deployment of the AI medical large model MaaS platform in locations such as Xiamen and Yinchuan, with plans to further expand nationwide in the future. The Group is committed to becoming China's leading AI medical MaaS operation service provider.



CHAIRMAN'S STATEMENT

The "AI Medical Large Model MaaS Platform" of the Group consists of a full-stack technical architecture covering four levels: hardware, data, model and application.

Hardware Layer: the Group entered into a strategic cooperation relationship with "Suihong Huachuang", a subsidiary of Hongxin Electron (Stock code: 300657), and China Mobile Xiamen Branch, providing a stable and reliable computing infrastructure for users' cloud APIs and private deployments.

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ENVIRONMENT, SOCIETY AND GOVERNANCE

We attach high importance to the financial well-being of the shareholders, while the long-term sustainable and healthy development of the Company shall not be neglected. We have adopted a sustainable development policy which includes principles in respect of employment, labour, business integrity, environment and society. We strive to promote the sustainable development of the society and environment and will endeavour to incorporate those principles into part of our implementation and governance. I, Sun Li, became a member of Alxa SEE Ecological Association ("Alxa SEE"), an environmental protection non-profit organization, in 2019 and TEDA Biomedical became a member of Alxa SEE. Alxa SEE is the first social organisation in the PRC that shoulders social responsibilities and focuses on entrepreneurs with a goal to protect ecology. TEDA Biomedical and I will make further contribution to the environmental protection in the PRC through this platform. Alxa SEE has established 25

CHAIRMAN'S STATEMENT

environmental protection project centres. Serving as the founding member and former deputy secretary of the Bohai Project Centre of Alxa SEE Ecological Association, I will, on behalf of TEDA Biomedical, strive to protect the coastal wetland of Bohai Rim, promote the improvement of corporate pollution and support newly established environmental protection organisations. In addition, TEDA Biomedical has also signed the "Protecting Nature is Everyone's Responsibility" action plan of the Business for Nature Alliance ("BfN"), committing and taking immediate actions to protect nature and biodiversity, in order to achieve green and sustainable development. BfN is a global alliance of influential organizations and visionary businesses, including corporate membership organizations, industry associations, research institutes and other non-governmental organizations, with the strategic objective of promoting sustainable development and protecting nature through the application of new business models to make changes.

FUTURE OUTLOOK

Looking ahead, the Group will resolutely advance the large-scale replication and nationwide deployment of its AI medical large model MaaS platform, accelerating the strategic transformation from a traditional manufacturing enterprise to a leading AI medical technology pioneer.

On the technology and product iteration front, the Group will continue to optimise the clinical adaptability of its "Xihe No.1" medical large model. Leveraging the top-tier medical resources of Peking University Third Hospital and the fundamental technical support of SICS, the Group will further strengthen the model's leading advantages in key capabilities such as few-shot learning, explainable reasoning, and multimodal data integration. At the same time, the Group will enhance the standardised service processes of the MaaS platform, reduce the costs of model development and deployment, and enable more primary healthcare institutions to access advanced AI-assisted diagnostic capabilities at low thresholds, thereby achieving broader coverage and equitable distribution of high-quality medical resources.

On the business expansion front, the Group plans to fully promote the MaaS platform model across Fujian Province, Ningxia Autonomous Region, and other cities nationwide within the next three to five years. In Yinchuan, the "Helan

Mountain No.1" full-stack AI industry model has already been incorporated into the city's "15th Five-Year" plan. According to relevant documents issued by the Yinchuan Municipal Government, the large-scale application of "Helan Mountain No.1" has been designated as a core task for Yinchuan's AI and digital economy development during the "15th Five-Year" period, with the creation of no fewer than 50 "AI+" application scenarios. Seizing this opportunity, the Group will further deepen its strategic collaboration with Yinchuan Venture Capital Group and Shenzhen Institute of Computing Sciences to drive the in-depth application of the model in industry scenarios primarily focused on AI healthcare and pharmaceuticals, continuously unlocking the cross-sector empowerment value of full-stack AI technologies.

In the field of smart elderly care, the Group will continue to deepen the integrated application of AI technology with elderly care services. Leveraging the "Xihe No. 1" medical large-model and the cutting-edge clinical capabilities of Peking University Third Hospital, the Group will further expand the deployment of model services, such as AI chronic disease management, health monitoring alert and smart follow-up care across primary-level elderly care institutions and community elderly care scenarios, thereby empowering the intelligent upgrade of the elderly care service system. Through the ongoing empowerment of AI technology, the Group will effectively enhance service retention among elderly users and improve the level of health management, while significantly boosting sales of elderly care products and services, thereby achieving synergistic development between technological empowerment and commercial value.

The Group firmly believes that, supported by its robust self-developed technological foundation, clear and feasible business model, and increasingly comprehensive ecosystem cooperation network, the AI medical large model MaaS platform will become a core engine driving the AI upgrade of China's healthcare industry. The Group will remain committed to technology innovation and guided by social value, striving to grow into a domestic leader with global vision in AI medical technology, and continuously create long-term value for shareholders, customers, and society.

Sun Li

Chairman

31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS





MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING REVIEW

I. Fertiliser Products Business

The Group's compound fertilizer business has long been dedicated to the research and development, production and sales of compound fertilizers. With production bases in Weifang, Shandong, and Dongguan, Guangdong, the Group has established an integrated operational system covering procurement, production, marketing, logistics, and finance. Our compound fertilizer product is primarily centered on high-tower compound fertilizers, encompassing various types such as sulfur-based, chlorine-based, and nitrate-based formulations. We also offer a range of products including high-concentration compound fertilizers, water-soluble fertilizers, controlled-release fertilizers, and crop-specific fertilizers. These products are widely used in both field crops and cash crops. We own well-known brands such as "Fullong" and a well-established comprehensive dealer network, complemented by e-commerce platforms to expand our market reach.

During the review period, the operating environment for the compound fertilizer industry remained under pressure. Overall industry demand was weak, market competition intensified, and price increases for products failed to keep pace with rising costs, resulting in a continuous narrowing of profits. Prices for key raw materials such as urea, ammonium phosphate, potash, and sulfur fluctuated at high levels. Coupled with geopolitical factors that exacerbated disruptions in global supply chains, raw material prices are expected to remain elevated, further squeezing industry profit level. Due to multiple factors, including a downturn in industry conditions, weak in demand, and pressure on asset valuations, there is significant uncertainty regarding the future profitability and recoverable amounts of assets related to the compound fertilizer business.

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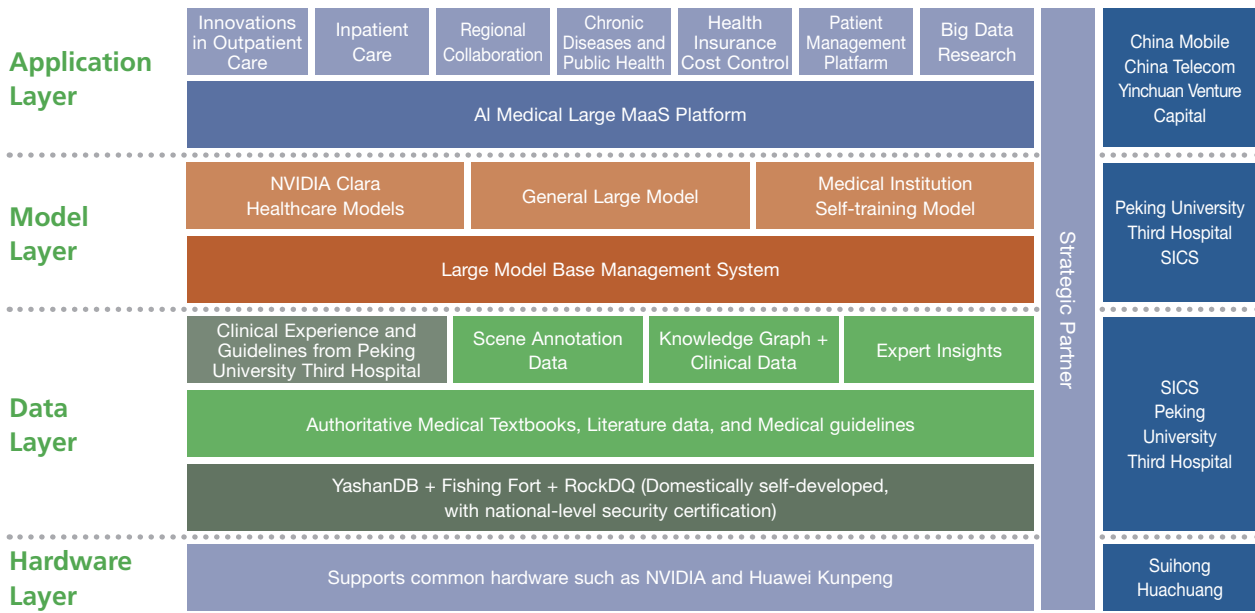
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MANAGEMENT DISCUSSION AND ANALYSIS

Architecture Diagram of the AI Medical Large Model MaaS Platform



1. *Hardware Layer: Domestic Multi-Heterogeneous Computing Infrastructure*

The Group entered into a strategic cooperation agreement with “Suihong Huachuang”, a subsidiary of Hongxin Electron (Stock code: 300657), focusing on comprehensive business collaboration in the construction of intelligent computing centres, integrated computing hardware solutions, and AI medical all-in-one machine applications. Suihong Huachuang provides the Group with high-performance and cost-effective computing hardware support, ensuring the continuous training and stable inference requirements of the AI medical large models. By deeply integrating multi-heterogeneous computing resources, the Group has established a secure, controllable, and elastically scalable domestic computing infrastructure. This foundation lays a solid groundwork for the industrial implementation and continuous iteration of full-stack AI medical models.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Data Layer: Root Technology-Driven High-Quality Data Governance*

The Group entered into an ecosystem cooperation framework agreement with Shenzhen Institute of Computing Sciences (“SICS”), leveraging SICS’s independently developed core root technologies, including the Yashan Database System, Caishiji Data Quality System, and Diaoyucheng Data Analysis Engine, to provide clients with end-to-end data services covering data cleaning, intelligent analysis, and customised model training. While SICS focuses on fundamental theoretical innovation and core technology R&D, the Group contributes its engineering implementation capability in industry scenario understanding, system integration and deployment, and market-oriented implementation. Through a collaborative model of “technology supply + engineering implementation,” both parties jointly promote the industrial application of domestically developed foundational software in key sectors such as healthcare, government administration, and finance. Together with China Communications Construction Group Research Institute Co., Ltd. and SICS, the Group undertook the design and construction of Yinchuan’s “One Cloud, One Lake, One Platform” city-level high-standard public data operation platform, and such project is still under construction. As a core infrastructure for Yinchuan’s digital economy development, this platform will effectively support efficient governance, secure circulation, and value transformation of public data, laying a solid foundation for regional digital transformation.

In October 2025, Professor Fan Wenfei (“Professor Fan”), an internationally recognised authority in big data and database research, was appointed as the Group’s Chief Advisor. Professor Fan concurrently serves as an academician of six prestigious academies, including the Chinese Academy of Sciences, the Royal Society (UK), the European Academy of Sciences, the Royal Society of Edinburgh (Scottish Academy), the Royal Academy of Engineering (UK), and ACM Fellow (USA), and is also the Chief Scientist of SICS. In his role, Professor Fan provides top-level guidance on the Group’s strategic planning and technical roadmap for its data business.

In addition, the Group entered into a strategic cooperation relationship with Peking University Third Hospital (“PUTH”). In the 2026 Global Hospital Rankings published by Brand Finance (UK), PUTH was ranked 72nd worldwide, being the only hospital in China to be listed among the global top 100. PUTH provides the Group with proprietary medical data comprising millions of authentic clinical cases, which forms a solid data foundation for the deep training and clinical scenario adaptation of the Group’s AI medical large model.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Model Layer: Xihe No.1 Medical Large Model

(1) "Xihe No.1" Medical Large Model

The Group, in collaboration with PUTH, has developed a bilingual (Chinese-English) medical large model named "Xihe No.1." The development of this model spanned ten years, trained on millions of authentic clinical cases from PUTH using proprietary medical data (non-internet open-source data). Unlike conventional approaches based on data fitting, "Xihe No.1" is pathology-driven and equipped with parameters at the trillion scale. The model can be extensively applied across multiple domains, including disease diagnosis and personalised treatment, disease prediction, medical imaging analysis, AI diagnosis and telemedicine, drug R&D and clinical trials, medical text analysis, patient services and education, as well as medical education and scientific research. Professor Tang Yida, vice president of PUTH, serves as the chief scientist of "Xihe No.1" Medical Large Model, providing top-level guidance on "Xihe No.1" Medical Large Model's strategic planning and technical roadmap.

Annotated by a team of medical experts from top-tier hospitals

>10 million evaluated and curated medical data

Annotation for smart hospital development

Pre-consultation, assisted diagnosis, clinical quality control, prescription review, and disease-specific recommendations

Annotation for smart hospital development

>100 millions of user clicks/feedback and expert quality

Non-public medical data

Knowledge graph

>10 millions of medical terminology relationships, coverage of 6,000+ diseases, 70,000+ drugs, and 260,000+ drug-drug interactions

Clinical data

covering clinical records, examinations, prescriptions and follow-up records across >140 specialties, and >1 million of multimodal imaging data

Consultation Data

>100 million of high-quality medical Q&A and doctor-patient dialogues

Public/semi-public medical data

Journal data

>10,000 of medical textbooks, >100 millions of expert-verified health education entries, practice guidelines and CRFs

Online data

Collection of high-quality public data

Other data

Electronic medication package insert and third-party medical knowledge bases

MANAGEMENT DISCUSSION AND ANALYSIS

To implement President Xi Jinping’s directives on advancing China-Africa health cooperation delivered at the 2024 Beijing Summit of the Forum on China-Africa Cooperation, the National Health Commission presided over the establishment of the “China-Africa Hospital Alliance” in August 2025. During this meeting, the “Xihe No.1” medical large model was officially released. The Company’s subsidiary, Beijing Boya Qanjian Intelligent Computing Co., Ltd. (“Boya Intelligent Computing”), was elected as the leading unit of the AI Development Working Group under the Health Silk Road initiative of the China-Africa Hospital Alliance.

During the review period, “Xihe No.1” was incorporated into the national “Belt and Road” and China-Arab cooperation framework, with Boya Intelligent Computing becoming the sole corporate member of the China-Arab Medical Cooperation Alliance. Mainstream central media, including CCTV-1 Evening News, CCTV-13 Morning News, People’s Daily, Xinhua News Agency, and Economic Daily, all produced dedicated reports on “Xihe No.1,” fully affirming its significant innovative breakthroughs in the field of “AI + Healthcare.”



CCTV-1 Evening News and CCTV-13 Morning News broadcast related coverage



“羲和一号”医疗大模型发布后，中非医院联盟健康丝路AI发展工作组在“与AI同行：健康丝路AI赋能研讨会”上宣布，启动共建“全球儿童‘两病’（癫痫、先心病）早诊早治AI创新生态”，邀请首批来自国家儿童医学中心、北医三院、北大人民医院、华中科技大学同济医学院等医疗机构的专家成为创新生态合作伙伴，依托中国医疗AI技术优势，首先提升儿童癫痫及先心病等非洲高发

A report from the Economic Daily



A report from the People’s Daily

MANAGEMENT DISCUSSION AND ANALYSIS

(2) “Helan Mountain No.1” Full-Stack AI Industry Model

During the review period, the Group, together with China Communications Construction Group Research Institute Co., Ltd. and SICS, jointly undertook the construction of Yinchuan’s “One Cloud, One Lake, One Platform” city-level high-standard public data operation platform. Building upon this foundation, the Group further collaborated with SICS and Yinchuan Venture Capital Group to officially launch the “Helan Mountain No.1” full-stack AI industry model. This industry model encompasses eight sub-models: Helan–Fubo Precision Formulation AI Model, Helan–Mengxi New Energy Battery Manufacturing AI Capacity Model, Helan–Xihe Medical Model, Helan–Qubing Biotech Innovative Drug AI R&D Model, Helan–Dasanguan Cybersecurity AI Model, Helan–Shuijing E-commerce Marketing AI Model, Helan–Tutu Banking AI Decision-Making Model, Helan–Caishiji AI Medical Insurance Risk Control Model. “Helan Mountain No.1” integrates full-stack AI technologies with logical reasoning and machine learning, effectively addressing key challenges faced by mainstream large models, including hallucinations, the difficulty of balancing accuracy and fairness, high R&D and application costs, and reliance on large-scale datasets. The model comprehensively empowers industries such as intelligent manufacturing, finance, and healthcare, delivering dual advantages of high-precision algorithmic support and efficient scenario adaptation. It provides smarter and more efficient solutions for digital transformation across industries, bridging the “last mile” in the practical implementation of artificial intelligence.

The model has been incorporated into Yinchuan’s “15th Five-Year” plan. According to relevant government documents of Yinchuan, the large-scale application of “Helan Mountain No.1” has been designated as a core task for Yinchuan’s AI and digital economy development during the “15th Five-Year” period, with the creation of no fewer than 50 “AI+” application scenarios.

MANAGEMENT DISCUSSION AND ANALYSIS

4. *Application Layer: Deployment of the Large Model onto the AI Medical Large Model MaaS Platform*

(1) Introduction to the AI Medical Large Model MaaS Platform

With the “Xihe No.1” medical large model as its core engine, the Group has already achieved diversified applications including intelligent pre-consultation, assisted diagnosis, clinical decision support, personalised treatment recommendations, and chronic disease intelligent management. These applications have effectively enhanced diagnostic precision and healthcare service efficiency, providing solid technological support for the AI transformation of medical services.

Building on the maturity of the “Xihe No.1” medical large model, the Group has further systematised and platformised its AI capabilities, upgrading to establish the AI Medical Large Model MaaS Platform. In collaboration with partners, local governments, and medical institutions, the Group jointly invests in computing power and data resources, while taking responsibility for overall platform planning, construction, deployment, operation management, and continuous technological iteration. As a model service provider, the Group modularises and orchestrates underlying model capabilities, medical scenario knowledge, device interface protocols, and expert experience rules. Through its model orchestration engine, the Group achieves unified scheduling and collaborative integration of the AI model library, medical scenario library, and clinical knowledge base, thereby delivering AI model services across multiple scenarios including outpatient care, inpatient treatment, chronic disease management, and regional collaboration. Medical institutions at all levels are not required to make any repetitive hardware investments or engage in model development. They can simply access model services on demand and pay service fees based on actual module usage. This significantly lowers the threshold for AI technology adoption, truly enabling the equitable dissemination and inclusive sharing of high-quality medical capabilities. Based on the actual utilisation volume of AI medical and pharmaceutical services, the Group charges service fees according to token usage, thereby generating sustainable and recurring revenue. This establishes a scalable dual-driven profit model of “one-time construction + ongoing subscription.”

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has developed and deployed seven categories of model services, comprehensively empowering medical institutions at all levels as well as related fields such as pharmaceutical R&D and data services.

- **AI Outpatient Innovation Services:** Including AI intelligent triage (reducing waiting time by more than 30%), AI intelligent medical record generation (voice input with modification rate below 5%), and AI rational drug use review.
- **AI Inpatient Diagnosis and Treatment Services:** Covering AI-assisted diagnosis systems, AI condition monitoring and early warning, AI intelligent ward round assistance, and AI-assisted comparison and quality control of examination reports.
- **AI Regional Collaborative Services:** Supporting real-time uploading and intelligent analysis of primary-level diagnostic data, providing AI misdiagnosis and missed diagnosis monitoring, and AI intelligent referral services.
- **AI Chronic Disease and Public Health Management Services:** Automatically generating personalised follow-up plans, improving follow-up completion rates, and reducing readmission rates.
- **AI Medical Insurance Cost Control Services:** Covering intelligent review of medical insurance fund usage, identification of irregular medical practices, fraud risk alerts, and cost structure analysis, thereby achieving full-chain intelligent supervision of medical insurance with pre-warning, real-time monitoring, and post-review.
- **AI Patient Health Management Services:** Creating a 24/7 AI digital doctor to provide continuous services such as condition consultation and health assessment.
- **AI Big Data Services:** Based on seven specialised disease databases across key disciplines, supporting the full process of scientific research transformation from data retrieval, statistical analysis to model training. These services can be extended to empower pharmaceutical R&D in target screening and compound analysis, as well as intelligent data services such as medical data cleaning and annotation.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Core Advantages of the AI Medical Large Model MaaS Platform

(i) Unified Infrastructure, Addressing Redundant Investment and Fragmentation

Through multi-party collaboration with local governments and medical institutions, the Group and its partners jointly build the computing power and data infrastructure of the platform, with the Group responsible for its construction and operation. Medical institutions across the city are no longer required to independently procure AI systems; instead, they can access various model services on demand and pay by module. This model eliminates inconsistencies in hospital standards, dispersed computing resources, and redundant investments, thereby achieving resource integration and coordinated capability upgrades across the city.

(ii) Model-as-a-Service, Driving Equitable Access to High-Quality Capabilities

By providing a standardised model service platform, the Group offers AI model services covering scenarios such as outpatient care, inpatient treatment, and chronic disease management, directly empowering primary-level physicians. With the support of this platform, grassroots doctors can significantly improve diagnostic accuracy and reduce referral rates, fundamentally addressing the challenges of uneven capabilities and limited specialist resources at the primary level, and enabling the large-scale dissemination of high-quality medical services.

Relying on the “Xihe No.1” medical large model and the top-tier clinical expertise of Peking University Third Hospital, the Group is deeply integrating AI technology into grassroots elderly care scenarios. Targeting the chronic disease management needs of China’s over 300 million elderly population, the Group provides AI technical support to grassroots elderly care institutions and community-based elderly services through AI-driven chronic disease management, health monitoring and early warning, and intelligent follow-up models. This effectively enhances elderly health management capabilities and chronic disease intervention efficiency, facilitating the transition from “passive healthcare” to “proactive health,” and injecting new momentum into the AI upgrade of the elderly care service system. Through the ongoing application of AI technology, the Group has effectively increased user retention and engagement among its elderly user base, significantly boosting sales of health and elderly care products and services, and fostering a virtuous cycle of technology-driven innovation and business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover, Gross Profit and Gross Profit Margin

For the year ended 31 December 2025, the Group achieved a total turnover of RMB522,966,651 (31 December 2024: RMB385,482,322), representing a year-on-year increase of 35.67%. The consolidated gross profit amounted to RMB35,674,584 (31 December 2024: RMB20,222,876), and the consolidated gross profit margin was 6.82% (31 December 2024: 5.25%). The revenue growth was mainly attributable to the expansion and improved operational performance of the Group's AI life and health business during the Year. The Company's strategic deployment in these areas has gradually translated into performance, becoming a key driver of revenue growth.

Selling and Distribution Costs

For the year ended 31 December 2025, the Group's selling and distribution costs amounted to RMB9,242,045 (31 December 2024: RMB13,922,955) during the Year, representing a year-on-year decrease of 33.62% of the selling and distribution costs in review period. The decline in selling and distribution costs was mainly due to the Group's proactive reinforcement of expense control, achieving cost reduction and efficiency enhancement through reforms in travel reimbursement policies and refined channel management.

Other Income, Gains and Losses, Net

For the year ended 31 December 2025, the Group's other income and gains, net amounted to RMB7,488,976 (31 December 2024: net loss of RMB4,977,025) during the Year. This was mainly attributable to the receipt of capital subsidies for the R&D of the AI life and health computing platform during the Year.

Administrative Expenses

For the year ended 31 December 2025, the Group's administrative expenses amounted to RMB22,979,828 (31 December 2024: RMB20,338,969) during the Year, representing a year-on-year increase of 12.98%. The increase was mainly due to the expansion of the Company's business scale, which required corresponding additional administrative personnel and office facilities.

Research and Development Expenses

For the year ended 31 December 2025, the Group's research and development expenses amounted to RMB4,140,632 (31 December 2024: RMB1,102,139) during the Year, representing a year-on-year increase of 275.69%. This was mainly attributable to the investment in the research phase of the Xihe No. 1 Medical Large Model project.

Finance Costs

For the year ended 31 December 2025, the Group's finance costs amounted to RMB3,788,971 (31 December 2024: RMB4,581,000) during the Year, representing a year-on-year decrease of 17.29%. The decrease in finance costs was due to the significant year-on-year decline in interest rates for one-year and long-term bank loans during the Year.

Loss for the Year

For the year ended 31 December 2025, the loss attributable to owners of the Group amounted to RMB90,820,485 (31 December 2024: RMB27,802,241) during the Year. The loss per share attributable to the Company for the year ended 31 December 2025 was RMB4.37 cents (31 December 2024: RMB1.46 cents). The significant change in losses during the Reporting Period was primarily due to the substantial provisions for bad debts on certain accounts receivable and real estate of compound fertilizer segment in accordance with the principle of prudence, which correspondingly reduced profits for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets and Contingent Liabilities of the Group

As at 31 December 2025, the carrying amount of buildings under property, plant and equipment and right-of-use assets pledged as security for certain of the Group's banking facilities amounted approximately to RMB48,600,000 (31 December 2024: RMB65,700,000).

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

Structure of Share Capital

As at 31 December 2025, the structure of the share capital of the Company was as follows:

Names of shareholders	Number of shares held	Percentage of shareholding (%)
Tianjin Economic and Technological Development Area State Asset Operation Company ("State Asset Operation")	182,500,000	8.55
Shenzhen Xiangyong Investment Company Limited ("Shenzhen Xiangyong")	180,000,000	8.44
Shenzhen Aopaipai Technology Co., Ltd. ("Shenzhen Aopaipai")	180,000,000	8.44
Dongguan Lvyte Fertilisers Company Limited ("Dongguan Lvyte")	120,000,000	5.62
Other domestic shares	35,000,000	1.64
H Shares public shareholders	1,436,400,000	67.31
Total	2,133,900,000	100.00

Subscription of New H Shares under the General Mandate

On 16 January 2025, the Company entered into a placing agreement with the placing agent, pursuant to which the placing agent conditionally agreed, as the placing agent of the Company, to procure on a best efforts basis not less than six placees to subscribe for up to 239,400,000 placing shares at the placing price of HK\$0.265 per placing share (the "First 2025 Placing"). On 9 February 2025, the Company and the placing agent entered into a supplemental agreement to the placing agreement, under which the placing price per placing share was changed from HK\$0.265 to HK\$0.375. On 19 February 2025, the placing of new H shares under the general mandate was completed, with a total of 135,900,000 shares successfully placed at HK\$0.375 per share. The gross proceeds and net proceeds (after deducting all relevant expenses) from the subscription of shares amounted to approximately HK\$50.96 million and HK\$50.50 million, respectively. For details, please refer to the announcements published by the Company on the GEM website on 16 January 2025, 5 February 2025, 9 February 2025, 10 February 2025 and 19 February 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The shareholding structure of the Company before and after the placing of H shares is as follows:

Domestic share or H share holders	Immediately before completion of the Placing		Immediately after completion of the Placing	
	Number of shares	Percentage	Number of shares	Percentage
Domestic shares				
State Asset Operation	182,500,000	9.63	182,500,000	8.99
Shenzhen Xiangyong	180,000,000	9.50	180,000,000	8.87
Guangdong Jiamei Ecological Technology Co., Ltd. ("Guangdong Jiamei")	180,000,000	9.50	180,000,000	8.87
Dongguan Lvye	120,000,000	6.33	120,000,000	5.91
Other domestic shareholders	35,000,000	1.86	35,000,000	1.72
H Shares				
Public shareholders	1,197,000,000	63.18	1,197,000,000	58.95
Placees			135,900,000	6.69
Total	1,894,500,000	100.00	2,030,400,000	100.00

On 8 April 2025, the Company again entered into a placing agreement with the placing agent, pursuant to which the placing agent conditionally agreed, as the Company's placing agent, to procure on a best efforts basis not less than six placees to subscribe for up to 103,500,000 placing shares at the placing price of HK\$0.375 per placing share (the "Second 2025 Placing"). On 8 May 2025, the placing of new H shares under the general mandate was completed, with a total of 103,500,000 shares successfully placed at HK\$0.375 per share. The gross proceeds and net proceeds (after deducting all relevant expenses) from the subscription of shares amounted to approximately HK\$38.81 million and HK\$38.30 million respectively. For details, please refer to the announcements published by the Company on the GEM website on 8 April 2025 and 8 May 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The shareholding structure of the Company before and after this placing of H shares is as follows:

Domestic share or H share holders	Immediately before completion of the Placing		Immediately after completion of the Placing	
	Number of shares	Percentage	Number of shares	Percentage
Domestic shares				
State Asset Operation	182,500,000	8.99	182,500,000	8.55
Shenzhen Xiangyong	180,000,000	8.87	180,000,000	8.44
Shenzhen Aopaipai	180,000,000	8.87	180,000,000	8.44
Dongguan Lvye	120,000,000	5.91	120,000,000	5.62
Other domestic shareholders	35,000,000	1.72	35,000,000	1.64
H Shares				
Public shareholders	1,332,900,000	65.64	1,332,900,000	62.46
Placees			103,500,000	4.85
Total	2,030,400,000	100.00	2,133,900,000	100.00

Use of Proceeds from Issue of New H Shares

According to the announcement published by the Company on the GEM website on 16 January 2025, the proceeds from the First 2025 Placing will be used to incorporate a new company together with our business partners to acquire a medical health software platform from Yi Tunnel (Beijing) Technology Co., Ltd. to meet the elderly care needs of the elderly population, including health monitoring, chronic disease management and professional nursing etc., and thereby advancing the current medical and elderly care health business of the Company. After prudent consideration and detailed assessment of the Group's operations and business strategies, the Board resolved on 20 March 2025 to change the use of proceeds as follows: the proceeds from the placing will be used for the acquisition of an artificial intelligence-based medical health software platform, as well as for the subsequent development of the medical health software platform, general working capital for the medical and elderly care health business and potential investment opportunities. For details, please refer to the announcements published by the Company on the GEM website on 16 January 2025, 20 March 2025 and 30 April 2025.

According to the announcement published by the Company on the GEM website on 8 April 2025, the proceeds from the Second 2025 Placing will be used for the development of the medical health software platform, general working capital for the medical and elderly care health business, and potential investment opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2025, the use of the net proceeds from the Company's issue of H shares is as follows:

Intended use of net proceeds	Amount of net proceeds allocated after the Placing (HK\$ million)	Actual amount of net proceeds used (HK\$ million)
For the acquisition of medical health software platform	40.6	40.6
For the subsequent development of the medical health software platform, general working capital for the medical and elderly care health business and potential investment opportunities	48.2	48.2
Total	88.8	88.8

Resignation and Appointment of Directors

On 27 March 2025, Mr. Cao Aixin resigned as a non-executive director. On 31 March 2025, Mr. He Xin was redesignated from an executive director to a non-executive director. On 12 December 2025, the Company published an announcement and circular stating that the term of office of the eighth session of the Board of the Company will expire on 31 December 2025. Ms. Li Xueying, a non-executive director, and Mr. Wang Yongkang, an independent non-executive director, retired on 31 December 2025. Mr. Wang Yongkang also retired as a member and chairman of the remuneration committee, a member of the nomination committee and a member of the audit committee. In view of such retirements, the Board proposed: (i) to nominate Mr. Yang Zeng as a candidate for executive director of the ninth session of the Board; (ii) to nominate Mr. Xia Alan Zhe as a candidate for executive director of the ninth session of the Board; (iii) to nominate Mr. Wang Lei as a candidate for non-executive director of the ninth session of the Board; and (iv) to nominate Mr. Chen Jiang as a candidate for independent non-executive director of the ninth session of the Board. Except for the retiring directors mentioned above, the remaining directors will continue to serve as members of the ninth session of the Board. The term of office of the directors of the ninth session of the Board is three years from the date of approval at the extraordinary general meeting. On 31 December 2025, the Company convened an extraordinary general meeting and approved the above proposals. For details, please refer to the notice of extraordinary general meeting and circular of the Company both dated 12 December 2025 published on the GEM website, and the announcement of the results of the extraordinary general meeting dated 31 December 2025 published on the GEM website.

GENERAL MANDATE TO ISSUE SHARES

On 24 June 2025, the Company issued an announcement of results of annual general meeting, according to which a special resolution was duly passed at the annual general meeting of the Company on 24 June 2025 granting the Board a general mandate to issue, allot and deal with additional domestic shares/H shares not exceeding 20% of the domestic shares in issue and 20% of the H shares in issue of the Company, and authorising the Board to make such amendments to the articles of association of the Company as it thinks fit to reflect the new share capital structure subsequent to the allotment and issue of additional shares. For details, please refer to the notice of the annual general meeting and circular of the Company both dated 8 May 2025 published on the GEM website, and the announcement of results of the annual general meeting dated 24 June 2025 published on the GEM website.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTAL INFORMATION

The Group principally operates two business segments: (1) fertilisers products; and (2) AI health & elderly care products and services.

The details of the analysis of the Group's segment results for the years ended 31 December 2025 and 31 December 2024 are disclosed in note 6.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 31 December 2025, the Group financed its operations mainly by internally generated cash, banking facilities and proceeds from share placement.

As at 31 December 2025, the Group's current assets and current liabilities were RMB189,618,902 (31 December 2024: RMB233,993,788) and RMB251,832,320 (31 December 2024: RMB279,065,167) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 0.75 (31 December 2024: 0.84). The Group's current assets as at 31 December 2025 comprised mainly cash and bank balances of RMB29,211,582 (31 December 2024: RMB25,399,950), trade receivables of RMB14,609,993 (31 December 2024: RMB10,818,520), prepayments and other receivables of RMB82,851,533 (31 December 2024: RMB82,467,447) and inventories of RMB62,795,794 (31 December 2024: RMB75,307,871).

As at 31 December 2025, total bank borrowings of the Group amounted to RMB98,120,000 (31 December 2024: RMB149,540,000). As at 31 December 2025, the bank borrowings were denominated in Renminbi and provided by various licensed banks in China with fixed interest rates ranged from 2.8% to 3.45% per annum (31 December 2024: fixed interest rates ranged from 1.21% to 10.00% per annum).

As at 31 December 2025, the Group's consolidated total assets and net assets were RMB264,843,245 (31 December 2024: RMB332,527,049) and RMB2,732,089 (31 December 2024: RMB28,439,935) respectively. The Group's consolidated gearing ratio, represented by the ratio of total liabilities to total assets, was 0.99 (31 December 2024: 0.91). As at 31 December 2025, the Group's consolidated gearing ratio, represented by the ratio of total bank and other borrowings to total assets, was 0.47 (31 December 2024: 0.45).

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2025, the Group had 273 employees (31 December 2024: 260 employees). The remuneration of the Group's employees are determined in accordance with the terms of government policies and by reference to market standard and the performance, qualifications and experience of employees. Discretionary bonuses are paid to a few employees as a recognition of and reward for their contributions to the corporate development. Other employee benefits include contributions to retirement schemes, medical schemes, unemployment insurance schemes and housing allowances.

The Company adopted the Share Award Scheme on 29 August 2025, in which directors, eligible employees and service providers are entitled to participate. The Company has implemented this scheme to incentivise, retain and attract talents who play an important role in the future business development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

EXPOSURE TO FOREIGN CURRENCY RISK

During the year under review, the Group had a relatively low foreign currency risk since the principal business of the Group were mainly domestic sales in China denominated in RMB and payables to suppliers were also mainly denominated in RMB.

The Group mainly operated in PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

TREASURY POLICIES

The Group's bank borrowings are denominated in RMB and are usually renewed for one year upon maturity. Any cash balances will be placed as deposits with licensed banks in China.

FUTURE OUTLOOK

Looking ahead, the Group will resolutely advance the large-scale replication and nationwide deployment of its AI medical large model MaaS platform, accelerating the strategic transformation from a traditional manufacturing enterprise to a leading AI medical technology pioneer.

On the technology and product iteration front, the Group will continue to optimise the clinical adaptability of its "Xihe No.1" medical large model. Leveraging the top-tier medical resources of Peking University Third Hospital and the fundamental technical support of SICS, the Group will further strengthen the model's leading advantages in key capabilities such as few-shot learning, explainable reasoning, and multimodal data integration. At the same time, the Group will enhance the standardised service processes of the MaaS platform, reduce the costs of model development and deployment, and enable more primary healthcare institutions to access advanced AI-assisted diagnostic capabilities at low thresholds, thereby achieving broader coverage and equitable distribution of high-quality medical resources.

On the business expansion front, the Group plans to fully promote the MaaS platform model across Fujian Province, Ningxia Autonomous Region, and other cities nationwide within the next three to five years. In Yinchuan, the "Helan Mountain No.1" full-stack AI industry model has already been incorporated into the city's "15th Five-Year Plan." According to relevant documents issued by the Yinchuan Municipal Government, the large-scale application of "Helan Mountain No.1" has been designated as a core task for Yinchuan's AI and digital economy development during the "15th Five-Year" period, with the creation of no fewer than 50 "AI+" application scenarios. Seizing this opportunity, the Group will further deepen its strategic collaboration with Yinchuan Venture Capital Group and Shenzhen Institute of Computing Sciences to drive the in-depth application of the model in industry scenarios primarily focused on AI healthcare and pharmaceuticals, continuously unlocking the cross-sector empowerment value of full-stack AI technologies.

In the field of smart elderly care, the Group will continue to deepen the integrated application of AI technology with elderly care services. Leveraging the "Xihe No. 1" medical large-model and the cutting-edge clinical capabilities of Peking University Third Hospital, the Group will further expand the deployment of model services, such as AI chronic disease management, health monitoring alert and smart follow-up care across primary-level elderly care institutions and community elderly care scenario, thereby empowering the intelligent upgrade of the elderly care service system. Through the ongoing empowerment of AI technology, the Group will effectively enhance service retention among elderly users and improve the level of health management, while significantly boosting sales of elderly care products and services, thereby achieving synergistic development between technological empowerment and commercial value.

The Group firmly believes that, supported by its robust self-developed technological foundation, clear and feasible business model, and increasingly comprehensive ecosystem cooperation network, the AI medical large model MaaS platform will become a core engine driving the AI upgrade of China's healthcare industry. The Group will remain committed to technology innovation and guided by social value, striving to grow into a domestic leader with global vision in AI medical technology, and continuously create long-term value for shareholders, customers, and society.

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

The Company convened an annual general meeting on 24 June 2025, at which a proposal to amend the articles of association of the Company was considered and approved. The amendments included the abolition of the supervisory committee in accordance with the Company Law of the People's Republic of China and other laws and regulations, with the audit committee assuming the functions and powers of the supervisory committee. For details, please refer to the notice of annual general meeting and circular of the Company dated 31 March 2025, 7 April 2025 and 8 May 2025 published on the GEM website, and the announcement of the results of the annual general meeting dated 24 June 2025 published on the GEM website.

Prior to the abolition of the supervisory committee by the Company, all members of the Supervisory Committee (the "Supervisory Committee"), in compliance with the provisions of the Company Law of the People's Republic of China and the articles of association of the Company, faithfully fulfilled the supervisory responsibilities conferred by the articles of association, exercised supervisory functions over the Company's operation and management as well as the directors and senior management, and safeguarded the legitimate rights and interests of shareholders, the Company and employees.

1. MEETING OF THE SUPERVISORY COMMITTEE

During the reporting period, the Supervisory Committee of the Company has convened one meeting in total:

On 31 March 2025, the Supervisory Committee convened the first meeting in 2025, at which the consolidated financial report of the Group for the year 2024 audited by Fan, Chan & Co. Limited was reviewed and approved;

REPORT OF THE SUPERVISORY COMMITTEE

2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE OPERATION OF THE COMPANY:

1. As to the compliance of the operation of the company: the Supervisory Committee of the Company has supervised the convening procedures and the resolutions of the Company's general meetings and board meetings, the board's implementation of the resolutions passed at the general meetings, the performance of the senior management's duties, and the management system of the Company in accordance with relevant regulations in China and the articles of association, and is of the opinion that, the Board and the management of the company have operated in compliance with the relevant laws, strictly implemented all the resolutions passed at the general meetings, adopted scientific and reasonable operating policies, and further improved the internal control system during the current reporting period, and that none of the directors, the chief executive officer and the senior management of the Company has violated any law, regulation or the articles of association or caused any damage to the interest of the Company or the shareholders during the performance of their duties.
2. As to the financial review on the Company: the Supervisory Committee has carried out financial review on the Company, and is of the opinion that, the financial report of the Company is a true reflection of the Company's financial and operational results, and that the audit report is true and reasonable without any false record, misleading statement or omission of important material facts, and is favourable for the shareholders to truly understand the financial and operational status of the Company.

The Supervisory Committee noted that there are no other matters that need to be brought to the attention of the security holders of the Company.

By order of the Supervisory Committee

Tianjin TEDA Biomedical Engineering Company Limited

Liu Jinyu

Chairperson of the Supervisory Committee

31 March 2026

DIRECTORS' REPORT

The Board hereby submits their report together with the audited consolidated financial statements of Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATION

The current principal activities of the Company are: (1) fertilisers products; and (2) AI health & elderly care products and services.

The activities of the subsidiaries are set out in Note 43 to the consolidated financial statements enclosed.

CHANGE OF SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 33 to the consolidated financial statements enclosed.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 113 of this annual report.

The directors did not recommend the payment of any dividend during the year.

DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company at 31 December 2025 calculated under the Company's bye-laws approximately amounted to nil (2024: Nil).

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statements of changes in equity on page 116 of this annual report and Note 34 to the consolidated financial statements enclosed respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements enclosed.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such a right under the laws of the People's Republic of China (the “PRC”).

FINANCIAL SUMMARY

The summary of the results and the assets and liabilities of the Group for the last five financial years ended 31 December 2025 is set out on page 5 of this annual report.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2025, the carrying amount of buildings under property, plant and equipment and right-of-use assets pledged as security for certain of the Group's banking facilities amounted to approximately RMB48,600,000 (2024: RMB65,700,000).

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

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers is as follows:

PURCHASES

— Largest supplier	11.16%
— Five largest suppliers combined	37.48%

SALES

— Largest customer	5.51%
— Five largest customers combined	18.75%

None of the directors, their associates or any shareholder that, as far as the directors are aware, holds more than 5% of the Company's shares, are interested in the major suppliers and customers mentioned above.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The directors, supervisors and senior management in office during the year were:

Executive Directors

Ms. Sun Li (*Chairman and Chief Executive Officer*)
 Mr. Yang Zeng (appointed on 31 December 2025)
 Mr. Xia Alan Zhe (appointed on 31 December 2025)

Non-executive Directors

Mr. He Xin (redesignated from an executive director to a non-executive director on 31 March 2025)
 Dr. Li Ximing
 Mr. Wang Lei (appointed on 31 December 2025)
 Ms. Li Xueying (retired on 31 December 2025)
 Mr. Cao Aixin (resigned on 27 March 2025)

Independent Non-executive Directors

Ms. Gao Chun
 Mr. Tu Xiangzhen
 Mr. Chen Jiang (appointed on 31 December 2025)
 Mr. Wang Yongkang (retired on 31 December 2025)

Senior Management

Ms. Sun Li

Company Secretary

Mr. Ng Ka Kuen Raymond

DIRECTORS' REPORT

The Company convened an annual general meeting on 24 June 2025, at which a resolution to amend the Articles of Association of the Company was considered and approved. The amendments included the abolition of the supervisory committee in accordance with the Company Law of the People's Republic of China and other laws and regulations, with the audit committee assuming the functions and powers of the supervisory committee. For details, please refer to the notice of annual general meeting and circular of the Company dated 31 March 2025, 7 April 2025 and 8 May 2025 published on the GEM website, and the announcement of the results of the annual general meeting dated 24 June 2025 published on the GEM website.

Supervisor

Ms. Liu Jinyu (retired on 24 June 2025 due to the abolition of the supervisory committee)

Independent Supervisors

Mr. Liang Weitao (retired on 24 June 2025 due to the abolition of the supervisory committee)

Mr. Zhao Zhiyou (resigned on 12 February 2025)

Company Secretary/Qualified Accountant

Mr. Ng Ka Kuen Raymond, CPA, FCIS

As of 31 December 2025, the Company has 3 executive directors, 3 non-executive directors and 3 independent non-executive directors respectively. On 27 March 2025, Mr. Cao Aixin resigned as a non-executive director. On 31 March 2025, Mr. He Xin was redesignated from an executive director to a non-executive director. On 12 December 2025, the Company issued an announcement and circular stating that the term of office of the eighth session of the Board will expire on 31 December 2025. Ms. Li Xueying, a non-executive director, and Mr. Wang Yongkang, an independent non-executive director, were to retire on 31 December 2025. Mr. Wang Yongkang also retired as a member and chairman of the remuneration committee, a member of the nomination committee and a member of the audit committee. In view of such retirements, the Board proposed: (i) to nominate Mr. Yang Zeng as a candidate for executive director of the ninth session of the Board; (ii) to nominate Mr. Xia Alan Zhe as a candidate for executive director of the ninth session of the Board; (iii) to nominate Mr. Wang Lei as a candidate for non-executive director of the ninth session of the Board; and (iv) to nominate Mr. Chen Jiang as a candidate for independent non-executive director of the ninth session of the Board. Except for the retiring directors mentioned above, the remaining directors will continue to serve as members of the ninth session of the Board. The term of office of the directors of the ninth session of the Board is three years, commencing from the date of approval by the extraordinary general meeting. On 31 December 2025, the Company convened an extraordinary general meeting and approved the above proposals. For details, please refer to the notice of extraordinary general meeting and circular of the Company both dated 12 December 2025 published on the GEM website, and the announcement of the results of the extraordinary general meeting dated 31 December 2025 published on the GEM website.

Each newly appointed director has received the necessary induction training and information to ensure that he/she has a proper understanding of the Company's operations and business, and is aware of his/her responsibilities under the relevant ordinances, legislation, rules and regulations. Mr. Yang Zeng, Mr. Xia Alan Zhe, Mr. Wang Lei and Mr. Chen Jiang received legal advice on 23 December 2025 as set out in Rule 5.02D of the GEM Listing Rules, and they are aware of their obligations as directors of a listed issuer under the Hong Kong Listing Rules.

DIRECTORS' REPORT

Mr. Zhao Zhiyou resigned as an independent supervisor on 12 February 2025. The Company convened an annual general meeting on 24 June 2025, at which a resolution to amend the Articles of Association of the Company was considered and approved. The amendments included the abolition of the supervisory committee in accordance with the Company Law of the People's Republic of China and other laws and regulations, with the audit committee assuming the functions and powers of the supervisory committee. For details, please refer to the notice of annual general meeting and circular of the Company dated 31 March 2025, 7 April 2025 and 8 May 2025 published on the GEM website, and the announcement of the results of the annual general meeting dated 24 June 2025 published on the GEM website.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Sun Li ("Ms. Sun"), aged 53, the Chairman of the Board of the Company, graduated from the Economic and Trade Faculty of Central South University with a bachelor's degree in Technological Economics in June 1995 and with a master's degree in Management Business Administration Faculty in June 1998. Ms. Sun graduated from City University of Hong Kong with a doctorate degree in Business Administration in 2021. Ms. Sun was among the first batch of candidates who obtained the qualification of sponsor representatives from the Securities Association of China in 2004. Ms. Sun has engaged in investment banking for 15 years, with rich experience in filtering quality corporations, restructuring, counseling, initial public offering projects as well as mergers and acquisitions of listed companies. From August 1998 to April 2004, she successively acted as business director, senior manager, and business manager at the investment banking headquarters of Dapeng Securities Co., Ltd. (大鵬證券有限責任公司). From May 2004 to August 2005, she served as deputy general manager in Shenzhen investment banking division of Centergate Securities Co., Ltd. (中關村證券股份有限公司). From September 2005 to March 2010, she successively served as business director, internal auditor, member of GEM's advisory committee at the investment banking headquarters of China Merchants Securities Co., Ltd. (招商證券股份有限公司). From April 2010 to April 2013, she served as general manager and internal auditor in mergers and acquisitions division of Minsheng Securities Co., Ltd. (民生證券有限責任公司). From May 2013 until now, she served as president, director and co-partner of Beijing Yingguxinye Investment Co., Ltd. (北京盈谷信暉投資有限公司). From September 2014 until now, she was the founding member of Tianjin Teda "Wings of the Angel" Investor Club. From August 2015 until now, Ms. Sun was appointed as an executive director and the Chairman of the Board of the Company. From September 2015 to January 2019, from December 2019 to September 2022 and from March 2024 to date, she concurrently served as Chief Executive Officer of the Company. From September 2022 to March 2024, she also concurrently served as the Joint Chief Executive Officer of the Company.

DIRECTORS' REPORT

Mr. Yang Zeng (“Mr. Yang”), aged 59, holds a bachelor’s degree in Stomatology from Peking University School of Medicine, master of business administration degrees from National School of Development of Peking University and Fordham University, New York, the USA (BIMBA), holder of Certificate in Business Administration from China Europe International Business School Shanghai, Independent Director Certification from National Accounting Institute, and the professional title of Engineer (Management Engineering). He has been deeply engaged in the healthcare sector for over three decades and possesses extensive experience in clinical diagnosis and treatment, industrial operations, medical innovation translation, management of medical and pharmaceutical enterprises, as well as investment and mergers & acquisitions. From 1992 to 1993: served as a doctor at Peking University School and Hospital of Stomatology, mainly engaged in clinical diagnosis and treatment of periodontal diseases; From 1993 to 2001: successively served as medical representative and regional manager at Glaxo Wellcome, national sales training manager and market coordination manager at Pharmacia, leading clinical promotion of pharmaceutical products, building medical channels and establishing industry training systems; From 2001 to 2010: held positions including director, general manager and deputy general manager in the pharmaceutical division of China Grand Enterprises and its various affiliated companies, responsible for operational management of related pharmaceutical industries and investment, mergers & acquisitions and post-investment management of pharmaceutical and medical enterprises; From 2010 to 2012: served as chief operating officer of Beijing Genegrow Pediatric Group, managing six rehabilitation and healthcare institutions for children and establishing a standardized system for diagnosis, treatment and rehabilitation of growth and development diseases of children; From 2012 to 2017: successively served as director of strategic investment department at Yiling Pharmaceutical, deputy general manager of JD.com Pharmacy, and director of strategic development and investment at Qizheng Tibetan Medicine, establishing the “Air Hospital (空中醫院)” mobile healthcare model, laying out new drug R&D investment and medical industry M&A, and building an investment service system in the healthcare segment; From 2017 to 2024: successively served as partner of Beiqing Yicheng Pharmaceutical Division, senior vice president of China Agricultural Wholesale Cold Chain, executive chairman and general manager of Daoshengji Hospital Management Company, leading hospital M&A, building integrated medical and elderly care platforms and rare medicinal materials import and processing business, and successfully translated multiple clinical medical devices into commercial use and achieved import substitution; From 2025 to present: served as president of Demo Group (德摩集團), focusing on clinical research and registration of new drugs, value-added empowerment of healthcare enterprises and industrial operation in the area of regenerative medicine. Mr. Yang has been appointed as an executive director of the Company since 31 December 2025.

Mr. Xia Alan Zhe (“Mr. Xia”), aged 52, holds a bachelor’s degree in economics from School of Business Sun Yat-sen University and a master of business administration degree from Australia Graduate School of Management (AGSM). He is a type-9 licensed responsible officer of Hong Kong, and holds the qualification of certified practising accountant of Australia. He has been deeply engaged in cross-border investment, alternative asset operations and fund management for over twenty years and possesses extensive experience in investment and financing and platform establishment. From 2000 to 2008: held positions including finance manager of two Australian telecommunications giants, namely Optus and Telstra, responsible for M&A analysis, capital project accounting and large-scale expense budget planning, laying his foundation in financial and capital operations; From 2008 to 2015: successively served as director and executive director at UBS Global Asset Management (China) Co., Ltd., leading cross-border fund raising, real estate investment and debt financing; From 2016 to 2023: served as senior managing director and founding partner at SDIC RE Asset Management Co., Ltd. (國投萬和資產管理有限公司), building investment platforms and leading investment strategy formulation, completing large-scale cross-border investment and financing layout; From 2023 to date: served as managing director and licensed responsible officer (RO) at INV Advisory Limited (place of registration in Hong Kong), leading nonperforming assets, REITs business and Southeast Asia cross-border investment. Mr. Xia has been appointed as an executive director of the Company since 31 December 2025.

DIRECTORS' REPORT

Non-executive Directors

Mr. He Xin ("Mr. He"), aged 56, postgraduate, graduated from Beijing Jiaotong University majoring in Mechanical Engineering. From July 1992 to June 1994, he served as a business manager of the export department of China Railway Import and Export Company under the Ministry of Railway (鐵道部中鐵進出口公司). From June 1994 to May 2005, he worked as a secretary of the administrative department of Shenzhen Golden Century Development Company Limited (深圳金世紀發展有限公司). From May 2005 to September 2009, he served as an investment manager of the international department of China Merchants Securities Company Limited. From September 2010 to March 2014, he held a position as a vice president of Beijing Yingguxinye Investment Co., Ltd. From March 2014 to August 2016, he held positions as a director and a general manager of Ningxia Yinggu Industry Company Limited (寧夏盈谷實業股份有限公司). From August 2016 to present, he has been serving as a general manager of Beijing Yingguxinye Investment Co., Ltd. Mr. He was appointed as an executive director of the Company from December 2018 to March 2025, and was redesignated to the non-executive director of the Company from March 2025.

Dr. Li Ximing ("Dr. Li"), aged 65, graduated from Chinese Academy of Medical Science with a master's degree in neuropharmacology in 1988; graduated from Karolinska Institute in Sweden with a doctoral degree in neuroscience in 1995; graduated from the neuroscience drug development research center (神經藥物研究中心) at Lilly Research Laboratories as a postdoctoral researcher in 1998. Dr. Li is hired specifically as an expert for the Recruitment Program of Global Experts (千人計劃) in PRC, who owns more than twenty years of national and foreign experiences in new drug research and development. Dr. Li has also accumulated fruitful experience in project management of international new drug research and development, designing and practicing clinical trial, contract research organisation (CRO) management, Food and Drug Administration (FDA) drug approvals, expert consultation and selection of investors. Dr. Li was a researcher at the department of obesity studies (肥胖研究部) of Bayer U.S. innovation Center from 1998 to 2001; was an expert of clinical trial at the department of central neuroscience drug development (中樞神經藥物研究部) of Pharmacia from 2001 to 2002; was an associate director at the department of central neuroscience drug development (中樞神經藥物研究部) of Eisai Inc. (a subsidiary of Japan-based Eisai Company Limited) from 2002 to 2004; was an associate director of clinical trial at the research center of central neuroscience drug development (中樞神經藥研究所) of Roche Diagnostic USA from 2004 to 2005; was a vice president of medical research at the international research and development center (國際研發中心) of Bayer Healthcare Co., Ltd. from 2005 to 2012; is the vice president of registry clinical studies at Luye Pharma Group Limited since 2013. Dr. Li was appointed as a non-executive director of the Company since January 2017.

Mr. Wang Lei ("Mr. Wang"), aged 35, holds a bachelor's degree in traditional Chinese pharmacy from Hebei University (河北大學) and a master degree in traditional Chinese pharmacy from Shaanxi University of Chinese Medicine (陝西中醫藥大學). From July 2017 to July 2018, served as marketing promotion manager of Tianjin GoalGen Biotechnology Co., Ltd. (天津冠勤醫藥科技有限公司); From July 2018 to September 2020, staff member in the investment promotion department of Tianjin TEDA Science & Technology Development Group (天津泰達科技發展集團有限公司); From September 2020 to date, successively held the positions of a staff member in the investment promotion department, a staff member in the industrial investment and operation centre, and an industrial investment promotion position in the Business Development Department of Tianjin TEDA Industrial Development Corporation (天津泰達產業發展集團有限公司). Mr. Wang has been appointed as a non-executive director of the Company since 31 December 2025.

DIRECTORS' REPORT

Mr. Cao Aixin (“Mr. Cao”), aged 63, has over 20 years of experience in sales and management and has been extremely familiar with the business and operations of the Group. Mr. Cao joined Guangdong Fulilong Compound Fertilisers Co., Ltd. (“Guangdong Fulilong”) as a regional marketing manager in October 1997. He subsequently served as the general marketing manager of Guangdong Fulilong from 2001 to 2005, the deputy general manager of Guangdong Fulilong from 2006 to 2009 and has been appointed as the chairman of Guangdong Fulilong from 2010 to present, during which he has accumulated extensive experience in business operation and marketing. Mr. Cao was appointed as a non-executive director of the Company from November 2017 to March 2025.

Ms. Li Xueying (“Ms. Li”), aged 48, a member of the Communist Party of China, holds a master’s degree from Nanjing Forestry University and is a deputy senior engineer. She has been engaged in management work for 15 years. In July 2006, she worked as the project manager of the planning department in Modern Industrial Park. In May 2008, she was the project manager of the commercial department of Modern Industrial Park. In June 2014, she was the secretary and supervisor of the general office of Modern Industrial Park. In 2019, she was the person-in-charge of the general office of Modern Industrial Park. From July 2020 to date, she has been serving as the deputy director of the business service department, deputy director of industrial investment and operation center, and deputy director of business management department of Tianjin TEDA Industrial Development Corporation. Ms. Li was appointed as a non-executive director of the Company from 18 May 2021 to 31 December 2025.

Independent Non-Executive Directors

Ms. Gao Chun (“Ms. Gao”), aged 56, graduated from Gannon University in the United States with a master’s degree in business administration. Ms. Gao was a financial analyst in 6 sigma Black Belts (quality management method) at General Electric Company from 2000 to 2004. Ms. Gao was a financial manager at the Bayer U.S., development officer and business operation officer of Bayer China from 2004 to 2016. Ms. Gao has been appointed as an independent non-executive director of the Company since January 2017.

Mr. Tu Xiangzhen (“Mr. Tu”), aged 68, with on-the-job postgraduate qualification. From September 1981 to October 1989, he served as the accountant and the chief accountant of Shangrao District Grain Bureau of Jiangxi Province. From October 1989 to October 2000, he was the section deputy secretary, the section chief secretary, and the chief officer of the research section of the Shangrao Prefectural Committee Office of Jiangxi Province. From October 2000 to December 2006, he served as the deputy secretary-general, office deputy director, and the director of the office to the deputy secretary-general of the Shangrao Municipal People’s Political Consultative Conference. From December 2006 to August 2016, he served as the director of Shangrao Municipal Culture Bureau and the secretary of the Party Leadership Group. In August 2016, he resigned from his leadership positions and became a researcher. He has been retired since August 2018. From June 2024 to present, Mr. Tu has been appointed as an independent non-executive director of the Company.

DIRECTORS' REPORT

Mr. Chen Jiang (“Mr. Chen”), aged 63, graduated from Xinjiang University (新疆大學) in 2000 with a postgraduate degree in political economics. Mr. Chen obtained the senior economist certification in September 1999, the financial CEO executive training certification jointly awarded by Cheung Kong Graduate School of Business (長江商學院), London Business School (倫敦商學院) and Columbia Business School (哥倫比亞商學院) in January 2009. He became a permanent member of the Hong Kong Institute of Independent Directors in 2023 and has extensive experience in capital operations, industrial investment and supply chain management. Mr. Chen is one of the founders of Markor Investment Group (美克投資集團) and has held the core positions including chairman, vice chairman, and general manager in Markor Investment Group and its affiliated companies since 1993, where he is primarily responsible for the group’s capital operations, industrial investment and supply chain management. His key achievements are as follows: (i) Capital Operations: He successfully facilitated the listing of Markor Home Furnishings (stock code: 600337) controlled by Markor Group on the Shanghai Stock Exchange in 2000, in an effort to establish the core capital platform for the Group. In 2011, he spearheaded the IPO listing project of Markor Chemical, introduced various strategic investors, completed the shareholding system reform, and contributed to the capitalisation of the chemical business segment. (ii) Industrial Investment and Supply Chain Management: In 1993, he facilitated the establishment of the group’s first 100% furniture manufacturing export factory, marking the first step into the international furniture market. In 2005, he led the ground-breaking of the Markor Chemical project, driving the group’s cross-sector expansion from its core home furnishings business into the chemical industry. In 2009 and 2010, he successively led the acquisitions of U.S. Schnadig company and A.R.T. company respectively, and built a vertically integrated home furnishings industry chain ecosystem. In 2012, he facilitated the construction of a wood processing base in Russian Far East. In 2017, he acquired a 60% equity in Vietnamese M.U.S.T. company. In 2018, he increased investments in three Vietnamese furniture companies to improve the global supply chain deployment. Mr. Chen has been appointed as an independent non-executive director of the Company since 31 December 2025.

Mr. Wang Yongkang (“Mr. Wang Yongkang”), aged 57, obtained his bachelor’s degree of Law in administrative management from China University of Political Science and Law in 1993 and his master’s degree of Law in economic law from Capital University of Economics and Business in 1999. After postgraduate studies, Mr. Wang worked at Gaopeng & Partners (高朋律師事務所) as an attorney from 1999 to January 2002. From February 2001 to March 2003, he worked at Grandall Legal Group (Beijing) (國浩律師集團(北京)事務所) as a partner. From April 2003 to November 2022, he co-founded Broad & Ken Partners (博金律師事務所) as a partner. From November 2022 to date, he has been working at Yun Jia Law Firm as a lawyer. Mr. Wang served as the independent director of Zhengzhou Coal Industry & Electric Power Co., Ltd. (鄭州煤電股份有限公司) (600121) from 2007 to 2013. Mr. Wang was appointed as an independent non-executive director of the Company from November 2017 to 31 December 2025.

Supervisor

Ms. Liu Jinyu (“Ms. Liu”), aged 53, graduated with a degree in Corporate Management and Human Resources Management from Tianjin Nankai University (天津南開大學). Between 1997 and 2001, she was appointed as the chief officer of the human resources department of Tianjin New World Department Store Co., Ltd. (天津新世界百貨有限公司). She was engaged as the manager of the general department of Tianjin Zhongying Food Co., Ltd. (天津中迎食品有限公司) from 2001 to 2003 and the human resources manager of Tianjin Auchan Hypermarkets Co., Ltd (天津歐尚超市有限公司) from 2003 to 2007. Ms. Liu joined the Company as human resources manager in 2007 and has been appointed as deputy officer of the President’s office of the Company since April 2011. Ms. Liu was appointed as a supervisor of the Company from August 2011 to 24 June 2025.

DIRECTORS' REPORT

Independent Supervisors

Mr. Liang Weitao ("Mr. Liang"), aged 44, graduated from Tongji University with a bachelor's degree in science, from Zhejiang University with a master degree in science and from City University of Hong Kong with a master degree in management. Mr. Liang previously worked in the investment banking department, the investment banking strategic customer department and the NEEQ business department of China Merchants Securities, as well as an executive director and the deputy managing director in the investment banking quality control department at Great Wall Securities. Mr. Liang currently serves as the responsible person of the international business department at Great Wall Securities, and is responsible for the establishment of the Hong Kong subsidiary and carrying out cross-border investment and financing business. Mr. Liang was appointed as an independent supervisor of the Company from August 2015 to 24 June 2025.

Mr. Zhao Zhiyou ("Mr. Zhao"), aged 44, holds a bachelor's degree. He served as an accountant and finance manager at the financial department of Wuhan Iron and Steel Construction Group Limited Electricity Company* (武漢鋼鐵建工集團有限責任公司電氣分公司) and Wugang Group International Economic and Trading Company Limited* (武鋼集團國際經濟貿易有限公司) from August 2004 to January 2017. He served as a foreign exchange business manager in Hubei Daye Non-ferrous Metal Company Limited* (湖北大冶有色金屬有限責任公司) from January 2017 to January 2018. He was a finance officer at the offshore business department of Zhejiang Fuyue Group Co., Ltd* (浙江富冶集團有限公司) from April 2018 to October 2018. He has been serving as a deputy financial controller in Beijing Yingguxinye Investment Co., Ltd* (北京盈谷信暉投資有限公司) from October 2018 to June 2020. He has been the financial controller of Xinjiang Changyuan Yinggu Coal Sales Company Limited* (新疆昌源盈谷煤炭銷售有限公司) from June 2020 to August 2021. He has been a director at Ningxia Yinggu Industry Company Limited* (寧夏盈谷實業股份有限公司), a company listed on the National Equities Exchange and Quotations System (stock code: 830855), since May 2021. Mr. Zhao was appointed as an independent supervisor of the Company from February 2022 to February 2025.

Qualified Accountant and Company Secretary

Mr. Ng Ka Kuen Raymond ("Mr. Ng"), aged 66, was an associate member of the Association of Cost and Executive Accountants in September 1985 and became a fellow member of that Association in October 1986. In November 1997, he was awarded a Graduate Diploma in Administration and a Bachelor Degree of Arts by Australian Catholic University, and Ottawa University, Ottawa, Kansas State, the United States of America respectively. Mr. Ng became an associate member of the Association of International Accountants in June 2004. In April 2005, Mr. Ng became a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Before joining the Company, Mr. Ng has more than 10 years of audit experience.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and the supervisors of the Company has entered into a service contract with the Company. Particulars of these contracts, except as indicated, are in all material respects identical and are set out below:

The service term of these contracts between the Company and each of the directors was three years commencing on 31 December 2025, unless the contract is terminated by either party giving not less than one month's prior written notice to the other.

None of the directors has entered into a service contract with the Company, which cannot be terminated by the Company within one year without payment of compensation, other than statutory compensation.

As to the remunerations of the directors and supervisors of the Company, the Board of the Company has been authorized by the shareholders of the Company to determine the remunerations of the directors and supervisors on the basis of the prevailing market rate and the recommendation from the remuneration committee of the Company.

DIRECTORS' REPORT

MATERIAL CONTRACTS

Save as the service contracts of the directors and the supervisors disclosed in this annual report, no material contracts (including provision of relevant services) in relation to the Group's business to which the Company or its subsidiaries was a party and in which any of the directors, the supervisors of the Company or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' REMUNERATION AND TOP FIVE HIGHEST PAID PERSONS

Details of directors' remuneration and the top five highest paid persons are set out respectively in Note 15 to the consolidated financial statements enclosed.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive directors, namely Mr. Tu Xiangzhen, Mr. Wang Yongkang, Ms. Gao Chun and Mr. Chen Jiang, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers the independent non-executive directors to be independent.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2025, none of the Directors or the Supervisors of the Company had interest in any securities and underlying shares and debentures of the Company or any of its associated corporations, which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors and the supervisors of the Company or their respective spouses or children under 18 years of age, to have the rights to subscribe for the Company's securities or to exercise any such rights.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the following persons (other than the Directors and the Supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Long position in ordinary shares of RMB0.1 each in the Company:

Names of shareholders	Capacity	Number of ordinary shares	Percentage of issued share capital
State Asset Operation	Beneficial owner	182,500,000 (Note)	8.55%
Shenzhen Xiangyong	Beneficial owner	180,000,000 (Note)	8.44%
Shenzhen Aopaipai	Beneficial owner	180,000,000 (Note)	8.44%
Dongguan Lvye	Beneficial owner	120,000,000 (Note)	5.62%

Note: All of the shares represent domestic shares.

Save as disclosed above, as at 31 December 2025, the Directors of the Company were not aware of any other person (other than the Directors and the Supervisors of the Company) who had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

MANAGEMENT CONTRACTS

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

COMPETING INTERESTS

During the year ended 31 December 2025, none of the Directors, the Supervisors, or the management shareholders and their respective associates of the Company (as defined under the GEM Listing Rules) competes or may compete with the business of the Group or has or may have any other conflicts of interest with the Group required to be disclosed pursuant to the GEM Listing Rules.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF SECURITIES

On 19 February 2025, the Company completed a round of share placing, successfully placing a total of 135,900,000 shares at HK\$0.375 per share. The gross proceeds and net proceeds (after deducting all relevant expenses) from the subscription of shares amounted to approximately HK\$50.96 million and HK\$50.50 million respectively. The proceeds from this placing will be used for the purchase of an artificial intelligence-based medical health software platform, as well as for the subsequent development of the medical health software platform, general working capital for the medical and elderly care health business, and potential investment opportunities.

On 8 May 2025, the Company completed a new round of share placing, successfully placing a total of 103,500,000 shares at HK\$0.375 per share. The gross proceeds and net proceeds (after deducting all relevant expenses) from the subscription of shares amounted to approximately HK\$38.81 million and HK\$38.30 million respectively. The net proceeds will be used for the development of the medical health software platform, general working capital for the medical and elderly care health business, and potential investment opportunities.

For detailed information on the above two placings, please refer to the section headed "Subscription of New H Shares under General Mandate and Use of Proceeds from Issue of New H Shares" in the Management Discussion and Analysis above.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares as of 31 December 2025.

SHARE AWARD SCHEME

On 29 August 2025, the shareholders of the Company approved and adopted a share award scheme (the "Share Award Scheme"). Prior to this, the Company did not have any share option scheme approved and adopted under Chapter 23 of the GEM Listing Rules that remains in effect.

The main rules of the Share Award Scheme are summarised as follows:

(1) Purpose of the Scheme

- (i) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to incentivise and motivate them to further contribute towards the growth and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company; and
- (ii) to attract suitable personnel for further development of the Group.

(2) Participants of the Scheme

- (i) Directors and employees of the Company or any of its subsidiaries, and any other person who is granted Awards as an inducement to enter into an employment or engagement contract with any of these companies;
- (ii) Directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (i.e. the Related Entity Participants); and
- (iii) Service providers who fall under the category or categories or who may meet the eligibility criteria as specified under the Share Award Scheme.

DIRECTORS' REPORT**(3) Total number of shares to be issued under the Scheme and its percentage of the issued share capital (excluding treasury shares) as at the date of this annual report**

The total number of H shares to be issued by the Company in respect of all awards granted under the Share Award Scheme and all options and share awards granted under any other share schemes shall not exceed 143,640,000 H shares (excluding treasury shares, if any), or not more than 10% of the total number of issued H shares (excluding treasury shares, if any) as at the date of the relevant approval for the refresh of the scheme mandate limit.

As at the date of this annual report, the total number of H shares of the Company remains 1,436,400,000, and the total number of shares available for issue under the Share Award Scheme as a percentage of the issued share capital is 10%.

(4) Maximum entitlement of each participant under the Scheme

- (i) No Award shall be granted to a Grantee if it would result in the total number of H Shares issued and to be issued in respect of all the Awards granted under the Share Award Scheme and, if any, the share options and other share awards granted under any other share scheme(s) to such person (excluding any Awards and any share options and other share awards lapsed in accordance with the terms of the share schemes) in the 12-month period up to and including the date of such grant exceeding 1% (or such other higher percentage as the GEM Listing Rules may prescribe or permit) of the total number of issued H Shares (excluding Treasury Shares, if any) as at the date of such grant, unless:
 - (a) such grant has been separately approved by the Shareholders in general meeting, with such Grantee and his close associates (or associates if such Grantee is a connected person) abstaining from voting;
 - (b) the Company must despatch a circular to the Shareholders containing such relevant information as required by the GEM Listing Rules in relation to any such proposed grant to such Grantee; and
 - (c) the number and terms of the Awards to be granted to such Grantee are fixed before the Shareholders' approval.

DIRECTORS' REPORT

- (ii) Any grant of Awards to any Director, chief executive or substantial Shareholder (as defined in the GEM Listing Rules) of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed recipient of the grant of the Award). In addition:
- (a) where any grant of Awards to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the H Shares issued and to be issued in respect of all the Awards granted under the Share Award Scheme and (if any) the share awards granted under any other Share Scheme(s) (excluding any Awards and any other share awards lapsed in accordance with the terms of the Share Schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as the GEM Listing Rules may prescribe or permit) of the total number of issued H Shares (excluding Treasury Shares, if any) as at the date of such grant; or
 - (b) where any grant of Awards to an independent non-executive Director or substantial Shareholder (as defined in the GEM Listing Rules) of the Company (or any of their respective associates) would result in the number of H Shares issued and to be issued in respect of all the Awards granted under the Share Award Scheme and (if any) the share options and other share awards granted under any other Share Scheme(s) (excluding any Awards and any share options and other share awards lapsed in accordance with the terms of the Share Schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as the GEM Listing Rules may prescribe or permit) of total number of issued H Shares (excluding Treasury Shares, if any) as at the date of such grant,

such further grant of Awards must be approved by Shareholders in general meeting in the manner required, and subject to the requirements set out, in the GEM Listing Rules. In particular, the Company must send a circular to the Shareholders. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the relevant requirements under Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules.

(5) Period for grantees to exercise options under the Scheme

The Share Award Scheme shall terminate on the tenth (10th) anniversary date of the Adoption Date or such date of earlier termination as determined by the Board or the Committee. Upon the termination of the Share Award Scheme, no further offer of Awards may be made and no Awards offered shall be open for acceptance, but the Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards which are granted and remain unvested prior to the termination of the operation of the Share Award Scheme.

DIRECTORS' REPORT**(6) Vesting period of options or awards granted under the Scheme**

The vesting period for an Award under the Share Award Scheme is generally for a minimum period of 12 months in order to incentivise Selected Participants to remain with the Group, save for certain prescribed circumstances in which the Board or the Committee may impose a shorter vesting period for Employee Participants. The Board considers that such circumstances allow flexibility for the Company to (i) provide competitive terms to attract and induce valuable talent to join the Group; (ii) address instances where the 12-month vesting period requirement would not be practicable or fair due to administrative or technical reasons; (iii) reward exceptional performers with accelerated vesting; and (iv) motivate Employee Participants based on performance metrics rather than timebased vesting criteria. Therefore, the Board is of the view that the vesting period requirements (including the circumstances in which a shorter vesting period may apply) are appropriate and align with the purpose of the Share Award Scheme.

(7) Amount payable (if any) or period for payment or notice of payment or repayment of loans for options application or acceptance, or for award acceptance

The Board or the Committee shall specify in the Grant Notice the amount, if any, payable by the relevant Selected Participant on acceptance of the Award and, if applicable, the period within which any such payments must or may be made or loans for such purposes must be repaid. Unless otherwise determined by the Board or the Committee in its absolute discretion at the relevant time for each individual Award, a Selected Participant is not required to pay any grant or purchase price or make any other payment to the Company for accepting an offer of the Award granted pursuant to the Grant Notice, nor is the Selected Participant required to pay any subscription or purchase price for the vesting of the Awards or the receipt of the Award Shares.

(8) Basis for determining the exercise price of options granted or the purchase price (if any) of shares granted

Unless otherwise determined by the Board or the Committee in its absolute discretion at the relevant time for each individual Award, a Selected Participant is not required to pay any grant or purchase price or make any other payment to the Company for accepting an offer of the Award granted, nor is the Selected Participant required to pay any subscription or purchase price for the vesting of the Awards or the receipt of the Award Shares. The Board considers that it is consistent with the purpose of the Share Award Scheme for the Company to retain discretion to consider the purchase price, if any, for an Award and the underlying Award Shares so that meaningful reward may be provided to Selected Participants in recognition of their contribution or potential contribution to the Group.

(9) Remaining term of the Scheme

As at the date of this annual report, the remaining term of the Share Award Scheme is approximately nine years and five months.

Since the adoption of the Share Award Scheme up to the date of this annual report, no awards have been granted, cancelled or lapsed under the scheme. As at 31 December 2025, the number of awards that may be granted under the Share Award Scheme is 143,640,000 H shares.

For details, please refer to the announcements dated 12 August 2025 and 15 August 2025.

DIRECTORS' REPORT

PENSION SCHEME/RETIREMENT BENEFIT SCHEMES

According to the rules and regulations in China, employees of the Group based in China participate in various defined contribution retirement schemes organised by the relevant provincial and municipal governments. Pursuant to these schemes, the Group and its employees are required to make monthly contributions to these schemes at certain percentages of the employees' salaries (subject to certain ceilings). The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired employees payable under these schemes in China. Apart from the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits to its employees. The assets of these schemes are held separately from those of the Group in independently administered funds managed by the Chinese government. The Group's contributions to these schemes are expensed as incurred.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules and by reference to the "Guidelines for The Establishment of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the Board and the Company's auditor in matters coming within the scope of the Group's audit. The primary duties of the committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. During the year under review, the audit committee of the Company comprises three independent non-executive directors. The term of office of the eighth session of the Board expired on 31 December 2025, and Mr. Wang Yongkang retired as an independent non-executive director and member of the audit committee of the Company on that date. On 31 December 2025, the Company convened an extraordinary general meeting and a Board meeting, and elected Mr. Chen Jiang as an independent non-executive director and member of the audit committee. In addition, the members of the audit committee of the Company include two independent non-executive directors, Mr. Tu Xiangzhen and Ms. Gao Chun, among whom Ms. Gao Chun was appointed as the chairman of the audit committee due to her professional qualifications in accounting and auditing experience.

The audit committee had held four meetings during the current financial year. The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2025.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 46 to 59 of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The report on the Environmental, Social and Governance of the Group is set out on pages 60 to 104 of this annual report.

SUFFICIENCY OF THE PUBLIC FLOAT

On the date of this report, according to the information published by the Company and to the best knowledge of the directors, the Company has maintained the public float as prescribed in the GEM Listing Rules.

DIRECTORS' REPORT**AUDITOR**

On 24 June 2025, Fan, Chan & Co. Limited ("Fan, Chan & Co.") was re-appointed as the auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

The financial statements of the Group for the year ended 31 December 2025 have been audited by Fan, Chan & Co. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Fan, Chan & Co. as the auditor of the Company.

On behalf of the Board

Sun Li

Chairman

Tianjin, China, 31 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company have endeavored to apply the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 15 of the GEM Listing Rules to the Group. The corporate governance principles which the Company complies emphasis on the establishment of an efficient Board and sound internal control, as well as the transparency presented to all of the shareholders. The directors are of the view that, the Company had complied with all the provisions of the Code except A.2.1 of the Code during the year under review.

DIRECTORS’ SECURITIES TRANSACTION

For the year ended 31 December 2025, the Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all directors, the directors of the Company have complied with such code of conduct and the required standard of dealings.

BOARD OF DIRECTORS AND BOARD MEETING

Board Composition and Board Practices

As of 31 December 2025, the Company has three executive directors, three non-executive Directors and three independent non-executive Directors respectively. On 27 March 2025, Mr. Cao Aixin resigned as a non-executive director. On 31 March 2025, Mr. He Xin was redesignated from an executive director to a non-executive director. On 12 December 2025, the Company issued an announcement and circular stating that the term of office of the eighth session of the Board will expire on 31 December 2025. Ms. Li Xueying, a non-executive director, and Mr. Wang Yongkang, an independent non-executive director, will retire on 31 December 2025. Mr. Wang Yongkang will also retire as a member and chairman of the remuneration committee, a member of the nomination committee and a member of the audit committee. In view of such retirements, the Board proposed: (i) to nominate Mr. Yang Zeng as a candidate for executive director of the ninth session of the Board; (ii) to nominate Mr. Xia Alan Zhe as a candidate for executive director of the ninth session of the Board; (iii) to nominate Mr. Wang Lei as a candidate for non-executive director of the ninth session of the Board; and (iv) to nominate Mr. Chen Jiang as a candidate for independent non-executive director of the ninth session of the Board. Except for the retiring directors mentioned above, the remaining directors will continue to serve as members of the ninth session of the Board. The term of office of the directors of the ninth session of the Board is three years, commencing from the date of approval by the extraordinary general meeting. On 31 December 2025, the Company convened an extraordinary general meeting and approved the above proposals. For details, please refer to the notice of extraordinary general meeting and circular of the Company both dated 12 December 2025 published on the GEM website, and the announcement of the results of the extraordinary general meeting dated 31 December 2025 published on the GEM website.

All executive directors have given tremendous efforts, time and attention to the affairs of the Group. Each director has sufficient experience to hold the position. There is no financial, business, family or other material relationship amongst the directors. The directors’ biographical information is set out on pages 32 to 37 under the section headed “Biographical Details of Directors, Supervisors and Senior Management” of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS AND BOARD MEETING *(continued)*

Board Composition and Board Practices *(continued)*

The Board, currently headed by the Chairman, Ms. Sun Li, is responsible for overall corporate development strategy, annual and interim results, implementation of corporate plans, risk management, major acquisitions, disposals and capital raising, and other significant operational and financial matters. The Chairman of the Board has focused on the effective operation of the Board, and encouraged all the directors to devote themselves to the affairs of the Board, perform their own duties, formulate, review and monitor issuers and directors to obey legal regulatory rules and code of conduct and discuss all the important issues in a timely manner. The Chairman also supervised the implementation and review of good corporate governance practices and procedures. Major corporate matters that are specifically delegated by the Board of Directors to the management include the preparation of annual and interim financial statements for Board approval before publication, execution of business strategies and initiatives adopted by the Board of Directors, effective implementation of full risk management procedures and internal controls system, and compliance with relevant statutory requirements and rules and regulations. Pursuant to the requirements set out in Code, the management provides updated information to all the members of the Board on a monthly basis, which contains the latest operational developments, important financial information, major events and, if any, the background information of the issues to be discussed at the Board meeting. The Chairman has also taken appropriate measures to keep in touch with the shareholders and make sure that the opinions of the shareholders can be heard by the Board; to encourage and help the non-executive directors to make contributions to the Board and to ensure that the executive directors maintain a constructive relationship with the non-executive directors.

The Board members for the year ended 31 December 2025 were:

Executive Directors

Ms. Sun Li (*Chairman and Chief Executive Officer*)
Mr. Yang Zeng (appointed on 31 December 2025)
Mr. Xia Alan Zhe (appointed on 31 December 2025)

Non-Executive Directors

Mr. He Xin (redesignated from an executive director to a non-executive director on 31 March 2025)
Dr. Li Ximing
Mr. Wang Lei (appointed on 31 December 2025)
Ms. Li Xueying (retired on 31 December 2025)
Mr. Cao Aixin (resigned on 27 March 2025)

Independent Non-Executive Directors

Ms. Gao Chun
Mr. Tu Xiangzhen
Mr. Chen Jiang (appointed on 31 December 2025)
Mr. Wang Yongkang (retired on 31 December 2025)

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS AND BOARD MEETING *(continued)*

Board Composition and Board Practices *(continued)*

Pursuant to the requirements of provision A.2.1 of the Code, the Chairman of the Board and the Chief Executive Officer shall be performed by two individuals to ensure their respective independence and accountability. The Chairman is responsible for chairing and convening the general meetings, chairing the Board meetings, examining the implementation of the resolutions of the Board and formulating overall strategies and policies of the Group. The Chief Executive Officer is responsible for managing the Group's business and overall operations. The day-to-day running of the Group is delegated to the management with divisional heads responsible for different aspects of the business.

As Ms. Sun Li now serves as both the Chairman of the Board and the Chief Executive Officer of the Company, the requirements of provision C.2.1 of the Code were not fully fulfilled. The Board is of the opinion that it is of the best interests of the Company for Ms. Sun Li to hold both positions as the Chairman of the Board and the Chief Executive Officer for the time being as it helps to maintain the continuity of the policies and the stability of the operations of the Company. The Company will fulfill the requirements of provision A.2.1 of the Code as soon as possible for increasing the transparency and independence of corporate governance.

Executive directors are responsible for running the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that complete risk management and internal control system are in place and the Group's business conforms to the applicable laws and regulations.

Non-executive directors (including independent non-executive directors) serve the important function of advising the management on strategy development separately and ensure that the Board maintains high level of transparency in financial and other reporting as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Group as a whole.

The Board complies with the minimum requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors and each of its independent non-executive directors has made an annual confirmation of his/her independence pursuant to the GEM Listing Rules. The Company believes, all of the independent non-executive directors are in compliance with the guidelines of independence set out in the GEM Listing Rules and are therefore all independent persons as defined therein. And one of them has the appropriate professional qualifications required under the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS AND BOARD MEETING *(continued)*

Board Composition and Board Practices *(continued)*

Throughout the year, the Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. The Board holds at least two meetings per year. During 2025, the Board held ten meetings for the discussion and approval of important matters such as the approval of interim results and annual results, dividends, share placings, adoption of share award scheme, etc. In addition, the Chairman of the Company's Board also met with certain non-executive directors to seek their views on certain business or operational matters. Apart from the regular Board meetings of the year, the Board has met on other occasions when a Board-level decision on a particular matter was required. The directors have received details of agenda items for decision and minutes of committee meetings in advance of each Board meeting. The directors have attended meetings in person or through other means of electronic communication in accordance with the Company's Articles. Notice of at least 15 days has been given of a regular Board meeting to enable the directors to make informed decisions on matters to be raised at the Board meetings. Independent non-executive directors and other non-executive directors have been treated the same as other members of the Board, and have attended the board meetings and the committee meetings where they served as a member to actively participate in the discussion of the issues proposed at the meetings and advice on the professional trainings for senior management and developing strategy of the Company based on their own professional background, skills and qualifications. They have also attended general meetings and developed a balanced understanding of the views of shareholders. Besides, pursuant to the requirements of the Code, all directors have received continuous professional development training.

Pursuant to the GEM listing requirements A.1.8, the Company has arranged appropriate insurance cover for its directors and the senior management to avoid legal risks.

Each newly appointed director has received the necessary induction training and information to ensure that he/she has a proper understanding of the Company's operations and business, and is aware of his/her responsibilities under the relevant ordinances, legislation, rules and regulations.

On 31 March 2025, the Company provided training to all directors and supervisors, with the training content including:

- (i) Amendments related to the GEM Listing Rules;
- (ii) Updates on industry-specific developments, business trends and strategies related to the Company.

On 23 December 2025, the Company engaged professional lawyers in Hong Kong to provide training to all directors. The training materials included the GEM Listing Rules, Companies Ordinance, Securities and Futures Ordinance, Code on Takeovers and Mergers and Share Buy-backs, the Stock Exchange's Corporate Governance Code and Corporate Governance Report, the Hong Kong Institute of Directors' Guidelines for Directors, the Companies Registry's Guide on Directors' Duties, etc. The training content included:

- (i) The roles, functions and responsibilities of the Board, its committees and directors, and Board effectiveness;
- (ii) The Company's responsibilities and directors' duties under Hong Kong laws and the GEM Listing Rules, and major legal and regulatory developments related to fulfilling such responsibilities and duties (including updates to the GEM Listing Rules);
- (iii) Corporate governance and environmental, social and governance matters (including developments in sustainability or climate-related risks and opportunities related to the Company and its business);
- (iv) Risk management and internal control.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS AND BOARD MEETING *(continued)***Board Composition and Board Practices** *(continued)*

The newly appointed directors Mr. Yang Zeng, Mr. Xia Alan Zhe, Mr. Wang Lei and Mr. Chen Jiang received legal advice on 23 December 2025 as set out in Rule 5.02D of the GEM Listing Rules, and they are aware of their obligations as directors of a listed issuer under the Hong Kong Listing Rules. In addition to the newly appointed directors, other current directors also received legal advice on 23 December 2025 as set out in Rule 5.02D of the GEM Listing Rules, and they are aware of their obligations as directors of a listed issuer under the Hong Kong Listing Rules.

During the year, the attendance records of the Board members at the Board meetings, general meetings and the training course are as follows:

Name of Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings	Attendance/ Number of Training Course
<i>Executive Directors</i>			
Ms. Sun Li	10/10	3/3	2/2
Mr. Yang Zeng (appointed on 31 December 2025)	2/10	0/3	1/2
Mr. Xia Alan Zhe (appointed on 31 December 2025)	2/10	0/3	1/2
<i>Non-Executive Directors</i>			
Mr. He Xin (redesignated from an executive director to a non-executive director on 31 March 2025)	10/10	3/3	2/2
Dr. Li Ximing	10/10	0/3	2/2
Mr. Wang Lei (appointed on 31 December 2025)	2/10	0/3	1/2
Ms. Li Xueying (retired on 31 December 2025)	7/10	2/3	1/2
Mr. Cao Aixin (resigned on 27 March 2025)	2/10	0/3	0/2
<i>Independent Non-Executive Directors</i>			
Ms. Gao Chun	10/10	3/3	2/2
Mr. Tu Xiangzhen	10/10	3/3	2/2
Mr. Chen Jiang (appointed on 31 December 2025)	2/10	0/3	1/2
Mr. Wang Yongkang (retired on 31 December 2025)	8/10	2/3	1/2

To the knowledge of the directors, there is no financial, business, family or other material relationships amongst the members of the Board. The Company Secretary attends all regular board meetings to advice on corporate governance and statutory compliance when necessary. Moreover, the Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all board meetings. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable notice by any director.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

According to the requirements of the Code, the Board is responsible for evaluating and determining the nature and extent of the risks to take in achieving the strategic objectives of the Group, and has established and maintained appropriate and effective risk management and internal control systems. The Board is responsible for supervising the management in the design, implementation and monitoring aspects of the risk management and internal control systems, while the management provides the Board the confirmation of the effectiveness of these systems. The Board will continue to monitor the Group's risk management and internal control systems, and ensures reviewing the effectiveness of the Group's risk management and internal control system at least once a year, including but not limited to financial control, operation control and compliance control.

The Board and management of the Company formulate and carry out risk management and internal control according to its strategic goals, gradually build up a sound risk management and internal control system, control the risk within affordable range which adapts to the overall goals, and realize the timeliness of information disclosure and communication of the Group, especially to achieve the real and reliable information communication between the Company and shareholders, ensure the normal operation activities of the Group are proceeding smoothly, reduce operation goals achievement uncertainties, and make sure the Group gradually improves the risk contingency plans to every significant risk against material loss that arise not due to disastrous risks or human errors.

The Group has established the risk management and internal control system. The Board is the highest governing body of risk management and internal control of the Group, while the audit committee under the Board is responsible for examining the assessment and solutions and the setting up of the risk management organization, including but not limited to risk management and internal control procedures, strategic adjustment and material risks, and submits to the Board and executes after approval. The Chief Executive Officer of the Group is accountable for the effectiveness of the risk management and internal control. The internal audit department of the Group leads the specific works, and is responsible for the establishment, operation and organization and coordination of the risk management and internal control system, including but not limited to organizing the pushing forward of the improvement of risk management and internal control system, carrying out mid-year and yearly risk assessment and countermeasures; guiding and monitoring the execution of risk management and internal control in the subsidiaries, and raising up management problems that existed and improvement recommendations according to the results of risk analysis and internal control; cultivating enterprise risk management culture and organizing trainings related to risk management and internal control; and preparing yearly work report. The general managers of subsidiaries are accountable for the effectiveness of the risk management and internal control of the Company, and set up specific positions responsible for connecting the works of the headquarters' risk management, summarizing and reporting relevant information according to the requirements of the headquarters of the Group, and also completing and submitting daily risk management and internal control information on a timely basis.

The Board of the Company is the management organization of inside information, while the Chairman of the Board is the principal of the inside information management, and the office of the Board of the Company is responsible for the daily management of inside information of the Group. According to the relevant requirements of SFO, for unpublished inside information involving our operation, finance or other issues that have significant impact on the trading price of the Company's securities, the Group has formulated clearly defined control measures.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(continued)*

Directors, supervisors, senior management of the Company and relevant insiders (hereafter referred to “Insiders”) should take necessary measures to limit the Insiders of such information to a minimum range before disclosing inside information. The Insiders have the responsibility to keep confidential the inside information he/she is aware of and prior to the inside information is disclosed according to laws. Insiders shall not leak out, report, deliver by any means arbitrarily, shall not make use of the inside information to trade the shares and derivatives of the Company, or recommend others to trade the shares and derivatives of the Company; shall not make use of the inside information to make profit for himself/herself, his/her relatives or others. When discussing issues that may have significant impact on the share price of the Company, the controlling shareholders and actual controlling parties of the Company shall minimize the scope of inside information. If the issue has already spread out in the market and caused fluctuation on the share price of the Company, they should publish announcements to clarify in accordance with relevant procedures in time. When providing unpublished information to controlling shareholders, actual controlling parties and other Insiders, the Company shall file the information to the office of the Board before providing same, and confirms that it has already signed confidentiality agreement with the parties or obtained commitment from them to keep confidential regarding the relevant information, and registered the same in time. When reviewing and voting unpublished information resolutions, the directors of the Company shall perform their responsibilities conscientiously, while the directors involved in related parties shall abstain from voting. When controlling shareholders, substantial shareholders and actual controlling parties request the Company to provide unpublished information without any reasonable grounds, the Board of the Company should turn down the request. If Insiders is in breach of the requirements herein and disclose the inside information externally, or make use of the inside information to conduct insider trading or recommend others to trade using the inside information that causes significant impact or losses to the Company, the Board of the Company will penalize the person(s) by demerit, demotion, removal, confiscation of fraudulent gains, rescission of labor contract, and report the relevant situation and outcome to the regulatory authorities within 2 business days. Insiders who infringed the rules and caused material losses to the Company and committed a crime shall be devolved to the Department of Justice and subject to criminal liabilities.

AUDIT COMMITTEE

The Group had established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee is comprised of three independent non-executive directors. The term of office of the eighth session of the Board expired on 31 December 2025, and Mr. Wang Yongkang retired as an independent non-executive director and member of the audit committee of the Company on that date. On 31 December 2025, the Company convened an extraordinary general meeting and a Board meeting, and elected Mr. Chen Jiang as an independent non-executive director and member of the audit committee. In addition, the members of the audit committee of the Company include two independent non-executive directors, Mr. Tu Xiangzhen and Ms. Gao Chun, among whom Ms. Gao Chun was appointed as the chairman of the audit committee due to her professional qualifications in accounting and auditing experience.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE *(continued)*

During the year, the audit committee performed its duties and held four audit committee meetings to review and discuss the final and interim results and the financial statements. In addition, the audit committee was also engaged in, among other things, reviewing the effectiveness of the risk management system of the Group; reviewing and supervising the financial reporting process; reviewing the efficiency of the internal control systems of the Group; and reviewing and monitoring the terms of engagement, independence, effectiveness of the external auditor and providing advice there onto the Board for improvement. Additional meetings may also be held by the audit committee from time to time to discuss special projects or other issues that the audit committee considers necessary. The external auditor of the Group may request a meeting if they consider necessary.

The audit committee has reviewed and discussed the results of the Group for the year ended 31 December 2025 and the 2025 annual report.

During the year, the attendance record of the audit committee meetings is as follows:

Name of Directors	Attendance/ Number of Meetings
Ms. Gao Chun	4/4
Mr. Tu Xiangzhen	4/4
Mr. Chen Jiang (appointed on 31 December 2025)	1/4
Mr. Wang Yongkang (retired on 31 December 2025)	3/4

AUDITOR'S REMUNERATION

The audit committee of the Company is responsible for considering the remuneration of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Group.

EXTERNAL AUDITOR

Fan, Chan & Co. Limited, Certified Public Accountant, had been appointed by the shareholders as the external auditor of the Company and its subsidiaries with effect from 24 June 2025 until the conclusion of the forthcoming annual general meeting of the Company.

The annual financial statements for the financial year ended 31 December 2025 have been audited by Fan, Chan & Co. Limited.

The audit committee reviews each year a letter from the external auditors confirming their independence and objectivity and holds meetings with the external auditors to discuss the scope of their audit.

The external auditor of the Group for the year ended 31 December 2022, 31 December 2023 and 31 December 2024 was Fan, Chan & Co. Limited.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITOR *(continued)*

The remuneration paid/payable to the external auditors of the Company and its subsidiaries in respect of audit services and non-audit services for the year ended 31 December 2025 is set out as follows:

Types of Services	Fees Received	
	For the year ended 31 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Audit services		
– Annual audit of the financial statement of the Company and its subsidiaries	542	511
Non-audit services	Nil	Nil

NOMINATION COMMITTEE

The Company has established the nomination committee in accordance with the Code. The nomination committee is comprised of three members, the majority of whom are independent non-executive directors. The term of office of the eighth session of the Board expired on 31 December 2025, and Mr. Wang Yongkang retired as an independent non-executive director and member of the nomination committee of the Company on that date. On 31 December 2025, the Company convened a Board meeting and elected Mr. Tu Xiangzhen, an independent non-executive director, as a member of the nomination committee. In addition, during the year under review, the members of the nomination committee of the Company also included Ms. Sun Li, the chairman of the Board, and Ms. Gao Chun, an independent non-executive director. Among them, Ms. Sun Li, the chairman of the Board, serves as the chairman of the nomination committee.

The primary duties of the nomination committee cover the reviewing of the structure of the Board as well as combining the business model and actual needs of the Company through considering factors like the number of directors on the Board, the balance of composition of executive directors and non-executive directors, professional experience, cultural and educational background, etc., so as to enhance the diversity of the members of the Board and strengthen the independence elements. Identifying and nominating potential candidates for directorship, reviewing the nomination of directors and making recommendations to the Board on appointment and re-appointment of directors are also the duties of the nomination committee.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE *(continued)*

During the year, the attendance record of the nomination committee meetings is as follows:

Name of Members	Attendance/ Number of Meetings held
Ms. Sun Li	3/3
Ms. Gao Chun	3/3
Mr. Tu Xiangzhen (appointed on 31 December 2025)	1/3
Mr. Wang Yongkang (retired on 31 December 2025)	2/3

During the year under review, the nomination committee conscientiously performed its duties. One meeting was held to review the structure, size, diversity and composition of the Board and assessed the independence of the independent non-executive directors and the performance of the members of the Board including the members of the senior management of the Company.

REMUNERATION COMMITTEE

The Company has established the remuneration committee in accordance with the Code. The remuneration committee is comprised of three members, the majority of whom are independent non-executive directors. During the year under review, the chairman of the remuneration committee was Mr. Wang Yongkang, an independent non-executive director, and the members included Ms. Sun Li, an executive director, and Ms. Gao Chun, an independent non-executive director. The term of office of the eighth session of the Board expired on 31 December 2025, and Mr. Wang Yongkang retired as an independent non-executive director and member of the remuneration committee of the Company on that date. On 31 December 2025, the Company convened a Board meeting and elected Mr. Tu Xiangzhen, an independent non-executive director, as a member of the remuneration committee. In addition, during the year under review, the members of the remuneration committee of the Company also included Ms. Sun Li, the chairman of the Board, and Ms. Gao Chun, an independent non-executive director. Among them, Ms. Gao Chun, an independent non-executive director, serves as the chairman of the remuneration committee.

The principal duties of the remuneration committee include, among other things, formulating, reviewing and making recommendations to the Board on the remuneration policy and structure of the Group, determining the remuneration packages of individual executive directors and members of senior management and making recommendations to the Board the remuneration of non-executive directors.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE *(continued)*

The Company adopted the Share Award Scheme on 29 August 2025, which has been reviewed by the remuneration committee. Directors, eligible employees and service providers are entitled to participate in the scheme. The Company has implemented this scheme to incentivise, retain and attract talents who play an important role in the future business development of the Group. Since the adoption of the Share Award Scheme up to the date of this annual report, no awards have been granted, cancelled or lapsed under the scheme.

During the year, the attendance record of the remuneration committee meetings is as follows:

Name of Members	Attendance/ Number of Meetings held
Ms. Gao Chun	3/3
Ms. Sun Li	3/3
Mr. Tu Xiangzhen (appointed on 31 December 2025)	1/3
Mr. Wang Yongkang (retired on 31 December 2025)	2/3

During the year under review, the remuneration committee performed its duties conscientiously. Meetings were held to review the remuneration policy and structure of the Group, determine the remuneration packages of the directors and members of the senior management, assess the performance of all directors and senior management, review and approve the performance-linked remuneration by reference to the operation goals of the Group passed by the Board and make recommendations to the Board in order to ensure the Group has properly disclosed the detail of the remunerations payable to all the directors and members of senior management, whether individually or on a named basis. The remuneration committee of the Company has considered and reviewed the service contracts of the directors and is of the view that the existing terms of the service contracts are fair and reasonable.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT DURING THE YEAR

Name of Directors	2025			2024		
	Fee emoluments/ Salaries, allowances and benefits in kind RMB	Retirement benefits scheme contributions RMB	Total RMB	Fee emoluments/ Salaries, allowances and benefits in kind RMB	Retirement benefits scheme contributions RMB	Total RMB
<i>Executive Directors</i>						
Ms. Sun Li	363,107	163,401	526,508	356,510	159,793	516,303
Mr. Yang Zeng (appointed on 31 December 2025)	–	–	–	–	–	–
Mr. Xia Alan Zhe (appointed on 31 December 2025)	–	–	–	–	–	–
<i>Non-Executive Directors</i>						
Mr. He Xin (redesignated from an executive director to a non-executive director on 31 March 2025)	–	–	–	–	–	–
Dr. Li Ximing	40,000	–	40,000	40,000	–	40,000
Mr. Wang Lei (appointed on 31 December 2025)	–	–	–	–	–	–
Ms. Li Xueying (retired on 31 December 2025)	–	–	–	–	–	–
Mr. Cao Aixin (resigned on 27 March 2025)	10,000	–	10,000	91,943	2,021	93,964
<i>Independent Non-Executive Directors</i>						
Mr. Li Xudong (resigned on 28 March 2024)	–	–	–	20,000	–	20,000
Ms. Gao Chun	80,000	–	80,000	80,000	–	80,000
Mr. Tu Xiangzhen	80,000	–	80,000	45,263	–	45,263
Mr. Chen Jiang (appointed on 31 December 2025)	–	–	–	–	–	–
Mr. Wang Yongkang (retired on 31 December 2025)	80,000	–	80,000	80,000	–	80,000
<i>Chief Executive Officer</i>						
Ms. Sun Li	363,107	163,401	526,508	356,510	159,793	516,303
<i>Qualified Accountant and Company Secretary</i>						
Mr. Ng Ka Kuen Raymond	150,000	–	150,000	150,000	–	150,000

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and the applicable accounting standards. The directors also ensure the timely publication of the financial statements of the Group.

The statements made by the external auditor of the Group, Fan, Chan & Co. Limited as to its reporting responsibilities on the financial statements of the Group is set out in the Auditor's Report on pages 105 to 112 of this annual report.

The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast a significant doubt upon the Group's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting by Shareholders

Pursuant to articles 61(3) and 83 of the Articles of Association of the Company, extraordinary general meeting (the "EGM") may be convened on written requisition of any two or more shareholders of the Company (the "Shareholders") holding not less than one-tenth of the issued share capital of the Company having the right to vote (the "Requisitionist"). Such written requisition must specify the objects of the EGM and may be deposited at the head office or Hong Kong Share Registrar and Transfer Office of the Company. The Board upon receipt of the written requisition must convene an EGM as soon as possible.

In the event that the Board does not proceed duly to convene an EGM within 30 days from the date of receipt of the requisition, the Requisitionist may convene an EGM himself/herself within four months from the date of receipt of the requisition by the Board. The convening procedures should follow the procedures of the Board convening a general meeting as far as practicable.

Pursuant to article 64 of the Articles of Association of the Company, any Shareholder holding not less than 1% of the issued share of the Company having the right to vote may by written requisition propose new resolutions to be discussed at a scheduled annual general meeting. Provided that any such proposed resolution is within the scope of duties to be discussed at an general meeting, the Company shall put it in the agenda of the general meeting.

Accordingly, Shareholders who wish to propose a new resolution to be passed at any annual general meeting shall file a notice in writing to the head office or Hong Kong Share Registrar and Transfer Office of the Company for the attention of the company secretary.

Procedure in respect of the nomination of director candidates by Shareholders

Pursuant to Article 92 of the Company's Articles of Association, if a Shareholder would like to recommend a person other than retiring directors or candidates recommended by the directors to be elected as a director in a general meeting, the Shareholder who is qualified to attend and vote in the general meeting shall sign a notice of nomination (the "Notice of Nomination") in writing and the nominated person shall sign a notice indicating his willingness to stand for the election (collectively the "Notices") and send the Notices to the head office or Hong Kong Share Registrar and Transfer Office of the Company.

The Notice of Nomination shall state the full name of the nominating Shareholder, his/her shareholding in the shares of the Company, and the full name and details of the curriculum vitae of the nominated person, including the relevant qualification and experience, as required under Rule 17.50(2) of the GEM Listing Rules.

The Notices must be submitted from date immediately the following the day of dispatch of the notice convening the general meeting on election of directors to 7 days prior to such general meeting; with a minimum period of 7 days. The Company shall propose a motion to the general meeting for considering the proposed election of the nominated person(s).

Enquiries put to the Board

Shareholders may send written enquiries or requests in respect of their rights to the registered office, head office, principal place of business, Hong Kong Representative Office or Hong Kong Share Registrar and Transfer Office of the Company for the attention of the company secretary.

CORPORATE GOVERNANCE REPORT

Investors relations and communication with Shareholders

The Company has committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its Shareholders. The Company uses its best endeavor to maintain regular communication with the Shareholders through a number of formal communication channels. In addition, the Company encourages all Shareholders to attend general meetings, which provide opportunities for direct dialogue between the Company and the Shareholders, and for Shareholders to keep informed of the Group's strategies and goals.

At the Company's annual general meeting held on 24 June 2025, some of the executive directors and independent non-executive directors of the Company were present in the meetings to attend to questions from Shareholders.

The Company updates its Shareholders on its key information, latest business developments and financial performance through its notices, announcements and circulars, as well as quarterly, interim and annual reports. The corporate website maintained by the Company at www.bioteda.com provides an effective communication platform to the public and the Shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

The Board is responsible for supervising the Group's environmental, social and company governance ("ESG") performance, including climate-related risks and the materiality assessment process. Through regular meetings and briefings with senior management, the Board conducts an annual review of ESG-related targets and the progress of risk management initiatives. The Board confirms that it has reviewed and approved this report. In adherence to the principles of sustainable development, we have established an environmental management approach that covers our business operations. Each department actively formulates sustainability strategies and implements corresponding actions in daily operations. Green measures are incorporated into key performance indicators to facilitate the assessment of the effectiveness of our current environmental policies and to identify areas requiring improvement.

SCOPE OF REPORTING

The senior management of the Group discusses, identifies and has confirmed the reporting scope based on the materiality principle and considers the core business and main revenue source. This ESG Report follows the reporting scope of the Group's annual reports and is approved by the Board.

This report involves the environmental, social and governance (the "ESG") performance of the Company and its subsidiaries (collectively referred to the "Group") in their principal place of business. It is prepared in accordance with the ESG Guide (the "Guide") issued by Hong Kong Stock Exchange. The Board is of view that an enterprise should continue to enhance its responsibilities to aspects including the environment and the society, and improve its performance of responsibility and accountability to other stakeholders. The Group will closely cooperate with various stakeholders under the corporate social responsibility strategy of "caring for employees, caring for the environment and caring for the society" so as to integrate employee and consumer's right protection, environmental protection and social responsibility into the core business strategy of the Group, continue to fulfil its social responsibilities to promote the harmonious development of the economy, society and the environment.

The report sets out the strategies and practices of the Group in four aspects, namely environmental protection, employment and labour practices, operation practice and community participation during the year under review, of which, the information regarding environmental protection is come from the Environmental Report of Fulilong (Shandong) Fertilisers Co., Ltd. (hereafter, "Shandong Fulilong") and Guangdong Fulilong Compound Fertilisers Co., Ltd. (hereafter, "Guangdong Fulilong"), while other information comes from the relevant documents and statistical reports of the Group as well as the summary provided by the companies under the Group in accordance with the Group's relevant systems. Shareholders, investors and the public can have a more comprehensive and profound understanding of the Group's governance and culture through this report, and we welcome parties from all circles to offer their suggestions and valuable advice relating to this report or the works of the Group regarding ESG, in which it will enable the Group to optimise continuously and further improve its work within the ESG scope.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING STANDARDS AND PRINCIPLES

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The Report has been prepared in full compliance with the mandatory disclosure requirements and “Comply or explain” provisions stipulated in the Guide and has been approved by the Board of the Group.

The Report strictly adheres to the following reporting principles:

Materiality – The Group communicates with stakeholders through various channels to understand their opinions. The Board also conducts internal meetings to analyse and identify material ESG issues. Material issues are disclosed in the Report.

Quantitative – key performance indicators (the “KPI(s)”) have been established to make measurable and applicable comparisons under appropriate conditions. Data on the standards, its methodologies and assumptions, calculation tools used and sources of conversion factors used have been disclosed when applicable.

Balance – performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.

Consistency – consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

REPORT PUBLICATION

The Report is published in both Chinese and English. It is uploaded to the Stock Exchange’s website and the Company’s official website (www.sinohope.com). Should there be any discrepancy between the Chinese and English versions, the English version shall prevail.

FEEDBACK

The Group highly values stakeholders’ opinions and suggestions and understands that the feedback enables us to strengthen our sustainability performance continually. You are welcome to provide us with your valuable views on our ESG Report or the Group’s sustainability performance, or strategies via mail to 4/F, The Chinese Club Building, 21-22 Connaught Road Central, Central, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG GOVERNANCE STRUCTURE

The Company places paramount importance on its ESG commitments and strives to comprehensively embed these considerations into all aspects of our decision-making framework. The Company has established a governance structure to ensure our environmental, social and governance strategies are consistent with business development direction, and relevant concepts are implemented in operations. Our governance structure includes the Board and the Taskforce to jointly promote the implementation of environmental, social and governance strategies.

- | | |
|---------------|---|
| The Board | <ul style="list-style-type: none">• Has full responsibility for the Company's ESG strategy and reporting, including setting and overseeing related goals and policy directions.• Regularly discusses and reviews the Group's ESG-related risks and opportunities, performance, goals and measures with the assistance of the Taskforce.• Ensures the effectiveness of ESG risk management and internal control mechanism. |
| The Taskforce | <ul style="list-style-type: none">• Comprised of core members from various departments of the Group and reports progress to the Board on a regular basis. It assists and supports the Board's oversight of ESG-related issues.• Responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance to ensure compliance with relevant laws and regulations as well as preparing ESG reports.• Arranges meetings regularly to discuss and review ESG-related issues including but not limited to the effectiveness of our current ESG performance, policies and procedures, and sustainability strategy goals. |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group recognizes the critical influence of stakeholders on sustainable development and places significant emphasis on meaningful stakeholder engagement and communication. We maintain close contact with key stakeholders through various channels, actively collect their opinions and expectations, help formulate operational and environmental, social and governance strategies, improve governance quality and related performance, and continue to create value for stakeholders.

Major Stakeholders	Expectations and Concern	Communication Channels
Customers	<ul style="list-style-type: none"> Quality products and services Protection of customers' rights 	<ul style="list-style-type: none"> Customer service hotline Customer satisfaction surveys
Employees	<ul style="list-style-type: none"> Employee compensation and benefits Training management 	<ul style="list-style-type: none"> Employee suggestion forms and suggestion boxes Regular meetings and management communication (such as email and phone calls) Field trip Job performance evaluation
Shareholders and investors	<ul style="list-style-type: none"> Investment returns Corporate governance Business compliance Protection of the voting rights of shareholders and investors Appointment of directors 	<ul style="list-style-type: none"> Annual general meeting Financial reports Announcements and circulars
Government and regulatory authorities	<ul style="list-style-type: none"> Compliance with laws and regulations Supporting research and development of high-tech products 	<ul style="list-style-type: none"> Legal advisor Meetings Field Trip
Suppliers	<ul style="list-style-type: none"> Selection of suppliers Sustainable supply chain 	<ul style="list-style-type: none"> On-site audit management system Supplier management meetings and events
NGOs, industry chambers of commerce, and communities	<ul style="list-style-type: none"> Community participation Business compliance Environmental protection awareness 	<ul style="list-style-type: none"> Community investment plan ESG report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Board and management responsible for key functions of the Group have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identified key ESG issues and assessed its importance to its businesses and stakeholders. Based on the previously identified material ESG issues, a materiality assessment was conducted during the year by the Group's stakeholders. The result can reflect the relative importance of different material ESG issues assessed by different groups of stakeholders, which is shown below:

Material Issues		Materiality
Environment		
1.	Energy Management	Important
2.	Climate Change Management	
3.	Emissions Control	
4.	Waste Management	
5.	Water Management	
6.	Business Operation's Impact on Environment	Most Important
Employment and Labour Practices		
7.	Labour Standards	Most Important
8.	Employment Practices and Employee Rights	
9.	Occupational Health and Safety	
10.	Development and Training	
11.	Employee Engagement, Diversity and Inclusion	Important
Operation Practice		
12.	Anti-corruption, Fraud, Monopoly, Money laundering	Most Important
13.	Product Quality and Safety Responsibility	
14.	Protection of Consumer Privacy and Data Security	
15.	Intellectual Property Rights	
16.	Customer Financial Protection	
17.	Supply Chain Management	Important
18.	Corporate Governance and Risk Management	
19.	Business Ethics	
20.	Customer Services	Relevant
21.	Responsible Marketing	
22.	Responsible Investment and Access to Finance	
23.	Product Design, Development and Management	
Community Investment		
24.	Corporate Social Responsibility and Community Investment	Important

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT

During the year under review, the Group is principally engaged in manufacturing and selling biological compound fertilisers, AI health & elderly care products and services. In biological compound fertiliser business segment, the business operation does not have any material impact on the environment due to the business nature of biological compound fertilisers. The subsidiaries of the Group engaged in compound fertiliser have always been focusing on environment protection, advocated energy-saving and environmentally friendly, and proactive implementation of clean production, and adhered firmly to the principles of harmonious development of safety production and environmental protection. AI health & elderly care products and services mainly involves the research and development of AI medical large models, the sales of health and elderly care products and the provision of management consulting services to elderly care institutions, which fundamentally have no environmental pollution issues.

In light of the nature of the Group's compound fertiliser business at current stage, no large volume of hazardous wastes will be generated during the operation. While conducting energy conservation and consumption reduction by strengthening the management and improving process technology, Shandong Fullong and Guangdong Fullong also attaches great importance to the generation and control of pollutants. All pollutants generated during the storage and transportation processes as well as its production meet the emissions standard requirements after respective treatments and have no significant impact on external environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A1: Emissions

A1.1 *Category and data of emissions*

(1) Shandong Fulilong

During the year under review, exhaust gas emitted by Shandong Fulilong is mainly from production workshop, the exhaust gas generated from tower workshop and rotary drum workshop are treated with “gravity sedimentation + whirlwind dust removal” and “whirlwind dust collector + bag-type dust collector” respectively. The waste water generated by Shandong Fulilong is mainly domestic sewage which is entrusted to Shandong Changle Salcon Raw Water Company Limited* (山東昌樂實康水業有限公司) for disposal. General solid waste made by Shandong Fulilong is mainly the dust collected from dust collector, waste packaging bags and domestic waste; and hazardous waste made by Shandong Fulilong is used engine oil and oily waste cloth and gloves. The existing general solid waste and hazardous waste are treated with effective comprehensive utilisation and treatment methods to achieve the comprehensive utilisation of solid waste in the whole plant.

Shandong Fulilong supervises and controls its own emission data in strict compliance with the requirements on emission volume and standards stipulated by relevant laws and regulations.

The relevant laws and regulations that it complies with mainly include: the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), Law on the Prevention and Control of Air Pollution of the People’s Republic of China (《中華人民共和國大氣污染防治法》), Law on the Prevention and Control of Water Pollution of the People’s Republic of China (《中華人民共和國水污染防治法》) and Law on the Prevention and Control of Solid Waste Pollution of the People’s Republic of China (《中華人民共和國固體廢物污染環境防治法》) and other laws and regulations.

The relevant emission standards that it follows mainly include: surface water: executes the Type V water standard of Environmental Quality Standard for Surface Water (《地表水環境質量標準》) (GB3838-2002); underground water: executes the Type III standard of Environmental Quality Standard for Groundwater (《地下水質量標準》) (GB/T14848-2017); ambient air: executes the Level 2 standard of Ambient Air Quality Standards (《環境空氣質量標準》) (GB3095-2012); acoustic environment: executes the Type II standard in the Acoustic Environmental Quality Standard” (《聲環境質量標準》) (GB3096-2008).

Waste water: executes the sewage treatment agreement standards signed with Shandong Changle Salcon Raw Water Company Limited* (山東昌樂實康水業有限公司): CODCr≤400mg/L, BOD5≤180mg/L, SS≤200mg/L, NH3-N≤20mg/L.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A1: Emissions *(continued)*

A1.1 Category and data of emissions *(continued)*

*(i) Shandong Fulilong *(continued)**

Exhaust gas: exhaust gas from hot blast stoves executes Table 1 of the Key Control Area Standard of the Comprehensive Discharge Standard of Regional Air Pollutants (《區域性大氣污染物綜合排放標準》)(DB37/2376-2019), particulates $\leq 10\text{mg}/\text{m}^3$, $\text{SO}_2 \leq 50\text{mg}/\text{m}^3$, $\text{NO}_x \leq 100\text{mg}/\text{m}^3$; odour pollutant (ammonia) emissions execute Odour Pollutant Emission Standards (《惡臭污染物排放標準》)(GB14554-93) (Unorganised emissions within factory: Level 2 standard in Table 1 (New Reconstruction and Expansion), ammonia $\leq 1.5\text{mg}/\text{m}^3$; organised emissions of ammonia executes Table 2 standard: ammonia $\leq 4.9\text{kg}/\text{h}$). VOCs executes Emission Standards for Volatile Organic Compounds Part VII: Other Industries (《揮發性有機物排放標準第7部分其他行業》)(DB37/2801.7-2019), organised emission concentration of VOCs $\leq 80\text{ mg}/\text{m}^3$, and unorganised emission concentration of VOCs $\leq 2.0\text{ mg}/\text{m}^3$.

Solid waste: dust collection by dust collectors and waste packaging bags are general solid wastes that execute the Standards for Pollution Control on General Industrial Solid Waste Storage and Landfill (《一般工業固體廢物貯存和填埋污染控制標準》)(GB18599-2020); used engine oil is hazardous waste that executes the Standards for Pollution Control on Hazardous Waste Storage (《危險廢物貯存污染控制標準》)(GB18597-2023); the production is low and can be downgrade used internally; oily waste cloth is hazardous waste included in the List of Hazardous Waste Exempt from Management (《危險廢物豁免管理清單》) that are not managed as hazardous waste throughout the process.

Noise: executes Type 2 standards of the Environmental Noise Emission Standards for Industrial Enterprises at Factory Boundary (《工業企業廠界環境噪聲排放標準》)(GB12348-2008) (daytime: 60dB(A), night-time: 50dB(A)).

Shandong Fulilong has carried out the first round of clean production since 2012 and passed the inspection in 2014. Thereafter, the company promoted the idea, content and meaning of “clean production” and “clean production review” as well as the laws and regulations including the Regulations on Clean Production Review Procedures for Key Enterprises (《重點企業清潔生產審核程序的規定》) in various ways, such as utilizing workshop blackboards and pre-shift meetings. It also convened clean production mobilization meetings in the factory regularly to organise the leaders at mid-level or above and key employees to participate in the training seminars on clean production, so that each employee could recognize the ultimate objective of clean production is “energy saving, consumption reduction, pollution reduction and efficiency improvement”.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

WA. THE ENVIRONMENT *(continued)*

A1: Emissions *(continued)*

A1.1 *Category and data of emissions (continued)*

(l) Shandong Fulilong (continued)

Table of Category and Data of Emissions of the company in 2025				
Waste category	Waste description	Pollutant output (t)	Pollutant emission volume (t)	Emission per unit product (kg/t)
	Tower compound and mixed fertiliser dust	11.27	0.5636	0.0079
Exhaust gas	Rotary drum compound and mixed fertiliser dust	3.08	0.154	0.0059
	SO ₂	0	0	0
	NO _x	0.008455	0.008455	0.00007
	Greenhouse gas (CO ₂)	5783.221	5783.221	48.93
Waste water	Domestic sewage	5003	5003	/
General solid waste	Domestic waste	54.28	0	/
	Dust collection by dust collectors	13.63	/	/
	Waste packaging bags	60	/	/

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A1: Emissions *(continued)*

A1.1 *Category and data of emissions (continued)*

(II) Guangdong Fulilong

Guangdong Fulilong supervises and controls its own emission data in strict compliance with the requirements on emission volume and standards stipulated by relevant laws and regulations.

The relevant laws and regulations that it complies with mainly include: the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》, Law on the Prevention and Control of Air Pollution of the People's Republic of China 《中華人民共和國大氣污染防治法》, Law on the Prevention and Control of Water Pollution of the People's Republic of China 《中華人民共和國水污染防治法》 and Law on the Prevention and Control of Solid Waste Pollution of the People's Republic of China 《中華人民共和國固體廢物污染環境防治法》 and other laws and regulations.

The relevant emission standards that it has complied with mainly include:

Waste water: executes the sewage treatment agreement standards signed with Shenzhen Donghong Environmental Protection Co., Ltd. (深圳市東虹環保有限公司): COD \leq 350 mg/L, NH₃-H \leq 20 mg/L, SS \leq 250 mg/L, BOD \leq 200 mg/L.

Exhaust gas: crushing, sludge storage, deodorization and fermentation, mixing of mixed materials, fermentation of auxiliary materials, secondary high-temperature fermentation, fuel combustion, conveying, weighing, pelletising, melt-mixing, cooling process exhaust vent: the ammonia and hydrogen sulfide execute the table 2 emission standard value of odor pollutants of the Emission Standard for Odour Pollutants 《惡臭污染物排放標準》 (GB14554-93), and the remaining executes the second period of second stage emission limits of Emission Limits of Air Pollutants 《大氣污染物排放限值》 (DB44/27-2001) of Guangdong Province.

Exhaust gas at factory boundary: the ammonia and hydrogen sulphide execute the second stage limits in table 1 standard value of new reconstruction and expansion at factory boundary of the Emission Standard for Odour Pollutants 《惡臭污染物排放標準》 (GB14554-93), with hydrogen sulphide \leq 0.06 mg/m³, ammonia \leq 1.5 mg/m³; particulates execute the requirements of second period for monitoring concentration limits for unorganized emissions of Emission Limits of Air Pollutants 《大氣污染物排放限值》 (DB44/27-2001) of Guangdong Province with particulates \leq 1.0 mg/m³.

Solid waste: solid waste executes temporarily requirements General Industrial Solid Waste Storage and Disposal Site Pollution Control Standards 《一般工業固體廢物貯存、處置場污染控制標準》 (GB18599-2001) in factories.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT (continued)

A1: Emissions (continued)

A1.1 Category and data of emissions (continued)

(II) Guangdong Fulilong (continued)

Noise: executes Type 3 standards of Factory Environmental Noise Emission Standards for Industrial Enterprises Boundary (《工業企業廠界環境噪聲排放標準》) (GB12348-2008), daytime: ≤65dB(A), night-time: ≤55dB (A).

Emissions Category and Emissions Data Table of the company in 2025					
Waste category	Waste description	Pollutant output (t)	Pollutant emission volume (t)	Emission per unit product	Unit
Waste water	Domestic sewage	5696.006	4556.805	12575.36	kg/head/year
	CODcr	1.12896	0.903168	2.016	kg/head/year
	BOD5	0.68544	0.548352	1.4616	kg/head/year
	SS	0.68544	0.548352	1.4616	kg/head/year
	NH ₃ -N	0.113904	0.091123	0.24696	kg/head/year
	Animal and vegetable oil	0.071165	0.056932	0.15624	kg/head/year
Exhaust gas	Dust	68.2416	54.59328	0.01129	kg/t
	Ammonia	0.49392	0.395136	0	kg/t
	Hydrogen sulphide	0.04032	0.032256	0.00000627	kg/t
	Sulfur dioxide	0.026208	0.020966	0.000161	kg/t
	NOx	0.16637	0.133097	0.000102	kg/t
	Soot dust	0.063383	0.050707	0.000043	kg/t
	Greenhouse gas(CO ₂)	71015.63	56812.49	43.3561	kg/t
Solid waste	Domestic waste	1.4	0	75.6	kg/head/year
	Dust collection by dust collectors	308.8512	0	0	
	Waste packaging bags	208.04	0	0	

- Domestic waste includes waste papers, cleaning cloth, gloves and other supplies used in the production process;
- Waste packaging bags are recycled by recycling companies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A1: Emissions *(continued)*

A1.3 Hazardous wastes

(I) Shandong Fulilong

The main hazardous wastes are used engine oil and oily waste cloth and gloves.

Oily cloth and labour protection gears abandoned according to the List of Hazardous Waste Exempt from Management are not managed as hazardous waste throughout the process.

As the hazardous waste (i.e. used engine oil) has low production and can be used as equipment corrosion protection internally on a down-grading basis, the local environmental protection authority has removed Shandong Fulilong from the list of enterprises under hazardous waste management. In order to properly manage and prevent hazardous waste that is not used up from polluting the environment, Shandong Fulilong actively signed the hazardous waste disposal agreement as a backup.

(II) Guangdong Fulilong

The main hazardous wastes are used engine oil and oily waste cloth and gloves.

Oily cloth and labour protection gears abandoned according to the List of Hazardous Waste Exempt from Management are not managed as hazardous waste throughout the process.

As the hazardous waste (i.e. used engine oil) has low production and can be used as equipment corrosion protection internally on a down-grading basis, the local environmental protection authority has removed Guangdong Fulilong from the list of enterprises under hazardous waste management. In order to properly manage and prevent hazardous waste that is not used up from polluting the environment, Guangdong Fulilong actively signed the hazardous waste disposal agreement as a backup.

A1.4 Non-hazardous wastes

(I) Shandong Fulilong

The non-hazardous wastes generated by Shandong Fulilong are shown in the table below:

Pollutant		Annual output (t)	Annual emission volume (t)
Exhaust gas	Tower compound and mixed fertiliser dust	11.27	0.5636
	Rotary drum compound and mixed fertiliser dust	3.08	0.154
	Greenhouse gas (CO ₂)	5783.221	5783.221
Waste water	Domestic sewage	5003	5003
General solid waste	Domestic waste	54.28	0
	Dust collection by dust collectors	13.63	/
	Waste packaging bags	60	/

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A1: Emissions *(continued)*

A1.4 *Non-hazardous wastes (continued)*

(II) Guangdong Fulilong

The non-hazardous wastes generated by Guangdong Fulilong are shown in the table below:

Pollutant		Annual output (t)	Annual emission volume (t)
Exhaust gas	Dust	68.2416	54.59328
	Greenhouse gas (CO ₂)	71015.63	56812.49
	Ammonia	0.49392	0.395136
Waste water	Domestic sewage	5696.006	4556.805
General solid waste	Domestic waste	1.4	2
	Dust collection by dust collectors	308.8512	0
	Waste packaging bags	208.04	0

A1.5 *Measures to reduce emissions*

(I) Shandong Fulilong

Please refer to A1.1 for details of the emission targets set by Shandong Fulilong and the procedures taken for achieving these targets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A1: Emissions *(continued)*

A1.5 Measures to reduce emissions *(continued)*

(II) Guangdong Fulilong

Please refer to A1.1 for details of the emission targets set by Guangdong Fulilong. The procedures taken for achieving these targets are shown in the table below:

Environmental management		Operating expenses (RMB '0,000)	Effect
Exhaust gas	Bag dust removal + washing tower + activated carbon adsorption + washing tower	14.6664	Meeting the emissions standard
Waste water	/	/	/
Noise	Mechanical acoustic enclosure, construction of sound insulation room and other noise control	2.9232	Reducing noise pollution
Pollution prevention	Dust		Reusing for production after collection
	Raw materials sludge of acid spray tower		Reusing for production after collection and being naturally dried
	Scum of raw materials		Reusing for production after collection
	Solid waste	11.004	Recycling by waste collection station regularly after collection
	Domestic waste		Processing by environmental sanitation department after collection
	Calcium carbonate powder after moisture absorption		Selling to a professional company for recycling after collection
Environmental management cost	Management training	14.672	–
Other environment protection activities cost	Training, emergency drills	6.9552	–

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A1: Emissions *(continued)*

A1.6 Waste treatment and waste reduction measures

(I) Shandong Fulilong

Please refer to A1.1 for details on Shandong Fulilong's methods in handling hazardous and non-hazardous wastes, the established waste reduction targets and the procedures taken to achieve these goals.

(II) Guangdong Fulilong

Please refer to A1.1 and A1.5 for details on Guangdong Fulilong's methods in handling hazardous and non-hazardous wastes, the established waste reduction targets and the procedures taken to achieve these goals.

A2: Use of Resources

A2.1 Energy consumption

(I) Shandong Fulilong

Shandong Fulilong's main energy consumption is electricity, steam and natural gas. In 2025, steam was provided by Changle Golden Age Thermoelectricity Power Co., Ltd. (昌樂盛世熱電有限責任公司). Natural gas is used in hot blast stoves. Please see the table below for details:

Auxiliary materials generation unit	Main energy	Annual consumption (t)	Per unit product consumption (kg/t)
Tower workshop	Electricity	807980kW	11.38kW/t
	Steam from external purchase	12780m ³	0.18m ³ /t
Rotary drum workshop	Electricity	630240kW	24.24kW/t
	Steam from external purchase	1560m ³	0.06m ³
	Natural gas	247000m ³	9.5m ³
Doped Fertilizer Workshop	Electricity	14700kw	0.7kw/t
Domestic and office space	Electricity	69620kW	/

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT (continued)

A2: Use of Resources (continued)

A2.1 Energy consumption (continued)

(II) Guangdong Fulilong

The main energy required for production in Guangdong Fulilong is electricity, steam and natural gas, and the steam was purchased from Guangdong Lvzhou Fertiliser Industry Company Limited (廣東綠洲肥業有限公司).

Main energy	Product	Annual consumption	Unit	Per unit product consumption	Unit
Electricity	Office space, production and domestic	274.9824	million	9172.8	kWh/head/year
Steam	Production	39626.5	tons	22.01472	kg/t
Natural gas	Fuel of hot drying oven	30.744	m ³	0.14616	m ³ /t

A2.2 Water consumption

(I) Shandong Fulilong

Shandong Fulilong's main water consumption comes from domestic and office space. During the reporting period, the total water consumption was 6,254 m³.

(II) Guangdong Fulilong

Main energy	Product	Annual consumption	Unit	Per unit product consumption	Unit
Water	Office space and domestic	63292.32	tons	21.0672	head/year
Water	Water for production	17063.93	tons	9.43488	kg/t/product

Note: The per unit product consumption of domestic and office space is calculated based on per capita consumption, and the water used for domestic and office space includes water for greening and dust suppression.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A2: Use of Resources *(continued)*

A2.3 Energy efficiency goals and measures taken

(I) Shandong Fulilong

Title of scheme	Investment (In RMB0,000)	Implementation effect	
		Environmental effect	Economic effect
Replacement of the corroded outer casing of the urea prilling tower and the No. 3 bucket elevator	39.3	By making the raw material delivery process more enclosed, the amount of dust generated was reduced, thereby improving the environment of the feeding area.	Reduce costs
Replacement of the second-level trough on the tower	46.2	Replaced the secondary mixing tank, enhanced the stirring capacity and improved the mixing performance.	Improved product quality, and improved output
Replacement of the emulsifier on the tower	1.4	The vertical emulsifier was replaced with a new horizontal model, resulting in better emulsification performance, higher product yield, and reduced energy consumption.	Reduce costs
Angle adjustment was carried out for the primary rotary drum dryer	3.7	By reducing the angle of the dryer, the material retention time was increased, which improved the drying performance and reduced gas consumption.	Reduce costs

(II) Guangdong Fulilong

Title of scheme	Scheme introduction	Investment (In RMB0,000)	Implementation effect	
			Environmental effect	Economic effect
Bag dust removal + washing tower + activated carbon adsorption + washing tower	Repair and maintenance of exhaust, tower wall and other facilities	4.774	Effectively reduce the emission of particulates and ammonia, reduce solid waste generation	Save steam and fees and expenses
	Place a new dust removal equipment and replace the bag of old equipment	3.752	Better dust collection, block dust, so that the filtered gas is more purified	Recycle more dust for production to save cost
	Regular repair and maintenance of washing tower and activated carbon adsorption	1.75	Repair and maintenance may avoid malfunction of bag dust removal + washing tower + activated carbon adsorption + washing tower and reduce environmental pollution caused by malfunction	Recycle more dust for production to save cost
Electricity saving reformation	Inspection, repair and maintenance of energysaving lamps and other environmentally-friendly and energy-saving lighting equipment	0.2212	Energy conservation and Consumption reduction	Save electricity, energy and relevant expenses

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A2: Use of Resources *(continued)*

A2.4 *Water efficiency targets and measures adopted*

The business operation of the Group does not involve using large volume of water, and the consumption of water resources is only generated by domestic and office use. Therefore, the data is not presented in this report.

A2.5 *Packaging materials*

(I) Shandong Fulilong

During the reporting period, the packaging materials used by Shandong Fulilong's finished products are as follows:

Auxiliary materials generation unit	Major raw and auxiliary materials	Annual consumption (t)	Per unit product consumption (kg/t)
Tower workshop	Packaging bags	1,633,000 pieces	23 pieces/t
Rotary drum workshop	Packaging bags	504,000 pieces	19.4 pieces/t
Doped Fertilizer Workshop	Packaging bags	525,000 pieces	25 pieces/t

(II) Guangdong Fulilong

During the reporting period, the packaging materials used by Guangdong Fulilong's finished products are as follows:

Auxiliary materials generation unit	Product	Annual consumption
Packaging bags	Product packaging	539,280

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A3: Environment and Natural Resources

(I) Shandong Fulilong

Shandong Fulilong has all along been committed to the development of fertiliser industry, and it is in strict compliance with the “Clean Production Promotion Law of the People’s Republic of China”, and advocates energy-saving, environmentally-friendly, and proactive implementation of clean production, and adheres firmly to the principles of harmonious development of safety production and environmental protection. While constantly improving the equipment healthy standard, it will increase its efforts in pollution control, energy conservation and emission reduction. At the same time, the company will further strengthen operation management, enhance the operation standard of operators and strengthen equipment management to ensure reliable operation of equipment and the standard and stable operation of pollutants control facilities and strive for achieving a social development with blue sky and clear water.

Shandong Fulilong’s management attaches great importance to environmental protection, actively participates in various special trainings and conferences, and conducts environmental protection education to employees from time to time to popularize the environmental protection knowledge. The company’s environmental technicians participate in training classes on environmental facilities, and can only take up job position after obtaining the management qualification for environmental facilities, and shall attend internal training on a regular basis.

(II) Guangdong Fulilong

Guangdong Fulilong has a relatively comprehensive environmental management system, a sound internal environmental management system, complete daily environmental management work, and timely inspection of the environments of production, storage, office and other work areas. It implements the whole-process environmental management during the entire production process to prevent environmental pollution issue from happening during the production process.

In 2025, Guangdong Fulilong’s production lines were mainly equipped with the granulation method with high tower and stirring fermentation method. The production process of compound fertilisers under the granulation method with high tower had no water introduction and drying process, and thus saving energy consumption as well as creating a good operating environment in a clean production process. The stirring fermentation production device had characteristics of high degree of automation, high technical content and stable product quality, and thus reducing consumption of raw materials and energy, and the amount of pollutants produced is controlled strictly for the sake of meeting clean production. In general, all the Guangdong Fulilong’s production lines have reached the international advanced standard of clean production.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. THE ENVIRONMENT *(continued)*

A3: Environment and Natural Resources *(continued)*

(II) Guangdong Fulilong (continued)

Guangdong Fulilong attaches great importance to environmental management training, and regularly dispatches personnel to participate in training on corporate environmental credit evaluation, hazardous chemical management technology business, hazardous waste management technology business and environmental emergency management, so as to keep abreast of new national environmental protection policies, regulations and technologies standardization in a timely manner, and improve the Guangdong Fulilong's comprehensive environmental protection management capabilities.

As the pollution is getting more and more serious, extreme weather phenomena will occur frequently and the frequency will increase significantly. Extreme climates include droughts, floods, high temperature, heat wave, and low temperature damages. After such an extreme situation occurs, individuals, companies and countries should take timely actions to respond. Extreme climate changes will have a serious impact on agricultural products, which in turn may cause slight impact on the Company's compound fertiliser business. The Company will promptly adjust its product structure and production volume according to market conditions.

A4. Climate Change

Climate Risks and Response Measures

Physical Risks	Potential Impacts	Response Measures
Increasing frequency and severity of extreme weather events caused by climate change.	Extreme weather events may cause potential damage to power grids and communication infrastructure, impacting employee safety and the Group's operational continuity, which may lead to reduced production efficiency and risks of delayed contract performance.	The Group adopts flexible work arrangements and precautionary measures under adverse or extreme weather conditions.
Climate regulations and rules will become increasingly stringent with higher requirements for climate-related information disclosure.	Increasingly stringent environmental laws and regulations will increase the Group's compliance costs and may even expose the Group to higher risks of claims and lawsuits for failure to comply with relevant laws and regulations. Failure to meet climate change compliance requirements will increase the Group's relevant capital investment and compliance costs, as well as affect the Company's reputation.	To respond to policy and legal risks as well as reputation risks, the Group regularly monitors existing and emerging climate-related trends, policies and regulations, and prepares to alert top management when necessary, in order to avoid increased costs, fines for violations and/or reputation risks due to delayed response.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY

EMPLOYMENT AND LABOUR PRACTICES

B1: EMPLOYMENT

The Group is committed to creating a sound working environment for its employees and attaches importance to human resource works. It firmly believes that the realisation and improvement of employee value would benefit the Group in accomplishing its overall objectives. The Group highly recognises the contributions of employees for the growth of results of the Group, and offers skill training, career planning and development opportunities for employees, so as to provide them with humanistic care and develop a platform for employees to grow together and share the results with the Group.

The employee working hours of the Group are in compliance with the relevant requirements of the Labour Law of the PRC and Labour Contract Law of the PRC, it implements a system of 40 working hours per week, while production workers work and take rest on shifts. Employees are also entitled to rest days and statutory holidays as set forth by Labour Law.

The Group considers the necessity of maintaining reasonable personnel structure, personnel gender and talents reserve in terms of its existing business and development perspectives, set qualifications and standards for different positions as the standards for recruitment. The recruitment channels of the Group include recruitment in schools, social recruitment and internal recommendation. Every applicant shall fulfil the educational background and professional skills requirements, and pass the corresponding interview. The Group upholds the principle of equality pay for equal work, also adheres to the concept of equality, voluntarily and consensus, and entered into written labour service contract with all employees. The employee remuneration of the Group is determined by reference to local market standard and his/her ability, qualifications and experience. Discretionary incentives would be granted according to individual performance during the year as a motivation for employees who made contributions to the Group. It also pays the pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund for employees according to government regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY *(continued)* EMPLOYMENT AND LABOUR PRACTICES *(continued)*

B1: EMPLOYMENT *(continued)*

B1.1 Total number of employees

Category		Number of employees	Percentage of respective category
Gender	Male	216	79.12%
	Female	57	20.88%
	Total	273	100%
Contract type	Full-time	273	91.92%
	Part-time	24	8.08%
	Total	297	100%
Age	≤25	10	3.66%
	26-35	71	26.01%
	36-45	80	29.30%
	46-55	89	32.60%
	>55	23	8.42%
	Total	273	100%
Region	Mainland China	273	100%
Position	Persons in charge of companies	9	3.30%
	Persons in charge of departments	22	8.06%
	Staff	243	89.01%
	Total	273	100%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY (continued)

EMPLOYMENT AND LABOUR PRACTICES (continued)

B1: EMPLOYMENT (continued)

B1.2 Employee turnover rate

Category		Number of employees	Percentage of respective category
Gender	Male	5	1.83%
	Female	1	0.37%
	Total	6	2.20%
Age	≤25	0	0.00%
	26-35	1	0.37%
	36-45	1	0.37%
	46-55	3	1.09%
	>55	1	0.37%
	Total	6	2.20%
Region	Mainland China	6	2.20%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY (continued)

EMPLOYMENT AND LABOUR PRACTICES (continued)

B3: Development and Training

The Group values and respects talents, and selects and recruits talents in compliance with the normative and sound system to stimulate talents' growth potentials. We believe that employees will keep on growing along with the business expansion of the Group. The Group provides employees with targeted, systematic, prospective, multi-layered and multiform trainings, for example, trainings of corporate cultures, guidelines and goals, safety production and mandatory pre-employment trainings for new staff; and also provides different aspects of trainings for on-job staff covering management, quality standards, skills and expansion, which will fully explore employees' potentialities to assist the sustainable development of the Group's business. During the year under review, through different forms of internal and external trainings, total training hours in the Group were 1960 hours with 980 employee attendance in total at all levels. The training content mainly includes system, skills, safety and other special trainings. With the continuous development of the Group, to ensure the constant improvement of team qualities, the Group will increase employees' training opportunities, and keeps on reviewing, inspecting and improving training programmes in meeting the development requirements of the business operation and our employees.

B3.1 Employee training ratio

Training statistics categorised by employee category in 2025					
Department	Training headcount (person)	Total training hours (hour)	Number of employees of the Company	Average training hours (hour/person)	Proportion of trainees
Persons in charge of companies	0	0	9	0	0%
Persons in charge of departments	40	80	22	3.6	100%
General Staff	940	1880	242	7.8	100%
Total	980	1960	273	7.2	

Training statistics categorised by gender in 2025					
Category	Training headcount (person)	Total training hours (hour)	Number of employees of the Group	Average training hours (hour/person)	Proportion of trainees
Male staff	880	1760	216	8.1	97%
Female staff	100	200	57	3.5	95%
Total	980	1960	273	7.2	

B3.2 Average Training Hours

Please refer to B3.1 for details on the average training hours completed by each employee categorised by gender and category.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY *(continued)*

EMPLOYMENT AND LABOUR PRACTICES *(continued)*

B4: Labour Standards

Being fully aware that exploitation of child and forced labour violates the PRC labor law, the Group strictly prohibits the employment of any child labour and forced labour in any form. New employees are required to provide true and accurate personal data when they are on board. Recruiters should strictly review the entry documents including personal data such as medical examination certificates, academic certificates and identity cards.

The Group offers job opportunities, remuneration, education, performance assessment and promotion based on the principle of fairness. It never discriminates any employee on grounds of gender, age, nationality, religion, culture and educational background, and strives to provide an equal development platform for all employees, protect the various lawful rights and interests of employees and creates a harmonious working environment. The Group strictly complies with the relevant government laws and regulations, all our businesses will not engage any child labour or forced labour. During the reporting period, there was no circumstance of breaching of related laws and regulations occurred in the Group.

OPERATION PRACTICE

B5: Supply Chain Management

The Group strives to provide clients and consumers with quality and safe products, and has gained good brand reputation and market credibility over the years. The Group places great emphasis on supply chain management from raw material procurements to finished goods production, and delivers products to customers and consumers through sales channels. We ensure the entire process is in strict compliance with the operating rules of the Company and legally operated to eradicate any behaviour of corruption, bribery, fraud or dishonesty in a bid to strengthen our integrity.

Facing the fierce market competition, the Group strengthens its management on procurement, production, circulation and consumption segments from the supply chain perspective, and regards division and coordination as its main forms to achieve high-efficient operation efficiency in logistics, cash flow and information flow.

At present, the Group mainly adopts push-forward supply chain management model during its production phase, which means we consider various factors in a whole and organise production with reference to the forecast of market supply and demand to ensure the final strategic decision is within a certain assured range; we adopt driven-oriented supply chain management model during the sales stage, which means we organise the production and delivery of products according to orders and demand from market and customers.

To ensure the supply quality of all raw materials, auxiliary materials and packaging materials, the Group conducts standardised management of material procurement and perfects its management system. The quality control department of the Group is responsible for monitoring and evaluating the supply quality from suppliers in the long term. If any significant changes in supplier qualification or serious quality problems are discovered, the Group will immediately cease the supply from them and arrange returns for materials with quality problems.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY *(continued)*

OPERATION PRACTICE *(continued)*

B5: Supply Chain Management *(continued)*

The Group maintains a comprehensive supplier engagement framework covering due diligence, contractual compliance, ESG requirements, and active monitoring. This structured approach supports responsible sourcing, reduces operational risks, and promotes sustainable and ethical supply chain performance. The Procurement Department evaluates suppliers based on factors including industry type, product category, geographical risks, historical compliance performance, legal compliance history, certifications (e.g., ISO 14001, ISO 45001), licenses, and permits. Suppliers must confirm adherence to the Supplier Code of Conduct and all relevant regulatory requirements.

A fair and robust procurement approval mechanism ensures competitive pricing, quality service, and minimized conflict of interest. Suppliers are regularly assessed on quality, timeliness, and ESG performance, with corrective actions requested if non-conformities are identified. Major material suppliers are reviewed annually, while packaging and stationery suppliers are evaluated monthly. Only those consistently meeting the Group's criteria remain on the approved supplier list.

Environmental and social factors are prioritized during supplier selection. The Group avoids procurement that results in significant environmental harm or social costs and defines environmentally preferable products as those causing minimal adverse environmental and human health impacts. The Group actively seeks high-quality, competitively priced sustainable products and services, with ESG performance integrated into the annual supplier evaluation.

The Group formulates a set of supply chain objectives to ensure effectiveness of its supply chain annually. The Group is pleased to announce that all objectives have been fulfilled during the Reporting Period.

Objectives	Target	Attainment	Status
On time delivery	>95%	99.0%	Achieved
Quality assurance	>95%	98.9%	Achieved

The number of suppliers by region is approximately 153 in total.

Region	Northeast	North China	East China	South China	Central China	Southwest	Northwest
Number	1	6	133	6	5	1	1

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY *(continued)* OPERATION PRACTICE *(continued)*

B6: Product Liability

The Group has all along been placing great emphasis on product safety for a long period of time. The Group is in strict compliance with the relevant state laws and regulations on product safety and advertisement publicity, including but not limited to Product Quality Law of the People's Republic of China, Metrology Law of the People's Republic of China, Advertising Law of the People's Republic of China and PRC Law on the Protection of Consumer Rights.

Quality Management System

Apart from meeting statutory and regulatory requirements, the Group goes the extra mile in meeting customers' and stakeholders' expectations on product quality.

Each year, the Group formulates a set of quality objectives regarding product quality and delivery. It works with the quality control team and employees to achieve those targets. The Group is pleased to announce that it has fulfilled the quality objectives set on product delivery and timeliness for the Reporting Period. The Group will continuously evaluate and make necessary improvements in production and quality control to achieve zero product recalls.

During the Reporting Period, the Group has organised training regarding ISO 9001, ISO 14001, and ISO 45001 for employees.

Quality Assurance

The Group's quality assurance procedures are designed to meet the requirements of the United Nations regulations on motor vehicles, ensuring product safety and reliability. A stringent quality assurance system is implemented throughout the entire production cycle, from project planning to product design and development. The Group's product designs comply with all applicable regulatory and safety standards in various markets. Should any product fail to meet quality standards, the Group will proactively implement recall procedures. During the Reporting Period, no products were recalled for safety or health reasons.

Customer Satisfaction

To ensure products meet customer expectations, the Group actively solicits feedback and has established clear channels for suggestions and complaints. The Company maintains comprehensive policies to ensure high-quality customer service, effective handling of enquiries, and a fair, transparent, and timely complaint resolution process. Customers are invited to complete satisfaction surveys following product delivery, providing insights into product and service quality. All feedback is reviewed by management to drive continuous improvement and uphold customer trust. The Group maintains an effective complaint-handling mechanism to address customer concerns fairly and promptly. During the Reporting Period, no product or service-related complaints were received.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY *(continued)*

OPERATION PRACTICE *(continued)*

B6: Product Liability *(continued)*

Data Privacy

The Group's principle of data collection ensures that information collected from its customers is endorsed by legitimate reasons and legal grounds. All customer data is securely stored in the system and server and can only be retrieved by authorised personnel. Guidance on data security and security check and vetting has been formulated in the employee handbook to enhance the protection of such data. The Group also signs non-disclosure agreements with the key customers. The Group strictly abided by the laws and regulations regarding data privacy.

The employees of the Group have pledged to maintain confidentiality at all times and not to divulge or disclose confidential information to external parties. Extra care will be taken by the Human Resources and Administration Department to ensure that only the authorised personnel within and outside the Group may view or obtain active or inactive employee records. Employees who breached the terms regarding confidentiality information in the employee handbook will be subject to disciplinary actions. No substantiated complaint regarding a breach of client privacy, identified leak, theft, or loss of customer information was received during the Reporting Period.

Intellectual Property

The Group understands that intellectual property ("IP") rights protect innovation and its brand. It possesses registered designs in its operation and conduct IP rights searches before creating new designs. The Engineering Department and the management ensures that the Group complies with applicable laws and regulations relating to intellectual property protection. The Group spares no effort in protecting and respecting IP rights.

To ensure the interests of the distributors and users, the Company has formulated rules and regulations such as Consumer Data Protection and Privacy Policy, Non-conforming Product Management System, Product Inspection Regulations and Return Process etc. These would expose the Company to certain economic losses but can guarantee the interests of dealers and users to a maximum extent. The Company has not received any complaints for its products and services in 2025, and in terms of the products sold or shipped, there was no case of recall due to safety and health reasons.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY *(continued)* OPERATION PRACTICE *(continued)*

B7: Anti-Corruption

In strict compliance with national laws and regulations and relevant policies of the Group, the Group requires its employees abstaining from misconducts such as offering or accepting bribery and corruption in any circumstance. Any suspected criminal offence will be promptly whistle-blown and reported to relevant authorities. The Group maintains long-standing relationships with its customers and business partners based on integrity and strict adherence to business ethics. During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees, and no cases of non-compliance with laws and regulations relating to bribery, extortion, fraud, and money laundering were identified.

The Group continues to improve its internal audit rules and regulations with an aim to strengthen internal supervision, risk management and anti-corruption management. An internal audit department has been established in the Company to oversee internal audit monitoring and internal control system building of the Group. To reduce operation and investment risks, the audit committee of the Board of the Company is also in place to exercise effective monitoring over the issues of the Group including financial incomes and expenses, budgets, final accounts, asset quality, and major technological research and development as well as infrastructure projects and other internal investments. The Group formulated the Risk Management and Internal Control System, and manages and controls all kinds of risks in the Group comprehensively, restrains any illegal operation behaviours such as bribery, fraud and corruption, which promotes the Group to run business according to laws.

Anti-corruption Policy

The Group's anti-corruption framework is anchored by the Risk Management and Internal Control System outlining expected standards of behaviour, anti-corruption principles, and conflict-of-interest requirements. The system explicitly prohibits bribery, kickbacks, misappropriation of assets, falsification of documents, and any deceptive conduct. The Group has implemented strong internal controls, including segregation of duties, defined approval authorities, and comprehensive audit trails embedded across financial and operational processes. These measures require strict segregation of duties, approval procedures, financial controls, and accurate record-keeping to mitigate risks and ensure accountability.

Periodic risk assessments and internal reviews are conducted by the Group to identify control gaps and strengthen preventive measures. The Board maintains ultimate responsibility for governance related to anti-corruption and ethical business practices, with regular updates provided through management reporting.

Whistle-blowing Policy

Employees are encouraged to report any non-conformity or violation of the anti-bribery and corruption policy in writing to the management directly. All cases will be investigated in a timely and confidential manner and the personnel who are involved in whistleblowing will be protected. This mechanism supports transparency and accountability within the organisation.

Anti-corruption

Training The Group conducts regular compliance training to ensure all employees understand legal obligations, ethical expectations, and reporting procedures. Mandatory anti-corruption and fraud prevention training is provided to all employees and directors to strengthen awareness and reduce fraud-related risks. The Group believes it is essential to deliver ongoing awareness and refresher sessions to embed a culture of integrity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY *(continued)*

OPERATION PRACTICE *(continued)*

B8: Community investment

For social public well-being and interests, the Group always remains committed to mission and vision of “enthusiastic in public welfare, repaying the society”, and actively performs enterprise social responsibility and supports social public welfare. The management of the Company considers that it is not only an obligation for enterprises to engage in social welfare activities, but also an essential condition for the growth and development path of enterprises.

For a long period of time, with the effective integration of its business development with social responsibility, the Group extends active presence in public welfare activities under the motto of “Be Kind to the Society”. In recent years, the Group extends active presence in poverty relief and develops charitable activities to help the disadvantaged in the society, organises a string of activities such as “Donate our Love”, through which we try our best to extend our helping hands and show our cares for the special needs, poverty-stricken regions, thereby repay the society with practical actions. Ms. Sun Li, the Chairman of the Board of the Company, is a member of the charity, Alxa SEE Ecological Association (Alxa SEE) and the Company became a member unit of Alxa SEE. Alxa SEE is the first social group in the PRC with social responsibility as its commitment, entrepreneurs as its main body and environmental protection as its objective. The Company will make more contribution to the environmental protection in the PRC via this platform. Serving as the deputy secretary of the Bohai Project Centre of Alxa SEE Ecological Association, Ms. Sun will, on behalf of the Company, strive to protect the coastal wetland of Bohai Rim, promote the improvement of corporate pollution and support newly-established environmental protection organisations. The Company has signed up to Business for Nature (“BfN”)’s Call to Action of “Nature is everyone’s business”. It has promised and taken practical actions to protect nature and biodiversity, and put green and sustainable development into practise. BfN is a global coalition that comprises influential organizations and forward-thinking companies, including corporate membership organizations, industry associations, research institutions and other non-governmental organisations. Its strategic goal is to promote sustainable development and make changes through the use of business models that protect nature. Since the Group started engaging in the elderly care operation business, we have been vigorously promoting the development of community-based elderly care services through the establishment of elderly care organisations and community-based day care centres and other elderly care institutes to support family endowment and grown-up children living with their elderly parents. Through visiting the elderly living alone and empty nest elderly families, the Group aims to help the elderly to solve practical difficulties with constant innovative service model for the elderly in providing personalised professional services. To arrange related resources of hospital for the elderly, a variety of activities including elderly care consultation and renowned doctor consultation are provided to enable the elderly to have a better life.

Looking forward, the management of the Company deeply understands that “enterprises that actively undertake social responsibility are the most competitive and viable enterprises”. Thus, we will integrate the ESG management more profoundly into our daily works. We will also constantly improve the management mechanism, and let the ESG practices run through every segment of the Group, continue to improve the performance of stakeholders such as communities, employees, suppliers and governments, and pay more attention to the responsibilities of stakeholders such as the environment, social organisations and customers. Through constantly strengthening the communications with stakeholders and to enable the enterprise and stakeholders develop together, we will create more values for stakeholders and realise the quality, environment and safety management systematisation, normalisation and standardisation. In the future operation management, we will continue to follow the relevant standards and requirements, further enhance regulated management, constantly promote management quality and efficiency and focus on energy-saving and consumption reduction as well as employees’ health and safety, so as to integrate the poverty relief and the development of charitable activities with the Group’s own production and operation, proactively making contribution to the Group and the society in synergetic development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES

During the year under review, the Group is principally engaged in manufacturing and selling biological compound fertilisers, AI medical and elderly care and data business. In biological compound fertiliser business segment, the business operation does not have any material impact on the environment due to the business nature of biological compound fertilisers. The subsidiaries of the Group engaged in compound fertiliser have always been focusing on environment protection, advocated energy-saving and environmentally friendly, and proactive implementation of clean production, and adhered firmly to the principles of harmonious development of safety production and environmental protection. AI health & elderly care products and services mainly involves the research and development of AI medical large models, the sales of health and elderly care products and the provision of management consulting services to elderly care institutions, which fundamentally have no greenhouse gas emission issues.

(I) Shandong Fulilong

Types of greenhouse gases

According to the Technical Guidelines for Environmental Impact Assessment of Greenhouse Gas Emissions for Construction Projects in the Chemical Industry of Shandong Province (Trial) (《山東省化工行業建設項目溫室氣體排放環境影響評價技術指南(試行)》), greenhouse gases are defined as: gaseous components that naturally exist in the atmosphere or are generated by human activities, and are capable of absorbing and emitting radiation within the infrared spectrum produced by the Earth's surface, the atmosphere and clouds.

Pursuant to Annex A of the Kyoto Protocol (《京都議定書》) and the Technical Guidelines for Environmental Impact Assessment of Greenhouse Gas Emissions for Construction Projects in the Chemical Industry of Shandong Province (Trial) (《山東省化工行業建設項目溫室氣體排放環境影響評價技術指南(試行)》), the six regulated greenhouse gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆).

According to the General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (《工業企業溫室氣體排放核算和報告通則》) (GB/T 32150), greenhouse gases include all seven types: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). These cover emissions from fuel combustion, process emissions, and emissions arising from net purchased electricity and heat, but exclude emissions from agriculture, forestry, land-use change and waste disposal.

With reference to Table 2 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Refinement) (《2006年IPCC國家溫室氣體清單指南》(2019修訂版)), the Technical Guidelines for Environmental Impact Assessment of Greenhouse Gas Emissions for Construction Projects in the Chemical Industry of Shandong Province (Trial) (《山東省化工行業建設項目溫室氣體排放環境影響評價技術指南(試行)》), and the Company's environmental reports over the past eight years, carbon dioxide (CO₂) is identified as the Company's principal greenhouse gas.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**PART D: CLIMATE-RELATED DISCLOSURES** *(continued)***(I) Shandong Fulilong** *(continued)**Primary sources of GHG emissions of the Company*

According to the National Economic Industry Classification (GB/T 4754-2017) (《國民經濟行業分類》(GB/T 4754-2017)), the Company falls under the “Manufacture of Chemical Raw Materials and Chemical Products,” specifically the “Fertiliser Manufacturing Industry.”

According to the Technical Guidelines for Environmental Impact Assessment of Greenhouse Gas Emissions for Construction Projects in the Chemical Industry of Shandong Province (Trial) (《山東省化工行業建設項目溫室氣體排放環境影響評價技術指南(試行)》), greenhouse gas emissions during the production and operation stage of a construction project include emissions generated from the combustion of fossil fuels such as coal, petroleum and natural gas (including self-produced and purchased fuels), industrial production processes, and waste treatment and disposal processes (including wastewater, waste gas and solid waste), as well as emissions resulting from the use of purchased electricity and heat.

According to the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Chemical Production Enterprises in China (Trial) (《中國化工生產企業溫室氣體排放核算方法與報告指南(試行)》), the main sources of greenhouse gas emissions include emissions from fuel combustion, emissions from industrial production processes, the amount of CO₂ recovered and utilised, CO₂ emissions arising from net purchased electricity and heat consumption, and other greenhouse gas emissions.

According to the General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (《工業企業溫室氣體排放核算和報告通則》) (GB/T 32150), greenhouse gas emissions include emissions from fuel combustion, process emissions, and emissions arising from net purchased electricity and heat, and exclude emissions from agriculture, forestry, land-use change and waste disposal.

According to the Company’s actual circumstances, the Company’s greenhouse gas emission sources mainly include CO₂ emissions from gas-powered hot blast stoves and CO₂ emissions arising from net purchased electricity and heat. Among these, CO₂ emissions generated from fuel combustion by gas-powered hot blast stoves fall under Scope 1 greenhouse gas emissions, while CO₂ emissions arising from net purchased electricity and heat consumption fall under Scope 2 greenhouse gas emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES *(continued)*

(I) Shandong Fulilong *(continued)*

Primary sources of GHG emissions of the Company (continued)

1. Scope 1 Greenhouse gas emission

- (1) Formula for calculating emissions from fuel combustion
Carbon content-based calculation method

The CO₂ emissions from fuel combustion are primarily calculated based on the amount of fuel consumed by type, the carbon content per unit of fuel, and the carbon oxidation rate. When the carbon content of the fuel is known, the carbon content-based calculation method may be adopted. The formula is as follows:

$$\text{ECO}_2\text{-combustion} = \sum_i \left(AD_i \times CC_i \times OF_i \times \frac{44}{12} \right)$$

ECO₂-combustion refers to the CO₂ emissions from fossil fuel combustion within the enterprise boundary, measured in tonnes;

i refers to the type of fossil fuel;

AD_i: refers to the consumption of fossil fuel type i explicitly used for combustion. For solid or liquid fuels, it is measured in tonnes; for gaseous fuels, it is measured in 10,000 Nm³;

CC_i: refers to the carbon content of fossil fuel i. For solid and liquid fuels, it is measured in tonnes of carbon per tonne of fuel; for gaseous fuels, it is measured in tonnes of carbon per 10,000 Nm³;

OF_i: refers to the carbon oxidation rate of fossil fuel i, expressed as %.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES (continued)

(I) Shandong Fulilong (continued)

Primary sources of GHG emissions of the Company (continued)

1. Scope 1 Greenhouse gas emission (continued)

- (1) Formula for calculating emissions from fuel combustion
Lower heating value-based calculation method
For cases where the carbon content of the fuel cannot be determined, the carbon content may be calculated using the lower heating value method. The calculation formula is as follows:

$$CC_i = NCV_i \times EF_i$$

CC_i has the same meaning as above;

NCV_i refers to the lower heating value of fossil fuel type i . For solid and liquid fuels, it is measured in GJ/tonne; for gaseous fuels, it is measured in GJ/10,000 Nm³;

EF_i refers to the carbon content per unit of heat value for fuel type i , measured in tonnes of carbon per GJ.

- (2) Calculation results of emissions from fuel combustion
According to Table 2.1 Default Values of Special Parameters of Common Fossil Fuel in Appendix II of the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Chemical Production Enterprises in China (Trial) (《中國化工生產企業溫室氣體排放核算方法與報告指南(試行)》), the lower heating value of natural gas is 389.1 GJ/10,000 Nm³.

According to Table 2-2 Default Values of Commonly Used Fossil Fuel-Related Parameters in Appendix 2 of the Technical Guidelines for Environmental Impact Assessment of Greenhouse Gas Emissions for Construction Projects in the Chemical Industry of Shandong Province (Trial) (《山東省化工行業建設項目溫室氣體排放環境影響評價技術指南(試行)》), the lower heating value of natural gas is 322.38 ~ 389.31 GJ/10,000 Nm³.

To more accurately reflect the greenhouse gas emissions arising from the Company's fossil fuel consumption and to better align with the Company's actual production conditions, reference is made to the inspection report issued by the Qingdao Customs Technology Center (青島海關技術中心) on 18 June 2025 (Inspection No.: 37000010252106335), which indicates that the lower heating value of natural gas is 34.35 MJ/Nm³.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES (continued)

(I) Shandong Fulilong (continued)

Primary sources of GHG emissions of the Company (continued)

1. Scope 1 Greenhouse gas emission (continued)

(2) Calculation results of emissions from fuel combustion (continued)

According to the default values in Table 2.1 Default Values of Special Parameters of Common Fossil Fuel in Appendix II of the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Chemical Production Enterprises in China (Trial) (《中國化工生產企業溫室氣體排放核算方法與報告指南(試行)》) and Table 2-2 Default Values of Special Parameters of Common Fossil Fuel in Appendix 2 of the Technical Guidelines for Environmental Impact Assessment of Greenhouse Gas Emissions for Construction Projects in the Chemical Industry of Shandong Province (Trial) (《山東省化工行業建設項目溫室氣體排放環境影響評價技術指南(試行)》), the carbon oxidation rate of natural gas is 99%, and the carbon content per unit of heat value is 15.30×10^{-3} tC/GJ.

Based on the carbon content calculation formula, the Company's greenhouse gas emissions from fuel combustion are as follows:

$$E_{\text{CO}_2\text{-combustion}} = 24.7 \times (343.5 \times 15.30 \times 10^{-3}) \times 99\% \times \frac{44}{12} = 471.218\text{t}$$

2. Scope 2 greenhouse gas emission

Shandong Fulilong is located in Weifang City, Shandong Province, and all purchased electricity and heat are sourced from Weifang City, Shandong Province. Therefore, all Scope 2 greenhouse gas emissions fall within Weifang City, Shandong Province.

(1) Emissions from net purchased electricity consumption

The calculation formula for CO₂ emissions arising from net purchased electricity consumption is as follows:

$$E_{\text{CO}_2\text{-net purchased electricity}} = AD_{\text{electricity}} \times EF_{\text{electricity}}$$

$E_{\text{CO}_2\text{-net purchased electricity}}$ refers to the CO₂ emissions arising from the enterprise's net purchased electricity consumption, measured in tonnes of CO₂;

$AD_{\text{electricity}}$ refers to the enterprise's net purchased electricity consumption, measured in MWh;

$EF_{\text{electricity}}$ refers to the CO₂ emission factor of the supplied electricity, measured in tonnes of CO₂/MWh;

According to Table 3, Provincial Average CO₂ Emission Factors for Electricity in 2022, in the Announcement on the Release of the 2023 Electricity CO₂ Emission Factors (Announcement [2025] No. 47) (《關於發佈2023年電力二氧化碳排放因子的公告》(公告[2025] 47號)), the electricity emission factor for Shandong Province is 0.6191 kgCO₂/kWh.

Based on the above formula, the Company's greenhouse gas emissions arising from net purchased electricity consumption are calculated as follows:

$$E_{\text{CO}_2\text{-net purchased electricity}} = (80.798 + 63.024 + 1.47 + 6.962) \times 10^4 \times 0.6191 \times 10^{-3} = 942.605\text{t}$$

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES (continued)

(I) Shandong Fulilong (continued)

Primary sources of GHG emissions of the Company (continued)

2. Scope 2 greenhouse gas emission (continued)

(2) Emissions from net purchased heat consumption

The calculation formula for CO₂ emissions arising from net purchased heat consumption is as follows:

$$ECO_2 - \text{net purchased heat} = AD_{\text{heat}} \times EF_{\text{heat}}$$

$ECO_2 - \text{net purchased heat}$ refers to the CO₂ emissions resulting from the enterprise's net purchased heat consumption, measured in tonnes of CO₂;

AD_{heat} refers to the enterprise's net purchased heat consumption, measured in GJ (gigajoules);

EF_{heat} refers to the CO₂ emission factor of the supplied heat, measured in tonnes of CO₂/GJ.

According to the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Chemical Production Enterprises in China (Trial) (《中國化工生產企業溫室氣體排放核算方法與報告指南(試行)》), the CO₂ emission factor for supplied heat should preferably be based on the CO₂ emission factor provided by the heat supplier. If such data cannot be provided, a default value of 0.11 tCO₂/GJ shall be used.

According to Table 2-10 Other Emission Factors and Default Values of Special Parameters in Appendix 2 of the Technical Guidelines for Environmental Impact Assessment of Greenhouse Gas Emissions for Construction Projects in the Chemical Industry of Shandong Province (Trial) (《山東省化工行業建設項目溫室氣體排放環境影響評價技術指南(試行)》), the emission factor for heat is 0.11 tCO₂/GJ.

The steam purchased by the Company is supplied at a pressure of 0.8 ± 0.05 MPa and a temperature of 180 ± 10°C, with a corresponding heat value of approximately 2.77 GJ/t.

Based on the above formula, the Company's greenhouse gas emissions arising from net purchased heat consumption are calculated as follows:

$$ECO_2 - \text{net purchased heat} = (12780 + 1560) \times 2.77 \times 0.11 = 4369.398\text{t}$$

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES *(continued)*

(ii) Guangdong Fulilong

Types of greenhouse gases

According to the six greenhouse gases specified in Appendix A of the Kyoto Protocol (《京都議定書》附件A), carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆), the Company's primary greenhouse gas is identified as carbon dioxide (CO₂).

Major greenhouse gas emission sources of the Company

According to the National Economic Industry Classification (GB/T 4754-2017) (《國民經濟行業分類》(GB/T 4754-2017)), the Company falls under the "Manufacture of Chemical Raw Materials and Chemical Products," specifically the "Fertiliser Manufacturing Industry".

Greenhouse gas emission sources mainly include emissions from fuel combustion and CO₂ emissions arising from net purchased electricity and heat consumption. CO₂ emissions generated from fuel combustion are included in Scope 1 greenhouse gas accounting, while CO₂ emissions arising from net purchased electricity and heat consumption are included in Scope 2 greenhouse gas emissions.

1. Scope 1 greenhouse gas emissions

The CO₂ emissions from fuel combustion are primarily calculated based on the amount of fuel consumed by type, the carbon content per unit of fuel, and the carbon oxidation rate. The calculation formula is as follows.

$$E_{\text{CO}_2\text{-combustion}} = \sum_i \left(AD_i \times CC_i \times OF_i \times \frac{44}{12} \right)$$

$E_{\text{CO}_2\text{-combustion}}$ refers to the CO₂ emissions from fossil fuel combustion within the enterprise boundary, measured in tonnes;

AD_i refers to the consumption of fossil fuel type i explicitly used for combustion. For solid or liquid fuels, it is measured in tonnes; for gaseous fuels, it is measured in 10,000 Nm³;

CC_i refers to the carbon content of fossil fuel i . For solid and liquid fuels, it is measured in tonnes of carbon per tonne of fuel; for gaseous fuels, it is measured in tonnes of carbon per 10,000 Nm³;

OF_i refers to the carbon oxidation rate of fossil fuel i , expressed as %. According to the Default Values of Special Parameters of Common Fossil Fuel, the carbon oxidation rate of natural gas is 99%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES *(continued)*

(ii) Guangdong Fulilong *(continued)*

Major greenhouse gas emission sources of the Company (continued)

1. Scope 1 greenhouse gas emissions *(continued)*

The fossil fuel carbon content CC_i is calculated using the following formula.

$$CC_i = NCV_i \times EF_i$$

NCV_i refers to the lower heating value of fossil fuel type i . For solid and liquid fuels, it is measured in GJ/tonne; for gaseous fuels, it is measured in GJ/10,000 Nm^3 . According to the Default Values of Special Parameters of Common Fossil Fuel, the lower heating value of natural gas is 389.31 GJ/10,000 Nm^3 .

EF_i refers to the carbon content per unit of heat value for fuel type i , measured in tonnes of carbon per GJ. According to the Default Values of Special Parameters of Common Fossil Fuel, the carbon content per unit heat value of natural gas is 15.30×10^{-3} .

Based on the above formula, the Company's greenhouse gas emissions from fuel combustion are calculated as follows:

$$E_{CO_2 - \text{combustion}} = 65.52 \times 389.31 \times 0.0153 \times 99 \times \frac{44}{12} \approx 141666.616t$$

2. Scope 2 greenhouse gas emissions

Guangdong Fulilong is located in Dongguan City, Guangdong Province, and all purchased electricity and heat are sourced from Dongguan City, Guangdong Province. Therefore, all Scope 2 greenhouse gas emissions fall within Dongguan City, Guangdong Province.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES *(continued)*

(ii) Guangdong Fulilong *(continued)*

Major greenhouse gas emission sources of the Company (continued)

2. Scope 2 greenhouse gas emissions *(continued)*

- (1) Emissions from net purchased electricity consumption
According to the 2015 Baseline Emission Factors for Regional Power Grids in China (《2015 中國區域電網基準線排放因子》), Guangdong Province falls within the coverage of the Southern Regional Power Grid.

The operating margin emission factor (OM) is 0.8959 tCO₂/MWh, and the build margin emission factor (BM) is 0.3648 tCO₂/MWh.

In accordance with the ACM0002 methodology, the baseline emission factor for the power grid is the weighted average of the operating margin emission factor (OM) and the build margin emission factor (BM), as follows:

$$CM = \omega_{OM}OM + \omega_{BM}BM$$

The default weighting coefficients are set as $\omega_{OM} = \omega_{BM} = 0.5$

The calculation formula for CO₂ emissions arising from net purchased electricity consumption is as follows:

$$E_{CO_2 \text{ -net purchased electricity}} = AD_{\text{electricity}} \times EF_{\text{electricity}}$$

$E_{CO_2 \text{ -net purchased electricity}}$ refers to the CO₂ emissions arising from the enterprise's net purchased electricity consumption, measured in tonnes;

$AD_{\text{electricity}}$ refers to the enterprise's net purchased electricity consumption, measured in MWh;

$EF_{\text{electricity}}$ refers to the CO₂ emission factor of the supplied electricity, measured in tonnes of CO₂/MWh.

Based on the above formula, the Company's greenhouse gas emissions arising from net purchased electricity consumption are calculated as follows:

$$E_{CO_2 \text{ -net purchased electricity}} = 682.5 \times 10^4 \times \frac{0.8959 + 0.3648}{2} \times 10^{-3} \approx 4,302.14t$$

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURES *(continued)*

(ii) Guangdong Fulilong *(continued)*

Major greenhouse gas emission sources of the Company (continued)

2. Scope 2 greenhouse gas emissions *(continued)*

(2) Emissions from net purchased heat consumption

The calculation formula for CO₂ emissions arising from net purchased heat consumption is as follows:

$$E_{\text{CO}_2 - \text{net purchased heat}} = AD_{\text{heat}} \times EF_{\text{heat}}$$

$E_{\text{CO}_2 - \text{net purchased heat}}$ refers to the CO₂ emissions resulting from the enterprise's net purchased heat consumption, measured in tonnes of CO₂;

AD_{heat} refers to the enterprise's net purchased heat consumption, measured in GJ (gigajoules);

EF_{heat} refers to the CO₂ emission factor of the supplied heat, measured in tonnes of CO₂/GJ.

The CO₂ emission factor for supplied heat is 0.11 tCO₂/GJ.

The steam purchased by the Company is supplied at a pressure of 1.60 MPA and a temperature above 200 °C, with a corresponding heat value of approximately 2.79/t.

Based on the above formula, the Company's greenhouse gas emissions arising from net purchased heat consumption are calculated as follows:

$$E_{\text{CO}_2 - \text{net purchased heat}} = 98,280 \times 2.79 \times 0.11 \approx 30,162.132\text{t}$$

The Group is committed to reducing its greenhouse gas emissions intensity. To achieve this objective, a series of effective emission-reduction measures have been implemented.

The Group monitors its own emission data in accordance with relevant laws, regulations, and applicable emission standards, and adopts measures to reduce emissions, as detailed in sections A1.1 and A1.5 above.

The Group has adopted effective measures to reduce energy and water consumption, as described in section A2.3 above.

In addition, employees of the Group travel by air only when necessary. Teleconferencing and online meetings are the preferred means of communication, thereby reducing the frequency of business travel.

In the coming year, the Group will continue its efforts to reduce greenhouse gas emissions and explore additional feasible emission-reduction measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ANNEX: ESG REPORTING GUIDE INDEX

General Disclosures and KPIs	Description	Section(s)
Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A The Environment
KPI A1.1	The types of emissions and respective emissions data.	A1.1 Category and data of emissions
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	A4. Climate change
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	A1.3 Hazardous wastes
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	A1.4 Non-hazardous wastes
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	A1.5 Measures to reduce emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1.6 Waste treatment and waste reduction measures

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Section(s)
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2 Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	A2.1 Energy consumption
KPI A2.2	Water consumption in total and intensity.	A2.2 Water consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2.3 Energy efficiency goals and measures taken
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2.4 Water efficiency targets and measures adopted
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	A2.5 Packaging materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3. The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4. Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4. Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Section(s)
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1. Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	B1.1 Total number of employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1.2 Employee turnover rate
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2. Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2.1 Number and proportion of work-related deaths
KPI B2.2	Lost days due to work injury.	B2.1 Number and proportion of work-related deaths
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	B2.3 Occupational Safety and Safety Measures

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Section(s)
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	B3.1 Employee training ratio
KPI B3.2	The average training hours completed per employee by gender and employee category.	B3.2 Average Training Hours
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	B4. Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4. Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4. Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	B5. Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	B5. Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	B5. Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5. Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Section(s)
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6. Product Liability
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Liability
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Liability
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Liability
KPI B6.4	Description of quality assurance process and recall procedures.	B6. Product Liability
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	B6. Product Liability
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7. Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7. Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	B7. Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-Corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8. Community investment
KPI B8.1	Focus areas of contribution.	B8. Community investment
KPI B8.2	Resources contributed to the focus area.	B8. Community investment
Part D: Climate-related Disclosures		
Disclosure Obligations	Scope 1: Greenhouse gas emissions Scope 2: Greenhouse gas emissions	Part D: Climate-related Disclosures

INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF
TIANJIN TEDA BIOMEDICAL ENGINEERING COMPANY LIMITED
天津泰達生物醫學工程股份有限公司
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Tianjin TEDA Biomedical Engineering Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 113 to 199, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and 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 as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") as 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.

INDEPENDENT AUDITOR'S REPORT

EMPHASIS OF MATTER

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, which sets out that the Group incurred a net loss of RMB113,544,732 and a net cash outflow of RMB54,581,682 from operating activities for the year ended 31 December 2025 and had accumulated losses of RMB520,315,553 as at 31 December 2025. As at 31 December 2025, the Group's current liabilities amounted to approximately RMB251,832,320 while its total cash and cash equivalents amounted to only RMB29,211,582. The Group was in a net current liabilities position of RMB62,213,418 as at 31 December 2025. As stated in note 3, these conditions, along with other matters as set out in note 3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in "Material Uncertainty Relating to Going Concern" section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter

Impairment assessment of trade receivables

The Group has trade receivables with the balance of approximately RMB14.6 million as at 31 December 2025 which accounted for 7.7% of the Group's total current assets.

The assessment of impairment of trade receivables under the expected credit loss model is considered to be a key audit matter as it requires the application of judgement and use of subjective assumptions by the management. The Group has applied the simplified approach for assessing the expected credit losses ("ECLs") of trade receivables, which is based on management's estimate of the lifetime ECLs to be incurred. Past experience of credit losses, aging of overdue trade receivables, customers' settlements history, customers' financial position and current and expected business development are also considered in the ECLs model.

The impairment assessment was performed by the management with reference to valuation performed by an independent valuer engaged by the Group.

How our audit addressed the key audit matter

Our audit procedures in relation to the management's impairment assessment of trade receivables included:

- understanding the key controls on how the loss allowance for trade receivables is estimated by the management;
- reviewing and assessing the application of the Group's policy for calculating ECLs to consider consistency of application;
- evaluating the independence, objectivity, competence and capabilities of the independent valuer;
- discussing with the independent external valuer to understand the valuation approach, methodology and key assumptions used
- evaluating techniques and methodologies in ECLs model against the requirements of HKFRS 9;
- conducting in-depth discussions with management about the ECLs calculations and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the calculations;
- assessing the reasonableness of ECLs estimates from checking the information implemented by the management to make the judgements, which comprises testing the accuracy of the history of default, evaluating the current economic conditions and forward-looking information specific to the customers used in determining estimated loss rates, and considering subsequent settlements and the latest information subsequent to the year end date for any adjustments to default rate required; and
- selecting samples from the aging analysis to consider appropriateness of classification of trade receivables to ensure proper determination of trade receivables with significant increase in credit risks by checking to the settlement records, and discussing with the management regarding customers' current ability of settlement, any available information for assessing the creditability of the customers and the current economic environment in which the customers operate.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of prepayments and other receivables ("OR")

As disclosed in note 24 to the consolidated financial statements, the Group's total prepayments and other receivables amounted to approximately RMB82.9 million as at 31 December 2025 and accounted for 43.7% of the Group's total current assets. The Group recorded impairment losses of approximately RMB62.8 million and RMB19.0 million on prepayments and OR for the year ended 31 December 2025 respectively in accordance with the impairment assessment for these assets.

The assessment of impairment of prepayments and OR is considered a key audit matter due to the significant judgement involved in estimating the impairment loss allowances for these assets. The Group applies the general approach in measuring ECLs for OR, whereby loss allowances are recognised based on 12-month ECL or lifetime ECL depending on whether there has been a significant increase in credit risk. The ECL assessment incorporates historical credit loss experience, aging of balances, payment and settlement history, the financial condition of counterparties, and forward-looking information, including current and expected economic conditions and business developments. The Group conducts impairment assessment on prepayments if events or changes in circumstances indicate a potential impairment. The impairment assessment is based on analyses of purchase contracts, payments information, suppliers' credit profile, default probability of suppliers, business relationship with suppliers and other external factors.

The impairment assessment was performed by the management with reference to valuation performed by an independent valuer engaged by the Group

Our audit procedures in relation to the management's impairment assessment of prepayments and OR included:

- understanding the key controls on how the loss allowance for prepayments and OR is estimated by the management;
- reviewing and assessing the application of the Group's policies for calculating impairment loss and ECLs to consider consistency of application;
- evaluating the independence, objectivity, competence and capabilities of the independent valuer;
- discussing with the independent external valuer to understand the valuation approach, methodology and key assumptions used;
- evaluating techniques and methodologies in the impairment assessment models against the requirements of HKAS 36 and HKFRS 9;
- conducting in-depth discussions with management about the impairment loss calculations and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the calculations;
- assessing the reasonableness of impairment loss estimates from checking the information implemented by the management to make the judgements, which comprises testing the accuracy of the history of default, evaluating the current economic conditions and forward-looking information specific to the counterparties used in determining estimated loss rates, and considering subsequent settlements and the latest information subsequent to the year end date for any adjustments to default rate required; and
- selecting samples from the aging analysis to consider appropriateness of classification of prepayments and OR to ensure proper determination of prepayments and OR with significant increase in credit risks by checking to the settlement records, and discussing with the management regarding counterparties' current ability of settlement, any available information for assessing the creditability of the counterparties and the current economic environment in which the counterparties operate.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Impairment of property, plant and equipment ("PPE") and right-of-use assets ("ROU")

We have identified impairment assessment of PPE and ROU as a key audit matter because of its significance to the consolidated financial statements and the involvement of significant management judgement and estimates in the value-in-use calculations. As at 31 December 2025, the net carrying amounts of PPE and ROU assets after recognition of impairment loss for the year then ended were approximately RMB44.3 million and RMB30.8 million respectively.

Management has performed impairment assessments on the PPE and ROU in accordance with the Group's accounting policies. The recoverable amounts of the cash-generating units (the "CGUs") in the segment of fertilizer products were estimated based on their value in use. The value in use of the CGUs were calculated from cash flow projections prepared using data from the Group's internal forecasts and as such relies upon management assumptions such as the estimates of future performance of the CGUs, and the discount rate. Based on the impairment assessments of the CGUs, it was concluded that impairment loss of RMB18.7 million and RMB5.2 million was provided for the PPE and ROU respectively in relation to a CGU for the year ended 31 December 2025.

Our procedures in relation to management's impairment assessment of PPE and ROU included:

- understanding the management's internal control and assessment process of impairment assessment of PPE and ROU;
- considering and assessing the historical accuracy of management's budgeting processes;
- conducting in-depth discussions with management about the cash flow projections used in the value-in-use calculations and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the value-in-use calculations;
- benchmarking the growth rates and discount rates used in the value-in-use calculations against independent industry data and comparable companies; and
- evaluating and assessing the appropriateness of the key assumptions used in the value-in-use calculations.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

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

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

We communicate with 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.

INDEPENDENT AUDITOR'S REPORT**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

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

Fan, Chan & Co. Limited

Certified Public Accountants

Leung Kwong Kin

Practising Certificate Number: P03702

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB	2024 RMB
Continuing Operations			
Revenue	8	522,966,651	385,482,322
Cost of sales and services		(487,292,067)	(365,259,446)
Gross profit		35,674,584	20,222,876
Other income, gains and losses, net	9	7,488,976	(4,977,025)
Selling and distribution expenses		(9,242,045)	(13,922,955)
Administrative expenses		(22,979,828)	(20,338,969)
Research and development expenses	10	(4,140,632)	(1,102,139)
Impairment losses under expected credit loss model, net of reversal:			
– trade receivables		(1,918,295)	(9,990,028)
– other receivables		(19,041,382)	(1,108,620)
Impairment losses on prepayments		(62,798,846)	–
Impairment losses on:			
– property, plant and equipment		(18,740,246)	(2,408,741)
– right-of-use assets		(5,229,091)	–
Loss on disposal of subsidiaries	36	(8,216,416)	–
Share of losses of associate	25	(3,444)	–
Finance costs	11	(3,788,971)	(4,581,000)
Loss before tax	11	(112,935,636)	(38,206,601)
Income tax (expense)/credit	12	(609,096)	221,318
Loss after taxation		(113,544,732)	(37,985,283)
Discontinued operation			
Profit for the year from discontinued operation	7	–	1,845,733
Loss for the year and total comprehensive expense for the year		(113,544,732)	(36,139,550)
(Loss)/profit for the year attributable to:			
Owners of the Company			
– From continuing operations		(90,820,485)	(29,647,974)
– From discontinued operation		–	1,845,733
		(90,820,485)	(27,802,241)
Non-controlling interests			
– From continuing operations	35	(22,724,247)	(8,337,309)
– From discontinued operation		–	–
		(113,544,732)	(36,139,550)
(Loss)/profit per share			
Basic and diluted (RMB cents)			
– From continuing operations		(4.37)	(1.56)
– From discontinued operation		–	0.10
	14	(4.37)	(1.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 RMB	2024 RMB
Non-current assets			
Property, plant and equipment	16	44,269,007	62,691,675
Right-of-use assets	17	30,775,336	35,661,586
Goodwill	18	–	–
Intangible assets	19	–	–
Deposits	24	–	180,000
Interest in an associate	25	–	–
Financial assets at fair value through profit or loss	20	180,000	–
		75,224,343	98,533,261
Current assets			
Inventories	21	62,795,794	75,307,871
Trade receivables	22	14,609,993	10,818,520
Amount due from an associate	23	150,000	–
Prepayments and other receivables	24	82,851,533	82,467,447
Pledged deposit	26	–	40,000,000
Cash and cash equivalents	26	29,211,582	25,399,950
		189,618,902	233,993,788
Current liabilities			
Trade payables	27	22,300,415	8,931,678
Contract liabilities	28	72,986,257	77,747,402
Other payables and accruals	29	55,296,757	56,154,708
Bank and other borrowings – due within one year	30	98,120,000	134,670,000
Lease liabilities	31	3,026,483	1,561,379
Tax payable		102,408	–
		251,832,320	279,065,167
Net current liabilities		(62,213,418)	(45,071,379)
Total assets less current liabilities		13,010,925	53,461,882

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 December 2025*

	NOTES	2025 RMB	2024 RMB
Non-current liabilities			
Bank borrowings	30	–	14,870,000
Lease liabilities	31	8,592,773	8,813,875
Deferred tax liabilities	32	1,686,063	1,338,072
		10,278,836	25,021,947
Net assets		2,732,089	28,439,935
Capital and reserves			
Share capital	33	213,390,000	189,450,000
Reserves		(201,165,874)	(167,300,933)
Equity attributable to owners of the Company		12,224,126	22,149,067
Non-controlling interests	35	(9,492,037)	6,290,868
Total equity		2,732,089	28,439,935

The consolidated financial statements on pages 113 to 199 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

Sun Li
Director

He Xin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital RMB	Share premium RMB Note (34)	Surplus reserve fund RMB Note (i)	Capital reserve RMB (Note 34)	Other reserve RMB (Note 34)	Accumulated losses RMB (Note 34)	Attributable to owners of the Company RMB	Non-controlling interests RMB	Total RMB
At 1 January 2024	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(401,692,827)	49,951,308	14,628,177	64,579,485
Loss and total comprehensive expense for the year	-	-	-	-	-	(27,802,241)	(27,802,241)	(8,337,309)	(36,139,550)
At 31 December 2024	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(429,495,068)	22,149,067	6,290,868	28,439,935
At 1 January 2025	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(429,495,068)	22,149,067	6,290,868	28,439,935
Loss and total comprehensive expense for the year	-	-	-	-	-	(90,820,485)	(90,820,485)	(22,724,247)	(113,544,732)
Issuance of ordinary shares under placing, net of underwriting commissions and other issuance costs	23,940,000	56,955,544	-	-	-	-	80,895,544	-	80,895,544
Acquisition of subsidiaries (note 36)	-	-	-	-	-	-	-	17,447	17,447
Disposal of subsidiaries (note 37)	-	-	-	-	-	-	-	6,923,895	6,923,895
At 31 December 2025	213,390,000	332,272,982	3,717,696	2,541,404	(19,382,403)	(520,315,553)	12,224,126	(9,492,037)	2,732,089

Note:

(i) **Surplus reserve**

In accordance with the PRC Companies Law, the Company and its subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to the statutory surplus reserve (until such reserve reaches 50% of the registered capital of the respective companies). The statutory surplus reserve is non-distributable and can be used to make up losses or to increase share capital. Except for the reduction of losses incurred, other usage should not result in the statutory surplus reserve falling below 25% of the registered capital. No such transfer was made in 2025 and 2024.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB	2024 RMB
OPERATING ACTIVITIES		
Loss before tax		
– From continuing operations	(112,935,636)	(38,206,601)
– From discontinued operation	–	1,845,733
	(112,935,636)	(36,360,868)
Adjustments for:		
Loss on disposal of property, plant and equipment	33,159	1,171,831
Gain on disposal of right-of-use assets	–	(890,627)
Loss on disposal of subsidiaries	8,216,416	–
Interest income	(74,578)	(47,973)
Depreciation of property, plant and equipment	6,144,125	6,974,407
Depreciation of right-of-use assets	3,348,133	2,153,116
Written off for prepayment	632,064	1,500,000
Impairment for prepayment	62,798,846	–
Written off for inventories	2,771,281	3,253,284
Interest expense	3,788,971	4,581,000
Impairment of property, plant and equipment	18,740,246	2,408,741
Impairment of right-of-use assets	5,229,091	–
Impairment losses under expected credit loss model, net of reversal:		
– trade receivables	1,918,295	9,990,028
– other receivables	19,041,382	1,108,620
Operating cash flows before movements in working capital	19,651,795	(4,158,441)
Decrease in inventories	9,740,796	11,895,394
Increase in trade receivables	(5,709,768)	(12,031,899)
Increase in prepayments and other receivables	(85,147,009)	(23,068,057)
Increase in amount due from an associate	(150,000)	–
Increase/(decrease) in trade payables	13,368,737	(7,175,031)
Decrease in contract liabilities	(4,761,145)	(986,451)
Increase in other payables and accruals	2,372,580	13,835,924
Cash used in operations	(50,634,014)	(21,688,561)
Income tax paid	(158,697)	(1,694)
Interest paid	(3,788,971)	(4,581,000)
Net cash used in operating activities	(54,581,682)	(26,271,255)

CONSOLIDATED STATEMENT OF CASH FLOWS*For the year ended 31 December 2025*

	2025 RMB	2024 RMB
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,261,434)	(2,558,492)
Proceeds from disposal of property, plant and equipment	1,766,572	2,938,845
Proceeds from disposal of right-of-use assets	–	2,384,957
Disposal of subsidiaries	(8,074)	(56,205)
Payment for purchase consideration for acquisition of a subsidiary in prior year	(2,206,900)	–
Decrease/(increase) in pledged bank deposit	40,000,000	(40,000,000)
Interest received	74,578	47,973
Net cash generated from/(used in) investing activities	31,364,742	(37,242,922)
FINANCING ACTIVITIES		
Issue of share capital under placing of shares	80,895,544	–
Drawdown of bank borrowings	83,250,000	147,000,000
Repayment of bank borrowings	(134,670,000)	(62,550,000)
Repayment of lease liabilities – principal portion	(2,446,972)	(1,498,974)
Net cash generated from financing activities	27,028,572	82,951,026
Net increase in cash and cash equivalents	3,811,632	19,436,849
Cash and cash equivalents at beginning of the year	25,399,950	5,963,101
Cash and cash equivalents at end of the year	29,211,582	25,399,950
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	29,211,582	25,399,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) is a joint stock company established on 8 September 2000 in the People’s Republic of China (“PRC”) with limited liability and its H shares were listed on the GEM of the Stock Exchange of Hong Kong Limited on 18 June 2002.

The Company and its subsidiaries (hereafter referred to as the “Group”) principally engages in manufacture and sale of biological compound fertiliser products and elderly care and health care services and related products. The principal activities and other particulars of the subsidiaries are set out in note 43 to the consolidated financial statements. The address of its registered office and principal place of business is disclosed in the “Corporate Information” section to the annual report.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied amendments to HKAS 21, the effects of changes in foreign exchange rates – Lack of exchangeability issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are first effective for the current accounting period of the Group. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(continued)

b. 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 for the current accounting period. The Group has already commenced an assessment of the impact of these new and amendments to HKFRS Accounting Standards but is not yet in a position to state whether these new and amendments to HKFRS Accounting Standards would have a significant impact on its results of operations and financial position:

	Effective for accounting periods beginning on or after
• <i>Amendments to HKFRS 9 and HKFRS 7, Contracts referencing nature-dependent electricity</i>	1 January 2026
• <i>Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
• <i>Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
• <i>Amendments to HKAS 21, Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
• <i>Amendments to HKFRS Accounting Standards, Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	1 January 2026
• <i>HKFRS 18, Presentation and Disclosure in Financial Statements</i>	1 January 2027

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, a collective term that includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards, and Interpretations 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 GEM of The Stock Exchange of Hong Kong Limited 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.

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss, which are measured at fair values as explained in the material accounting policy information set out in note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

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

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern basis

The Group incurred a net loss of RMB113,544,732 and a net cash outflow of RMB54,581,682 from operating activities for the year ended 31 December 2025 and had accumulated losses of RMB520,315,553 as at 31 December 2025. As at 31 December 2025, the Group's current liabilities amounted to approximately RMB251,832,320 while its total cash and cash equivalents amounted to only RMB29,211,582. The Group was in a net current liabilities position of RMB62,213,418 as at 31 December 2025.

In addition, subsequent to the reporting period, heightened geopolitical tensions and conflicts in the Middle East, including developments involving Iran, United States and Israel, have led to increased volatility in global energy and commodity markets. As the production of fertilizer products is highly dependent on energy and raw material inputs, the Group expects an increase in raw material costs, which may adversely affect its products costs, profit margins and operating cash flows. The conflict may also negatively impact the Group's customers through increased costs and economic uncertainty, which could in turn affect demand for the Group's products and the recoverability of trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Going concern basis *(continued)*

These conditions may cast significant doubt on the Group's ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group's ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due. The directors of the Company have been undertaking plans and measures to improve the Group's liquidity and financial position, including:

1. A revolving credit facility amounted to RMB50,000,000 was granted by a bank to the Group with expiry date up to August 2027. Under the revolving credit facility agreement, it allows the Group to withdraw, repay, and redraw borrowings continuously up to the above set limit. Interest is charged only on the outstanding balance. The Group has fully utilised such facility as at 31 December 2025 and is in discussions with the bank to grant further credit facility.
2. On 1 December 2025, the Company entered into an agreement with a shareholder whereby a loan facility with a limit of RMB\$20,000,000 was granted to the Company for a period of 24 months. The Group has not utilised such facility as at 31 December 2025.
3. In March 2026, the Group has obtained banking facilities amounting to RMB20,000,000 in order to meet its working capital requirements.
4. Subsequent to the reporting period, the Group has been actively seeking investors for a placing plan.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Having taken into account of the abovementioned plans and measures, the directors of the Company determined that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial statements. In the opinion of the directors of the Company, in light of the aforesaid arrangements being implemented or planned, the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis.

However, given that the eventual outcome of the above mentioned plans and measures for future actions cannot be determined with certainty, there exist material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying amounts of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

Business combination and basis of consolidation

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

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group’s previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRS Accounting Standards. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest’s share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Subsidiaries

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Goodwill

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount at each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policy information as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Associates *(continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Buildings, other structures and improvements	3% – 20%
Furniture, fixtures and equipment	5% – 33%
Motor vehicles	10% – 20%
Plant and machinery	5% – 20%

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

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Research and development costs

Research and development cost is capitalised if it can be demonstrated that:

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

Research and development costs not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, goodwill, intangible asset and the Company's investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale. Provision is made for obsolete, slow moving or defective items where appropriate.

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

Financial instruments

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables and financial assets measured at amortised cost, except for other financial assets measured at FVTPL. ECLs are measured on either of the following bases:

- 12 months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

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

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-months ECLs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Impairment loss on financial assets (continued)

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than one year past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, amounts due to directors, lease liabilities and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

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

Borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Derecognition

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at cost, less any accumulated depreciation and any impairment losses. The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are stated at cost and are amortised over the period of the lease. Other than the above right-of-use assets, the Group also has leased buildings and plant and machinery under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the buildings and plant and machinery which is held for own use. As a result, the right-of-use asset arising from the building and plant and machinery under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. For lease modifications that decrease the scope of the lease, the Group shall account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Provisions

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

Income taxes

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

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences 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 accounting nor taxable profits 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, 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.

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

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 tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Income taxes *(continued)*

The carrying amount of deferred tax assets is reviewed at each reporting date 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 assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

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 recognises 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.

Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue

Revenue is recognised when, after entering into a contract with a customer, the entity satisfies a performance obligation by transferring control over a product or service to the customer at the amount of promised consideration to which the Group is expected to be entitled under that performance obligation, excluding those amounts collected on behalf of third parties.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue is recognised either at a point in time or over time. Control of the promised good or service is regarded as being transferred over time and revenue is recognised over time if one of the following criteria is met:

- (i) When the customer simultaneously receives and consumes the benefits provided by the Group's performance, as the Group performs;
- (ii) When the Group's performance creates or enhances an asset (for example work in progress) that the customer controls as the Group performs; or
- (iii) When the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue recognition

Revenue from sales of goods is recognised when the control of the goods is transferred to the customers, which is at the time of delivery and the title is passed to customer, on the following basis:

- (i) from the sales of goods, when the control has been transferred to the buyer, which occurs when the goods are delivered and the customers have accepted the goods;
- (ii) processing and servicing income and leasing income is recognised over time on a straight-line basis over the period when the services are provided;
- (iii) software installation income is recognised when the control of the EEG diagnosis detection software is transferred, which is the time that the installation is completed and the software is well-functioned individually; and
- (iv) interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(i) Short-term employee benefits

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

(ii) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group shall participate in various defined contribution retirement benefit plans managed by the relevant and provincial and municipal governments in the PRC, under which the Group and its employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The provincial and municipal governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees payable under the plans described above. Other than the monthly contributions, the Group is not required to assume obligation for other pension payments or and other post-retirement benefits in respect of its employees.

The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Related parties

A person or an entity is related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, which are described in note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

(i) Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(ii) Provision for slow-moving inventories

Provision for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the provision amount required involves management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of inventories and provision charged/written back in the period in which the estimate has been changed.

(iii) Impairment of trade receivables, prepayments and other receivables

Impairment is made based on assessment of the recoverability of trade receivables, prepayments and other receivables. The identification of impairment requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of trade receivables, prepayments and other receivables and impairment made/reversed in the period in which the estimate has been changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the year ended 31 December 2025***5. KEY SOURCES OF ESTIMATION UNCERTAINTY** *(continued)***(iv) Taxation**

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Where the final tax outcome of these transactions is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

No deferred tax asset in relation to unused tax losses and deductible temporary differences has been recognised in the consolidated statement of financial position. In case where taxable future profits are generated, an understatement of current year accounting profit due to the unrecognised deferred tax asset may arise, which deferred tax asset would be recognised in the statement of profit or loss and other comprehensive income for the period in which such event takes place.

(v) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment under cost model;
- intangible assets;
- right-of-use assets;
- investments in subsidiaries; and
- prepayments that are non-financial assets.

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value in use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flow from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION

Operating segments are identified in a manner consistent with the internal reporting, in accordance with the Group's internal organisation and reporting structure, provided to the chief operating decision-maker ("CODM"), which is the chief executive officer, to make strategic decisions.

For the year ended 31 December 2025, the Group has two (2024: two) reportable and operating segments in its continuing operations. The Group's reportable segments are determined based on internal management reporting reviewed by the CODM. Each segment represents a line of business that the CODM manages and evaluates together, reflecting the products and services that are considered part of that segment. During the year ended 31 December 2025, the Group commenced operations in two new product lines, in relation to sales of gold products and sales of chips and servers, in the expanded "Elderly care and health care services" segment and renamed the segment as "AI health & elderly care products and services" segment to reflect the Group's strategic expansion into technology-driven products and services supported by QUANZHAN-AI medical models technology and the integration of elderly care services with healthcare. No operating segments have been aggregated in arriving at the reportable segments of the Group. The following summary describes the operations in each of the Group's reportable segments:

Continuing Operations

- Fertiliser products – Manufacture and sale of biological compound fertiliser products, including active fertiliser, mixture with nitrogen, phosphorus and potassium with various formula, providing warehousing services and processing and licensing of the fertiliser products.
- AI health & elderly care products and services – Provision of health and integrated elderly care services supported by QUANZHAN-AI medical models technology, including the leasing of elderly equipment and sales of elderly-related products. In line with internal management reporting, the CODM also reviews trading activities of gold products for elderly customers (such as gold amulets and bracelets targeted at elderly customers) and technology components (chips and servers supporting healthcare solutions) within this segment, as they form part of the Group's broader elderly-related offerings and technology-enabled healthcare strategy.

With the addition of these two new product lines in 2025, the Group has expanded the scope of the elderly and health care products and service segment, and the segment has been renamed as "AI health & elderly care products and services" segment.

(a) Segment revenues and results

The material accounting policies of the reportable and operating segments are the same as the Group's material accounting policies described in note 4 to the consolidated financial statements. Central income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit or loss that is used by the chief operating decision-maker for assessment of segment performance.

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. **SEGMENT INFORMATION** (continued)
(a) Segment revenues and results (continued)
Year ended 31 December 2025

	Continuing operations		Total RMB
	Fertiliser products RMB	AI health & elderly care products and services RMB	
Revenue from external customers	413,406,106	109,560,545	522,966,651
Inter-segment revenue	–	–	–
Reportable segment revenue	413,406,106	109,560,545	522,966,651
Reportable segment profit/(loss)	(94,320,421)	99,867	(94,220,554)
Unallocated other income, gains or losses, net			490,108
Unallocated corporate expenses			(9,458,674)
Gain on disposal of financial assets at fair value through profit or loss			2,600,000
Loss on disposal of subsidiaries			(8,216,416)
Legal and professional fees			(2,080,100)
Unallocated impairment losses on trade and other receivables			(2,050,000)
Loss before tax			(112,935,636)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

(a) Segment revenues and results *(continued)*

Year ended 31 December 2024

	Fertiliser products RMB	Continuing operations AI health & elderly care products and services RMB	Total RMB
Revenue from external customers	384,846,908	635,414	385,482,322
Inter-segment revenue	–	–	–
Reportable segment revenue	384,846,908	635,414	385,482,322
Reportable segment loss	(31,106,702)	(406,899)	(31,513,601)
Unallocated other income, gains or losses, net			(866,899)
Unallocated corporate expenses			(4,696,495)
Unallocated interest expense			(261,000)
Unallocated impairment losses on trade and other receivables			(868,606)
Loss before tax			(38,206,601)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities in its continuing operations by reportable and operating segments.

	2025 RMB	2024 RMB
Segment assets		
Continuing operations		
Fertiliser products	191,318,307	319,422,910
AI health & elderly care products and services	69,350,878	1,041,761
Total segment assets	260,669,185	320,464,671
Unallocated corporate assets	4,174,060	12,062,378
Consolidated total assets	264,843,245	332,527,049
Segment liabilities		
Fertiliser products	227,500,999	285,168,180
AI health & elderly care products and services	18,970,358	2,084,728
Total segment liabilities	246,471,357	287,252,908
Unallocated corporate liabilities	15,639,799	16,834,206
Consolidated total liabilities	262,111,156	304,087,114

The assets and liabilities which are not for the purpose on generating segment profits are not allocated to the operating segments as they are not included in the measure of the segments' assets and liabilities that is used by the chief operating decision-maker for assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (continued)

(c) Other segment information

	Continuing operations				
	Fertilizer products RMB	AI health & elderly care products and services RMB	Subtotal RMB	Unallocated RMB	Consolidated RMB
For the year ended 31 December 2025					
Amounts included in measure of segment profit or loss or segment assets:					
Loss on disposal of property, plant and equipment	33,159	–	33,159	–	33,159
Written off for inventories, net	2,271,281	–	2,271,281	–	2,271,281
Written off for prepayment	697,741	–	697,741	–	697,741
Reversal of over provision of professional fees	–	–	–	(422,385)	(422,385)
Waiver of other payables	–	(793,080)	(793,080)	–	(793,080)
Government grants	–	(7,000,000)	(7,000,000)	–	(7,000,000)
Selling and distribution expenses	8,238,533	1,003,512	9,242,045	–	9,242,045
Research and development expenses	1,060,004	3,080,628	4,140,632	–	4,140,632
Bank interest income	(65,586)	(2,071)	(67,657)	(6,921)	(74,578)
Other interest income	(3,020)	–	(3,020)	–	(3,020)
Service fee income	–	–	–	(195,500)	(195,500)
Compensatory payment	354,438	–	354,438	162,100	516,538
Interest expense	3,728,866	30,509	3,759,375	29,596	3,788,971
Depreciation expense	8,406,943	1,085,315	9,492,258	–	9,492,258
Impairment losses on trade and other receivables	17,357,057	1,552,620	18,909,677	2,050,000	20,959,677
Impairment losses on property, plant and equipment	18,740,246	–	18,740,246	–	18,740,246
Impairment on right-of-use asset	5,229,091	–	5,229,091	–	5,229,091
Impairment loss on prepayments	62,691,605	107,241	62,798,846	–	62,798,846
Additions to property, plant and equipment	4,587,103	3,674,331	8,261,434	–	8,261,434
Additions to right-of-use assets	–	3,690,974	3,690,974	–	3,690,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (continued)

(c) Other segment information (continued)

	Continuing operations		Subtotal RMB	Unallocated RMB	Consolidated RMB
	Fertilizer products RMB	AI health & elderly care products and services RMB			
For the year ended 31 December 2024					
Amounts included in measure of segment profit or loss or segment assets:					
Loss on disposal of property, plant and equipment	1,171,831	–	1,171,831	–	1,171,831
Gain on disposal of right-of-use assets	(890,627)	–	(890,627)	–	(890,627)
Written off for inventories, net	3,253,284	–	3,253,284	–	3,253,284
Written off for prepayment	1,500,000	–	1,500,000	–	1,500,000
Government grants	(1,000)	–	(1,000)	–	(1,000)
Selling and distribution expenses	13,922,955	–	13,922,955	–	13,922,955
Research and development expenses	1,102,139	–	1,102,139	–	1,102,139
Bank interest income	(46,743)	(907)	(47,650)	(323)	(47,973)
Interest expense	4,320,000	–	4,320,000	261,000	4,581,000
Depreciation expense	9,032,844	94,679	9,127,523	–	9,127,523
Impairment losses on trade and other receivables	10,230,042	–	10,230,042	868,606	11,098,648
Impairment losses on property, plant and equipment	2,408,741	–	2,408,741	–	2,408,741
Additions to property, plant and equipment	2,558,492	–	2,558,492	–	2,558,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (continued)

(c) Other segment information (continued)

	Continuing operations					
	Fertiliser products		AI health & elderly care products and services		Total	
	2025 RMB	2024 RMB	2025 RMB	2024 RMB	2025 RMB	2024 RMB
Primary geographical markets						
PRC	413,406,106	384,846,908	109,560,545	635,414	522,966,651	385,482,322
Major products/ services						
Sales of biological compound fertiliser products						
– Ordinary fertilisers	377,776,852	359,752,928	–	–	377,776,852	359,752,928
– Organic fertilisers	5,285,792	6,529,518	–	–	5,285,792	6,529,518
Provision of services in relation to biological compound fertiliser products						
– Licencing income	2,363,773	1,495,217	–	–	2,363,773	1,495,217
– Processing income	27,978,005	16,980,723	–	–	27,978,005	16,980,723
– Warehousing service income	1,684	88,522	–	–	1,684	88,522
Provision of AI health & elderly care products and services						
– Sales of elderly gold products	–	–	87,402,916	–	87,402,916	–
– Leasing of elderly equipment	–	–	128,212	–	128,212	–
– Sales of chips and servers supporting healthcare solutions	–	–	21,735,643	–	21,735,643	–
– Consultation service income	–	–	293,774	635,414	293,774	635,414
	413,406,106	384,846,908	109,560,545	635,414	522,966,651	385,482,322
Timing of revenue recognition						
At a point in time	383,062,644	366,282,446	109,138,559	–	492,201,203	366,282,446
Transferred over time	30,343,462	18,564,462	421,986	635,414	30,765,448	19,199,876
	413,406,106	384,846,908	109,560,545	635,414	522,966,651	385,482,322

(d) Disaggregation of revenue from contracts with customers

In the table above, revenue is disaggregated by major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment revenue.

(e) Geographical information and major customers

The Group's revenue from external customers is mainly derived from its operations in the PRC, where most of its non-current assets are located. None of the customers have transactions with the Group which exceeded 10% of the Group's revenue for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. DISCONTINUED OPERATION

On 20 December 2023, Shanghai Weidi Network Technology Company Limited (“Shanghai Weidi”) was classified as a disposal group held for sale upon the passing of the board resolution by the directors of the Company whereby it was resolved that the Group shall discontinue operating the “Health care products (wine) and related services” business (“Discontinued operation”) and dispose of the Group’s interests in Shanghai Weidi (the “Disposal Group”). The board of directors of the Company had become committed to the plan to sell the Disposal Group and had initiated an active programme to locate buyer for the Disposal Group and complete the disposal plan.

On 27 March 2024, a sales and purchase agreement was signed between the Company and 上海泛瀾投資合夥企業(有限合夥), previously the vendor which sold the entire interests of Shanghai Weidi to the Group, for the disposal of 82.76% equity interest of Shanghai Weidi at a consideration of RMB10,593,100. The assets and liabilities of the Disposal Group, which was expected to be sold within twelve months of the date of classification of the disposal group as held for sale, had been classified as assets and liabilities of disposal group held for sale and were presented separately in current assets and current liabilities in the consolidated statement of financial position of the Group as at 31 December 2023. The disposal of Shanghai Weidi was completed on 27 March 2024. Details of the disposal are set out in note 37.

As the “Health care products (wine) and related services” operation represented a separate major line of business of the Group, the financial performance of the “Health care products (wine) and related services” operation is presented separately in the consolidated statement of profit or loss as discontinued operation. The loss for the year ended 31 December 2024 from the Discontinued operation are set out below.

	2024 RMB
Revenue of discontinued operation	
Contracts with customers	943,396
Total revenue	943,396
Cost of sales	(248)
Other expenses	(3,219)
Administrative expenses	(1,180,205)
Finance costs	(767)
Loss before taxation of discontinued operation	(241,043)
Income tax expense	–
Loss after taxation of discontinued operation	(241,043)
Post-tax gain recognised on the disposal of the Disposal Group:	
– Gain recognised upon disposal of subsidiary (Note 37)	2,086,776
Profit for the year from discontinued operation	1,845,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the year ended 31 December 2025***7. DISCONTINUED OPERATION** *(continued)*2024
RMB**Loss for the year from discontinued operation is arrived at after charging:**

Cost of inventories recognised as expense	248
Amortisation of intangible asset	172,250
Employee costs (including emoluments of directors and supervisors):	
– Wages and salaries	777,984
– Retirement benefit scheme contributions	110,223
– Staff welfare and other benefits	16,227

Cash flows from discontinued operation:

Net cash inflow from operating activities	27,425
Net cash inflow from investing activities	–
Net cash inflow from financing activities	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. REVENUE

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold or services provided to customers after any allowance and discounts, and is analysed as follows:

	2025 RMB	2024 RMB
Continuing operations		
Fertiliser products		
Sales of goods, recognised at point in time basis		
– Ordinary fertilizer	377,776,852	359,752,928
– Organic fertilizer	5,285,792	6,529,518
Services income, recognised on over time basis		
– Licensing income	2,363,773	1,495,217
– Processing income	27,978,005	16,980,723
– Warehousing service income	1,684	88,522
AI health & elderly care products and services		
Sales of goods, recognised at point in time basis		
– Sales of elderly gold products	87,402,916	–
– Sales of chips and servers supporting healthcare solutions	21,735,643	–
Services income, recognised on over time basis		
– Consultation service income	293,774	635,414
Leasing of elderly equipment	128,212	–
Total revenue from contracts with customers	522,966,651	385,482,322

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	2025 RMB	2024 RMB
Trade receivables (note 22)	14,609,993	10,818,520
Contract liabilities (note 28)	72,986,257	77,747,402

Contract liabilities mainly relate to the advance consideration received from customers of fertiliser products, RMB35,715,940 (2024: RMB45,094,683) of the balance at the beginning of the year has been recognised as revenue for the year ended 31 December 2025 from performance obligations satisfied during the year when the goods were sold or the services were rendered during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. REVENUE (continued)

As at 31 December 2025, the aggregated amount of unsatisfied or partially unsatisfied performance obligations under the Group's existing contracts was approximately RMB72,986,257 (2024: RMB77,747,402). This amount represents revenue expected to be recognised in the future from delivery of biological compound fertilisers in accordance with the expected date of delivery of biological compound fertilisers in accordance with the remaining performance.

Remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2025 and 2024:

	2025 RMB	2024 RMB
Remaining performance obligations expected to be satisfied		
Within 1 year	65,581,204	65,006,667
More than 1 year but less than 2 years	80,298	3,133,944
More than 2 years but less than 3 years	7,324,755	2,367,396
More than 3 years but less than 4 years	–	7,239,395
	72,986,257	77,747,402

9. OTHER INCOME, GAINS AND LOSSES, NET

	2025 RMB	2024 RMB
Continuing operations		
Loss on disposal of property, plant and equipment	(33,159)	(1,171,831)
Written off for inventories, net	(2,271,281)	(3,253,284)
Written off for prepayment	(697,741)	(1,500,000)
Waive of other payables	793,080	–
Reversal of over provision of professional fees	422,385	–
Government grants (note (i))	7,000,000	1,000
Bank interest income	74,578	47,973
Other interest income	3,020	–
Gain on disposal of right-of-use assets	–	890,627
Gain on acquisition of a subsidiary (note 36)	18,158	–
Gain on disposal of financial assets at fair value through profit or loss (note 20)	2,600,000	–
Sales of scraps	(650)	1,034
Service fee income	195,500	–
Compensatory payments (note (ii))	(516,538)	–
Others	(98,376)	7,456
	7,488,976	(4,977,025)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. OTHER INCOME, GAINS AND LOSSES, NET *(continued)*

Notes:

- (i) For the year ended 31 December 2025, government grants mainly represent the subsidies provided by Beijing Municipal Commission of Science and Technology (“Beijing Municipal Commission”) and the Management Committee of Zhongguancun Science and Technology Park (“Zhongguancun”) to the subsidiaries of the Group in respect of the expenses incurred by the Group in relation to the “Xihe-1 AI Medical Large Model Project” of the “Project for the First-class University, Science and Technology Park in the National University Science and Technology Park of Peking University”. These subsidies received are recognized in profit or loss in 2025 when the tasks have been carried out in accordance with the contract and the standards set by Beijing Municipal Commission and Zhongguancun are met (the “Criteria”). The Group has fulfilled the conditions to incur the spending on the Xihe-1 AI Medical Large Model Project during the year. For the year ended 31 December 2024, it mainly represented subsidies granted by the PRC Government to subsidiaries of the Group on the research and development expenses related to compound fertilisers incurred by the Group. The subsidies were received and recognized in profit or loss only when the research and development has been completed and fulfilled the Criteria set by the PRC Government.
- (ii) Compensatory payments include compensation for breach of contract of RMB134,019, late payment of RMB6,438 and compensation for industrial injuries of RMB348,000.

The breach of contract compensation is due to the fact that the Group (the purchaser), the joint liability guarantor and the vendor reached a settlement agreement with Chen Xuejun in the arbitration case regarding the “Transfer of Equity Agreement of Shanghai Weidai Network Technology Co., Ltd.”, and therefore need to pay a total compensation of RMB134,019 to Chen Xuejun.

Work injury compensation refers to the payment made by the Company to its employees when they suffer from work-related injuries. Two employees of the Group were injured at work. After assessment and identification, they were determined to have suffered a fifth-level disability and a ninth-level disability due to work-related injuries. When the labor relationship with the Group was terminated, an agreement was reached to compensate the employees for their work-related injury benefits.

10. RESEARCH AND DEVELOPMENT EXPENSES

Included in research and development expenses are mainly expenditures incurred for the internal projects carried out for the design, testing, exploring and upgrading various types of biological compound fertiliser products and the AI health & elderly care products and services for business purpose. Management assessed that the costs were incurred for these projects that were currently in the research and initial development stage and should not be capitalised as assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. LOSS BEFORE TAX

	2025 RMB	2024 RMB
Continuing operations		
Loss before tax is arrived at after charging the following items:		
Auditor's remuneration	541,920	510,817
Cost of services recognised as expense	382,503	378,259
Cost of inventories recognised as expense (note (a))	485,420,478	364,881,187
Depreciation of property, plant and equipment	6,144,125	6,974,407
Depreciation of right-of-use assets	3,348,133	2,153,116
Short-term leases expenses	1,282,577	313,488
Travelling and transportation expenses	2,820,087	4,095,459
Legal and professional fee	2,400,629	365,267
Promotion expenses	1,309,422	1,201,319
Employee costs (including emoluments of directors and supervisors):		
– Wages and salaries	17,143,184	21,820,682
– Bonus	452,789	1,751,319
– Retirement benefit scheme contributions	3,481,851	3,396,368
– Staff welfare and other benefits	559,745	1,258,823
	21,637,569	28,227,192
Finance costs		
Interest expense on bank and other borrowings	3,342,444	4,132,174
Interest expense on lease liabilities	446,527	448,826
	3,788,971	4,581,000

Note (a)

Cost of inventories recognised as expense mainly includes raw materials and consumables used of RMB368,795,353 (2024: RMB356,787,875) and labour costs and production overheads of RMB8,320,978 (2024: RMB8,093,312) relating to sales of fertilisers and purchase cost of finished goods sold of RMB108,304,147 (2024: Nil).

Note (b)

For the year ended 31 December 2025, the Group incurred research and development expenses of RMB4,140,632 (2024: RMB1,102,139), all of which were charged to profit or loss as they did not meet the criteria for capitalisation. These expenses mainly consist of RMB2,186,690 (2024: RMB500,400) of the salaries of the technicians of fertiliser services and AI health and elderly care services (included in Employee costs above) and RMB1,070,874 (2024: Nil) of technical service fees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. INCOME TAX EXPENSE/(CREDIT)

	2025 RMB	2024 RMB
Continuing operations		
Current tax		
– tax for the year	85,160	1,694
– Under provision in respect of prior years	175,945	–
	261,105	1,694
Deferred tax (note 32)	347,991	(223,012)
	609,096	(221,318)

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

Pursuant to the rules and regulations of the Cayman Islands, the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong during the year ended 31 December 2025 (2024: Nil).

(a) China Corporate income tax

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the subsidiaries of the Group is calculated based on the statutory tax rate of 25% (2024: 25%), except for the subsidiaries described below.

High and New-Tech enterprise certificate was issued on 9 November 2017, and lasted for 3 years and extended for a further 3 years from 9 November 2020, to Guangdong Fullilong Compound Fertilisers Co., Ltd., recognising the entity as a High and New-Tech enterprise according to the PRC tax regulations and hence entitled to a preferential tax rate of 15% (2024: 15%). In accordance with public announcement made by Ministry of Science and Technology of the PRC dated 29 December 2023, Guangdong Fullilong Compound Fertilisers Co., Ltd. has been approved to extend its High and New-Tech enterprise qualification for further 3 years.

Certain subsidiaries of the Group in the PRC are qualified as small and micro businesses and enjoy preferential income tax rate of 5% (2024: 5%) with no expiry term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. INCOME TAX EXPENSE/(CREDIT) (continued)

(b) Reconciliation between tax expense and accounting loss

	2025 RMB	2024 RMB
Continuing operations		
Loss before tax	(112,935,636)	(38,206,601)
Calculated at statutory rate of 25% (2024: 25%)	(28,233,909)	(9,551,650)
Tax effects of:		
Income not taxable for tax purposes	(6,938,640)	(4,911,195)
Expenses not deductible for tax purposes	2,121,835	5,859,895
Share of loss of associates	861	-
Unused tax losses not recognised	3,282,372	4,897,862
Utilisation of tax losses previously not recognized	(1,990,484)	(41,752)
Effects of differential tax rate and preferential tax treatment	5,260,901	148,675
Effect of temporary difference not recognised	26,930,215	3,376,847
Under provision in prior years	175,945	-
Income tax expense/(credit)	609,096	(221,318)

- (c) At 31 December 2025, the Group has unused tax losses of RMB163.6 million (2024: RMB158.4 million) that are available for offsetting against future taxable profits of the companies in which the losses arose. The unused tax losses can be carried forward for 10 years (2024: 10 years) and will expire in various dates up to 2035 (2024: 2034). No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Deductible temporary differences arising from ECL provisions on trade receivables and other receivables, impairment for prepayment and impairment for property, plant and equipment, right-of-use assets amounting to RMB107,727,860 (2024: RMB13,507,389) were not recognised due to the unpredictability of future profit streams. Other temporary differences are not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2024: nil).

14. LOSS PER SHARE

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

	2025 RMB	2024 RMB
Loss for the year attributable to owners of the Company		
– From continuing operations	(90,820,485)	(29,647,974)
– From discontinued operation	–	1,845,733
Loss for the purpose of basic loss per share	(90,820,485)	(27,802,241)
Weighted average number of ordinary shares for the purpose of basic loss per share	2,079,643,561	1,894,500,000

No adjustment is made in arriving at diluted loss per share as there was no potential ordinary shares in issue during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES

(a) Directors' and supervisors' emoluments

The aggregate amounts of emoluments paid and payable to directors and supervisors of the Company during the year are as follows:

	2025 RMB	2024 RMB
Fees	320,000	365,263
Salaries and other benefits	464,501	635,053
Retirement benefits scheme contributions	183,488	248,703
	967,989	1,249,019

Executive director:

The emoluments paid to executive director during the year are as follows:

	Fee emoluments RMB	Salaries and other benefits RMB	Retirement benefits scheme contributions RMB	Total RMB
2025				
Ms. Sun Li	–	363,107	163,401	526,508
2024				
Ms. Sun Li	–	356,510	159,793	516,303

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES (continued)

(a) Directors' and supervisors' emoluments (continued)

Non-executive directors:

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

	Fee emoluments RMB	Salaries and other benefits RMB	Retirement benefits scheme contributions RMB	Total RMB
2025				
Mr. Li Ximing	40,000	–	–	40,000
Mr. Cao Aixin (Note (i))	10,000	–	–	10,000
	50,000	–	–	50,000
2024				
Mr. Li Ximing	40,000	–	–	40,000
Mr. Cao Aixin	40,000	51,943	2,021	93,964
	80,000	51,943	2,021	133,964

Notes:

(i) Mr Cao Aixin resigned as a non-executive director on 27 March 2025.

Independent non-executive directors:

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

	2025 RMB	2024 RMB
Mr. Li Xudong (Note (ii))	–	20,000
Ms. Gao Chun	80,000	80,000
Mr. Wang Yongkang (Note (iii))	80,000	80,000
Mr. Tu Xiangzhen (Note (iv))	80,000	45,263
	240,000	225,263

Notes:

(ii) Mr Li Xudong resigned as an independent non-executive director on 28 March 2024.

(iii) Mr Wang Yongkang resigned as an independent non-executive director on 31 December, 2025.

(iv) Mr. Tu Xiangzhen was appointed as an independent non-executive director on 7 June, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES (continued)

(a) Directors' and supervisors' emoluments (continued)

Supervisors:

The emoluments paid to supervisors during the year are as follows:

	Salaries and other benefits RMB	Retirement benefits scheme contributions RMB	Total RMB
2025			
Ms. Liu Jinyu (Note (v))	101,394	20,087	121,481
2024			
Ms. Yang Chunyan	129,500	49,552	179,052
Ms. Liu Jinyu	97,100	37,337	134,437
	226,600	86,889	313,489

Notes:

(v) Ms Liu Jinyu retired on 24 June 2025 due to the abolition of the supervisory committee.

Independent supervisors:

The fees paid to independent supervisors during the year are as follows:

	2025 RMB	2024 RMB
Mr. Liang Weitao (Note (vi))	30,000	30,000
Mr. Zhao Zhiyou (Note (vii))	–	30,000
	30,000	60,000

Notes:

(vi) Mr. Liang Weitao retired on 24 June 2025 due to the abolition of the supervisory committee.

(vii) Mr. Zhao Zhiyou resigned on 12 February 2025.

No performance-related incentive payments were determined and paid to any of the directors and supervisors for the year ended 31 December 2025 (2024: Nil).

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors emoluments shown above were mainly for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES (continued)

(b) Five highest paid individuals

The five highest paid individuals of the Group included one (2024: one) executive director, whose emoluments are reflected in note (a) above.

The analysis of the emoluments of the remaining four (2024: four) highest paid individuals are set out below:

	2025 RMB	2024 RMB
Salaries and other benefits	2,129,000	692,532
Retirement benefits scheme contributions	330,634	67,097
	2,459,634	759,629

The number of the highest paid individuals, including executive directors, whose remuneration fell within the following band is as follows:

	Number	
	2025	2024
Nil –RMB899,442 (2024: RMB912,634) (equivalent to Nil – HK\$1,000,000)	5	5

- (c) During the year, no emoluments were paid by the Group to the directors, supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

None of the directors and supervisors waived any emoluments during the year (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings, other structures and improvements RMB	Plant and machinery RMB	Motor vehicles RMB	Furniture, fixtures and equipment RMB	Construction in progress RMB	Total RMB
Cost						
At 1 January 2024	91,530,765	82,863,298	4,938,294	8,256,678	1,072,139	188,661,174
Additions	122,000	1,722,138	5,000	83,102	626,252	2,558,492
Transfer	837,329	861,062	-	-	(1,698,391)	-
Disposals	(237,492)	(8,638,024)	(2,888,580)	(897,402)	-	(12,661,498)
At 31 December 2024	92,252,602	76,808,474	2,054,714	7,442,378	-	178,558,168
Additions	1,671,690	2,086,623	562,611	3,874,232	66,278	8,261,434
Disposals	-	(5,126,279)	(235,357)	(2,334,798)	-	(7,696,434)
At 31 December 2025	93,924,292	73,768,818	2,381,968	8,981,812	66,278	179,123,168
Accumulated depreciation and impairment						
At 1 January 2024	34,568,138	69,921,947	2,741,892	7,802,190	-	115,034,167
Charge for the year	3,160,668	2,829,404	446,745	537,590	-	6,974,407
Written back on disposal	(69,593)	(5,823,227)	(1,760,600)	(897,402)	-	(8,550,822)
Impairment	-	2,408,741	-	-	-	2,408,741
At 31 December 2024	37,659,213	69,336,865	1,428,037	7,442,378	-	115,866,493
Charge for the year	3,354,457	2,081,830	230,045	477,793	-	6,144,125
Written back on disposal	-	(3,994,068)	(223,586)	(1,679,049)	-	(5,896,703)
Impairment	10,836,952	6,344,191	947,472	545,353	66,278	18,740,246
At 31 December 2025	51,850,622	73,768,818	2,381,968	6,786,475	66,278	134,854,161
Carrying amount						
At 31 December 2025	42,073,670	-	-	2,195,337	-	44,269,007
At 31 December 2024	54,593,389	7,471,609	626,677	-	-	62,691,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the year ended 31 December 2025***16. PROPERTY, PLANT AND EQUIPMENT** *(continued)*

Notes:

- (i) At 31 December 2025, the carrying amount of buildings under property, plant and equipment and right-of-use assets pledged as security for certain of the Group's banking facilities amounted to approximately RMB48.6 million (2024: RMB65.7 million) (note 30 (i)).
- (ii) At 31 December 2025, costs of fully depreciated plant and machinery, motor vehicles and furniture, fixtures and equipment that were still in use by the Group were RMB56.5 million (2024: RMB55.0 million), RMB1.7 million (2024: RMB1.6 million) and RMB5.1 million (2024: RMB7.4 million) respectively.
- (iii) The Group carried out impairment assessment reviews of its property, plant and equipment and right-of-use assets used in its fertiliser product segment in 2025 and 2024 as a result of the market conditions in the fertiliser markets whereby increased competition amongst the suppliers had led to decreases in the gross profit margins of the Group's fertilizer products. Based on the results of the impairment assessments of the recoverable amounts of the cash-generating units in the fertiliser products segment made by the management, which have been determined based on value-in-use calculations, the cash-generating unit represented by Fulilong (Shandong) Fertilisers Co., Ltd. (the "CGU1") was identified to be impaired as its recoverable amount was estimated to be lower than its carrying amount (2024: CGU1 was found to have recoverable amount below its carrying amount). The CGU1 is principally engaged in the research and development, manufacture and sales of biological compound fertilisers in Shandong Province. Impairment loss of RMB23,969,337 (2024: RMB2,408,741) has been recognised in consolidated profit or loss for the year ended 31 December 2025 to write down the carrying amounts of the assets belonging to the CGU1, and the carrying amount of the CGU1 was reduced to its recoverable amount of RMB29,207,949. The impairment loss of RMB18,740,246 has been allocated to the Buildings, other structures and improvements, plant and machinery, motor vehicles and furniture, fixtures and equipment classes of property, plant and equipment and impairment loss of RMB5,229,091 has been allocated to the prepaid land lease relating to property, plant and equipment (Note 17) of the CGU1 belonging to the fertilizer products segment. The discount rate used in measuring the amount of value in use of the CGU1 as at 31 December 2025 was 17.1% (2024: 15.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. RIGHT-OF-USE ASSETS

The Group as a lessee

The Group leases a number of properties in the jurisdictions in which it operates.

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

	Buildings, other structures and improvements (note (a)) RMB	Prepaid land lease (note (b)) RMB	Prepaid land lease relating to property, plant and equipment (note (c)) RMB	Total RMB
At 1 January 2024	4,200,332	13,268,687	21,840,013	39,309,032
Disposal	–	–	(1,494,330)	(1,494,330)
Depreciation	(1,486,748)	(286,891)	(379,477)	(2,153,116)
At 31 December 2024	2,713,584	12,981,796	19,966,206	35,661,586
At 1 January 2025	2,713,584	12,981,796	19,966,206	35,661,586
Additions	3,690,974	–	–	3,690,974
Impairment	–	–	(5,229,091)	(5,229,091)
Depreciation	(2,299,011)	(286,891)	(762,231)	(3,348,133)
At 31 December 2025	4,105,547	12,694,905	13,974,884	30,775,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. RIGHT-OF-USE ASSETS (continued)

The Group as a lessee (continued)

	2025 RMB	2024 RMB
Expenses relating to short-term leases	1,282,577	313,488
Repayment of principal portion of lease liabilities	2,446,972	1,498,974
Interest paid on lease liabilities	446,527	448,826
Total cash outflows for leases for the year	4,176,076	2,261,288

Notes:

(a) The Group leases various production facilities for its manufacturing operations. The lease contract was entered into for fixed term without extension and termination options and the lease term will end in 2030. The lease payments are calculated by the summation of 2 components: (i) fixed minimum lease payments and (ii) variable lease payments based on the quantity of production volume in each month. However, the management assessed that the projected production quantity would not exceed the benchmark production quantity set out in the lease contract during the lease period, and in the opinion of the management of the Group, no impact from the variable lease payment component to the total lease payments is expected. No variable lease payments were paid for the years ended 31 December 2025 and 2024.

(b) The balance represented a piece of land held by the Group under medium-term lease in the PRC.

On 28 September 2019, the Group signed an agreement with an independent third party (the "Acquirer") to unconditionally transfer the land use right to the Acquirer when the Group successfully obtained the land use right certificate at a consideration of RMB11,500,000 (the "Consideration"). Direct costs incurred by the Group for obtaining the land use right certificate were recognised as additional cost of acquisition of the land use rights and to be reimbursed by the Acquirer. On 20 April 2020, the land use right certificate, which was obtained by the Group but due to the identity of the designated holder of the land use right certificate was yet to be determined by the Acquirer and there was no specific timeline for transferring the land use right certificate in accordance to the original agreement and subsequently, a supplemental agreement dated 10 March 2021, the land use right was yet to be transferred to the Acquirer as at 31 December 2020. On 8 December 2021, the Group signed a Demolition and Compensation Agreement with the People's Government of Hongmei Town, Dongguan City (the "People's Government"), whereby the Group will transfer the piece of land to the People's Government in exchange for another piece of land. Based on the terms under the agreement with the Acquirer, the Acquirer is not entitled to any compensation from the Group for not transferring the land use right under any conditions, but the Acquirer is entitled to a refund of advance payment of RMB13,329,852, which was included in other payables of the Group under note 29. As at 31 December 2025, the timing that the Group would replace and transfer the land to the People's Government is uncertain. The land is being depreciated over the term of the land use right.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. RIGHT-OF-USE ASSETS (continued)

The Group as a lessee (continued)

Notes: (continued)

As at 31 December 2025, the recoverable amount of the right-of-use asset was determined by reference to valuation of fair value carried out on a Market Value basis. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

The fair value of the land as at 31 December 2025 was estimated to be above its carrying amount. The fair value was determined by the directors of the Company, with reference to recent market prices of similar properties as inputs. At the end of the reporting period, no impairment loss of the right-of-use assets relating to prepaid land lease was considered necessary.

The fair value of the land was determined based on the market observable comparable prices of similar properties ranging from RMB1,200 to RMB1,626 per sq. m taking into account differences in locations and size. The higher the comparable prices, the higher the fair value of the land. The fair value was based on observable inputs other than unadjusted quoted prices and corroborated by observable market data, and is under level 2 fair value measurement hierarchy.

- (c) The balance represented the upfront payments for leasehold lands under medium-term leases in the PRC for own use properties. The lease terms of such leases are ranged from 13 years to 20 years with no extension options.

As disclosed in note 16, the recoverable amounts of the CGUs in the fertilizer product segment to which the right-of-use assets belong were determined based on value-in-use calculations.

Based on the impairment assessment of the CGUs, impairment was recognised with reference to the value-in-use calculation for CGU1 as disclosed in note 16. An impairment loss of RMB5,229,091 (2024: Nil) was recognised to reduce the carrying amount of the right-of-use asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. GOODWILL

	2025 RMB	2024 RMB
Cost		
At 1 January and 31 December	12,149,807	12,149,807
Accumulated impairment losses		
At 1 January and 31 December	(12,149,807)	(12,149,807)
Carrying amount	–	–

Goodwill acquired through business combination had been allocated to cash-generating units (“CGUs”) in the elderly care and health care services segment.

Prior to the year ended 31 March 2025, the elderly care and health care services segment (now known as AI health & elderly care products and services segment) includes two CGUs, which are the AI elderly care services CGU and AI health care services CGU. The goodwill of gross carrying amount of RMB12,149,807 was allocated under the AI elderly care services CGU. The goodwill in the AI elderly care services CGU was fully impaired in the financial year ended 31 December 2021.

19. INTANGIBLE ASSETS

	Licenses RMB
Cost	
At 1 January 2024 and 31 December 2024	276,085,998
Disposal of subsidiaries (note)	(276,085,998)
At 31 December 2025	–
Accumulated amortisation and impairment losses	
At 1 January 2024 and 31 December 2024	276,085,998
Disposal of subsidiaries (note)	(276,085,998)
At 31 December 2025	–
Carrying amount	
At 31 December 2025	–
At 31 December 2024	–

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For the year ended 31 December 2025

19. INTANGIBLE ASSETS (continued)

Note:

The licenses intangible assets were recognised upon the acquisitions of Shu Ju Ku Greater China Ltd (“SJKGC”) on 17 March 2017 at their fair values at the date of acquisition. They were considered by the management of the Group as having a useful life of 16 years respectively. The intangible assets are tested for impairment whenever there is an indication that they may be impaired.

Elderly care services CGU

The licenses intangible asset recognised upon the acquisition of SJKGC related to the exclusive right to use the medical license for the EEG diagnosis detection and analysis technology for the diagnosis of various psychiatric or neurological diseases, and the areas covered by the license in Asia Pacific include the PRC, Hong Kong, Macau, Japan and Korea. The exclusive medical license was granted from an independent third party incorporated in Seychelles, and such license is owned by an independent third party incorporated in Cyprus in relation to quantitative EEG data collection, analysis and subsequently for establishing the associated medical data bank. Licencing income would be generated from sub-licensing of the exclusive right to use the license, and processing income would be generated from self-operated detection centre and share of revenue from detection performed by sub-licensees.

For the purposes of impairment testing, the licenses intangible asset was identified as belonging to the health care services CGU:

The health care services CGU provides EEG detection services. In the financial year ended 31 December 2021, the licenses intangible asset was fully impaired as the scale of business and the financial performance of the health care services CGU were below the expectation of the Group’s management during the year. The Group performed its impairment assessment for licenses intangible assets in the health care services CGU by estimating the recoverable amount of the health care services CGU based on its value in use.

No objective evidence of reversal of impairment loss on the licences intangible asset was identified for the year ended 31 December 2024, and accordingly no reversal of impairment was recognised.

During the year ended 31 December 2025, the Group disposed of its equity interest in SJKGC through the disposal of its interest in SJKGC’s immediate holding company. Details of the disposal are set out in note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB	2024 RMB
Equity interest in unlisted entity	180,000	–

Movements during the year are as follows:

	2025 RMB	2024 RMB
At 1 January	–	–
Addition	180,000	–
At 31 December	180,000	–

Details of the Group's financial assets at fair value through profit or loss are as follows:

Company	Form of business structure	Place of incorporation	Attributable equity interest held by the Group	Place of operation and principal activities
Zibo Zigong Sanhe Agricultural Development Co., Ltd.*	Corporation	PRC	18% (2024: N/A)	Principally engaged in the research, development, manufacture and sales of biological compound fertilisers

* English translation is for identification purposes only.

Upon the completion of disposal of 82.76% equity interest in Shanghai Weidi on 27 March 2024 as stated in Note 37, the Group held 17.24% equity interest in Shanghai Weidi. The 17.24% equity interest in Shanghai Weidi was classified as fair value to profit or loss and its fair value was assessed as RMB Nil as at 31 December 2024 by an independent valuer based on market approach. During the year ended 31 December 2025, the 17.24% equity interest in Shanghai Weidi was disposed to 上海泛濶投資合夥企業 (有限合夥), previous vendor of Shanghai Weidi, at a cash consideration of RMB2,600,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INVENTORIES

	2025 RMB	2024 RMB
Raw materials	27,067,945	28,209,193
Finished goods	27,190,069	36,124,498
Purchased goods held for resale	47,996	–
Packaging materials	8,892,943	11,377,339
	63,198,953	75,711,030
Less: provision for inventory obsolescence	(403,159)	(403,159)
	62,795,794	75,307,871

RMB2,271,281 of raw materials, finished goods, packaging materials relating to Fertilizer products segment were written off during the year ended 31 December 2025 (2024: RMB3,253,284) as their aging exceeded two years and they were assessed to have no net realisable value.

22. TRADE RECEIVABLES

	2025 RMB	2024 RMB
Trade receivables	110,152,402	105,971,674
Allowance for expected credit losses	(95,542,409)	(95,153,154)
	14,609,993	10,818,520

An aging analysis of the trade receivables as at the end of the reporting periods, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB	2024 RMB
Within 3 months	11,208,715	1,257,380
More than 3 months but less than 6 months	955,644	3,717,203
More than 6 months but less than 1 year	60,801	5,817,827
Over 1 year	2,384,833	26,110
	14,609,993	10,818,520

The credit period for the customers were from 30 to 60 days (2024: 30 to 60 days).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES (continued)

The Group does not hold any collateral or other credit enhancements over these balances. Movements in the allowance for impairment losses are as follows:

	2025 RMB	2024 RMB
At 1 January	95,153,154	93,388,413
Written off of trade receivables	–	(8,225,287)
Written off impairment loss on disposal of a subsidiary	(1,529,040)	–
Expected credit losses provided	1,918,295	9,990,028
At 31 December	95,542,409	95,153,154

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

An impairment analysis was performed at 31 December 2025 and 2024 using a provision matrix to measure expected credit losses. The provision rates are based on aging from invoice date for groupings of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Details of credit risk assessment refer to note 40(a).

Set out below is the information about the credit risk exposure on the Group's trade receivables using the provision matrix based on the aging analysis by invoice date:

2025	Within 3 months RMB	More than 3 months but less than 6 months RMB	More than 6 months but less than 12 months RMB	Over 1 year RMB	Total RMB
Expected loss rate	16.74%	37.83%	74.88%	97.49%	
Gross carrying amount	13,462,304	1,537,147	242,107	94,910,844	110,152,402
Expected credit losses	2,253,589	581,503	181,306	92,526,011	95,542,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES (continued)

2024	Within	More than	More than	Over 1 year	Total
	3 months	3 months but less than 6 months	6 months but less than 12 months		
	RMB	RMB	RMB	RMB	RMB
Expected loss rate	5.53%	5.83%	41.63%	99.97%	
Gross carrying amount	1,331,020	3,947,373	9,967,082	90,726,199	105,971,674
Expected credit losses	73,640	230,170	4,149,255	90,700,089	95,153,154

23. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

24. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB	2024 RMB
Current		
Advanced deposits to suppliers of raw materials of fertiliser products and health care related products	142,164,143	78,976,908
Less: allowance for doubtful debts (note (iii))	(62,798,846)	–
	79,365,297	78,976,908
Other receivables (note (i))	33,728,631	16,354,312
Less: allowance for doubtful debts (note (ii))	(30,242,395)	(12,863,773)
	3,486,236	3,490,539
Non-current	82,851,533	82,467,447
Deposits (note (iv))	–	180,000
	82,851,533	82,647,447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. PREPAYMENTS AND OTHER RECEIVABLES (continued)

Notes:

- (i) Included in other receivables is an amount due from a company in which a director of the Company is a substantial shareholder (“the Borrower”) with a gross carrying amount of RMB7,000,000 (2024: RMB7,000,000) as of 31 December 2025 and net carrying amount of Nil as of 31 December 2025 and 2024. The amount is unsecured and interest bearing at 4% per annum. The repayment date was extended for one year from 30 September 2020 to 30 September 2021. There was significant increase in credit risk due to further extension of the advance and such balance was considered as credit impaired. Therefore, such amount was fully impaired in previous year. As at the date of approval of the consolidated financial statements, no repayment has been received.

Also included in gross other receivables is (a) a consideration receivable arising from the disposal of an associate of approximately RMBNil as at 31 December 2025 (2024: RMB307,000), (b) gross amount of RMB6,500,000 due from 上海泛瀾投資合夥企業 (有限合夥) (“上海泛瀾”), the previous vendor of a wholly owned subsidiary, Shanghai Weidi, for the disposal of 100% equity interest of Shanghai Weidi. The balance is unsecured, interest free, and repayable on demand, with ECL provision of RMB6,050,000, (c) gross amount due from a related party of a subsidiary of RMB2,093,660 (2024: Nil) which is unsecured, interest free, and repayable on demand and with ECL fully provided, (d) an amount due from an independent third party, 廣東福利龍農林生態科技有限公司 of RMB6,569,624 as at 31 December 2025 (2024: RMB5,949,623). The amount is unsecured, interest free, and repayable on demand, with ECL fully provided.

- (ii) Allowance for doubtful debts of other receivables:

	2025 RMB	2024 RMB
At 1 January	12,863,773	11,755,153
Allowance for impairment loss of other receivables	19,041,382	1,108,620
Write-off on disposal of a subsidiary	(1,662,760)	–
At 31 December	30,242,395	12,863,773

	Stage 1 RMB	Stage 2 RMB	Stage 3 RMB	Total RMB
At 1 January 2024	–	4,000,000	7,755,153	11,755,153
Allowance for impairment loss	–	–	1,108,620	1,108,620
At 31 December 2024 and 1 January 2025	–	4,000,000	8,863,773	12,863,773
Allowance for impairment loss	25,312	3,306,753	15,709,317	19,041,382
Write-off on disposal of a subsidiary	–	–	(1,662,760)	(1,662,760)
At 31 December 2025	25,312	7,306,753	22,910,330	30,242,395

Details of credit risk assessment refer to note 40(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. PREPAYMENTS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(iii) Allowance for impairment loss of prepayments:

	2025 RMB	2024 RMB
At 1 January	–	–
Allowance for impairment loss of prepayments	62,798,846	–
At 31 December	62,798,846	–

At 31 December 2025, the prepayment balance mainly represented advance payments to certain suppliers for purchases of goods for resale of gross carrying amount of RMB96,922,430 (2024: RMB 78,976,908). The carrying amount (net of impairment losses) of these prepayments to suppliers for the trading operations of the Group as at 31 December 2025 was RMB34,230,825 (2024: RMB78,976,908). The carrying amount (net of impairment losses) has been determined based on a valuation, carried out by an independent valuer not connected with the Group. The gross prepayment balance was due for more than two years with loss of contact of some of the suppliers. Such balance is considered as not recoverable and full impairment loss was provided. Accordingly, an impairment of RMB62,691,605 (2024: Nil) has been recognised in profit or loss during the year.

The prepayment balance also represented the advance payments of the AI medical software and AI medical project fees of gross carrying amount of RMB42,629,259 (2024: RMB Nil). The carrying amount (net of impairment losses) of prepayments of the AI medical software and AI medical project for the trading operation of the Group as at 31 December 2025 was RMB42,522,018 (2024: Nil). The carrying amount (net of impairment losses) has been determined based on a valuation, which adopted a general approach for the assessment of impairment losses, and was carried out by an independent valuer not connected with the Group. Accordingly, an impairment of RMB107,241 (2024: Nil) has been recognised in profit or loss during the year.

(iv) On 23 September 2024, the Group entered into an agreement with two independent third parties, 淄博供銷資產營運有限公司, and 廣東福利龍農林生態科技有限公司, to acquire 18% equity interest of 淄博淄供三蘇農業發展有限公司, at a deposit of RMB180,000. The transaction was completed during the year 2025 and the equity investment acquired was classified as financial assets at fair value through profit or loss upon its initial recognition in 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. INTEREST IN AN ASSOCIATE

	2025 RMB	2024 RMB
Carrying amount at initial recognition	3,444	–
Share of post-acquisition loss and other comprehensive expense	(3,444)	–
	–	–

Movements during the year are as follows:

	2025 RMB	2024 RMB
At 1 January	–	–
Addition	3,444	–
Share of loss and other comprehensive expense	(3,444)	–
At 31 December	–	–

Details of the Group's associate are as follows:

	Form of business structure	Place of incorporation	Attributable equity interest held by the Group	Principal activities
HONGKONG TEDA Biomedical Investment Limited ("HK Investment")	Corporation	Hong Kong	40% (2024: 100%)	Principally engaged in exploring investment projects and the licencing of EEG detection service

The interest in an associate represented the remaining 40% equity interest in HK Investment upon disposal of 60% equity interest in HK investment during the year. Details of the disposal are set out in note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. CASH AND CASH EQUIVALENTS

	2025 RMB	2024 RMB
Cash at bank and in hand	29,211,582	65,399,950
Less: pledged bank deposits (note (i))	–	(40,000,000)
Cash and cash equivalents	29,211,582	25,399,950

Cash and bank balances earn interest at floating rates (2025: 0.01% – 0.35%, 2024: 0% – 0.25%) based on daily bank deposit rates. The carrying amounts of the cash and bank balances approximate their fair values.

As at 31 December 2025, the total cash and bank balances is RMB29,211,582 (2024: RMB25,399,950), which the amount denominated in RMB is RMB26,282,757 (2024: RMB25,382,950). RMB is not freely convertible into foreign currencies in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through authorised banks to conduct foreign exchange business.

Note:

- (i) As at 31 December 2024, bank deposits of RMB40,000,000 was pledged to secure short-term bank loans of the same amount (note 30(i)).

27. TRADE PAYABLES

	2025 RMB	2024 RMB
Trade payables	22,300,415	8,931,678

Generally, the credit terms received from suppliers of the Group is 90 days. An aging analysis of year end trade payables, based on the invoice dates, is as follows:

	2025 RMB	2024 RMB
Within 3 months	14,978,220	2,180,601
More than 3 months but less than 6 months	493,080	166,500
More than 6 months but less than 1 year	40,843	281,016
Over 1 year	6,788,272	6,303,561
Trade payables	22,300,415	8,931,678

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. CONTRACT LIABILITIES

	2025 RMB	2024 RMB
Contract liabilities arising from:		
Sale of biological compound fertiliser products	72,986,257	77,747,402

It is a common practice for the Group to receive the contract sum in cash from its customers in advance of the transfer of goods. In such situation, contract liabilities would arise.

Movements in contract liabilities

	2025 RMB	2024 RMB
Balance as at 1 January	77,747,402	86,526,298
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year (note 8)	(35,715,940)	(45,094,683)
Increase in contract liabilities as a result of receipts in advance	30,954,795	36,315,787
Balance at 31 December	72,986,257	77,747,402

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For the year ended 31 December 2025

29. OTHER PAYABLES AND ACCRUALS

	2025 RMB	2024 RMB
Other payables (note (i))	34,772,054	31,008,970
Amount due to vendor of a subsidiary (note (ii))	–	2,206,900
Accruals (note (iii))	3,992,665	6,278,834
Receipts in advance (note (iv))	13,329,852	13,379,852
Amounts due to directors (note (v))	237,034	315,000
Payable to Social Security Fund (note (vi))	2,965,152	2,965,152
	55,296,757	56,154,708

Notes:

- (i) Other payables are due to third party vendors relating to operating expenses, purchase of plant and equipment, social insurance funds, staff payroll, and an advance from third party of RMB2,350,000 for setting the compensation for destroying the ecosystem which bears interest at 12% per annum, and repayable on demand.
- (ii) The amount as at 31 December 2024 related to balance due to one of the previous vendors of a former wholly owned subsidiary, Shanghai Weidi. The balance was unsecured, non-interest bearing and repayable on demand. During the year ended 31 December 2025, the balance was fully settled.
- (iii) Accruals primarily consist of accrued wages and staff benefits, including staff allowances and travel expenses.
- (iv) These mainly relate to the deposits received from a purchaser for purchasing the land (see note 17 (b) for details).
- (v) The balance was unsecured, non-interest bearing and repayable on demand.
- (vi) Pursuant to the State-Owned Shares Reduction Regulations, for any issue of new shares by a joint stock limited company with state-owned shares, 10% of the amount raised by the allotment of new shares shall be payable to 全國社會保障基金理事會 (National Council for the Social Security Fund).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. BANK AND OTHER BORROWINGS

	2025 RMB	2024 RMB
Current		
Interest bearing		
Secured		
– Short-term bank loans (note (i))	38,900,000	74,040,000
Unsecured		
– Short-term bank loans	59,220,000	50,020,000
– Short-term other loans (note (ii))	–	2,610,000
	98,120,000	126,670,000
Non-interest bearing		
Unsecured		
– Short-term other loans (note (ii))	–	8,000,000
	98,120,000	134,670,000
Non-current		
Interest bearing		
Secured		
– Long-term bank loans (note (i))	–	4,900,000
Unsecured		
– Long-term bank loans	–	9,970,000
	–	14,870,000
Total Bank and other borrowings	98,120,000	149,540,000
Effective interest rates		
Secured loans	2.80%-3.45%	1.21%-10.00%
Unsecured loans	2.95%-3.45%	3.45%

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For the year ended 31 December 2025

30. BANK AND OTHER BORROWINGS (continued)

At the end of the reporting period, total current and non-current bank and other borrowings were scheduled to repay as follows:

	2025 RMB	2024 RMB
Within one year	98,120,000	134,670,000
More than one year, but not exceeding two years	–	14,870,000
	98,120,000	149,540,000

Notes:

- (i) The bank borrowings of RMB38.9 million (2024: RMB38.9 million) were secured against property, plant and equipment and right-of-use assets with a total carrying amount as at 31 December 2025 of approximately RMB48.6 million (2024: RMB65.7 million). For the year ended 31 December 2024, certain bank borrowings were also guaranteed by a director of a subsidiary and an independent third party, and the remaining balances of RMB40.0 million represented the borrowings from bank carried at interest of 1.21% per annum and secured by pledged bank deposits.
- (ii) Short-term unsecured other loans as at 31 December 2024 represented borrowings granted by two independent third parties in a total of RMB10.6 million. Other loans of RMB2.6 million carried fixed interest rate of 10% per annum and repayable on demand, and RMB8.0 million carried at no interest rate and repayable on demand. During the year ended 31 December 2025, the other loans were fully settled.
- (iii) As at 31 December 2025, banking facilities of approximately RMB99.0 million (2024: RMB138.9 million) were granted to the Group and the Group utilised approximately RMB98.1 million during the year ended 31 December 2025 (2024: RMB138.9 million).

As at 31 December 2025 and 2024, all the bank and other borrowings were not subject to any financial covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. LEASE LIABILITIES

Movement of the Group's lease liabilities is analysed as follows:

	2025 RMB	2024 RMB
As at 1 January	10,375,254	11,874,228
Interest expense	446,527	448,826
Addition of lease contract	3,690,974	–
Lease payments	(2,893,499)	(1,947,800)
As at 31 December	11,619,256	10,375,254

The future lease payments of the Group's leases (excluding short-term leases) were scheduled to repay as follows:

	2025 RMB	2024 RMB
Minimum lease payments		
Not later than one year	3,411,492	1,947,801
Later than one year and not later than two years	3,370,692	1,947,801
Later than two years and not later than five years	5,843,401	5,843,401
Over five years	–	2,135,225
Less: Interest payment	12,625,585 (1,006,329)	11,874,228 (1,498,974)
	11,619,256	10,375,254

The present value of future lease payments of the Group's leases is analysed as:

	2025 RMB	2024 RMB
Current	3,026,483	1,561,379
Non-current	8,592,773	8,813,875
As at 31 December	11,619,256	10,375,254

	2025 RMB	2024 RMB
Short-term lease expense	1,282,577	313,488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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32. DEFERRED TAX

The following are the deferred tax liabilities recognised by the Group and movements thereon during the year:

	Right-of-use assets RMB
At 1 January 2024	1,561,084
Credited to profit or loss	(223,012)
At 31 December 2024 and 1 January 2025	1,338,072
Charged to profit or loss	347,991
At 31 December 2025	1,686,063

Reconciliation to the consolidated statement of financial position:

	2025 RMB	2024 RMB
Deferred tax liabilities	1,686,063	1,338,072

As at 31 December 2025, the Group has deductible temporary differences of RMB11,619,256 (2024: RMB10,375,254) in relation to lease liabilities. No deferred tax asset has been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. SHARE CAPITAL

(a) The Company's issued and fully paid-up capital comprises:

	2025		2024	
	Number (million)	RMB	Number (million)	RMB
Ordinary shares of RMB0.10 each:				
Domestic shares				
At 1 January and 31 December	698	69,750,000	698	69,750,000
H shares				
At 1 January	1,197	119,700,000	1,197	119,700,000
Issuance relating to placing (Note (i))	239	23,940,000	-	-
Sub-total – H shares	1,436	143,640,000	1,197	119,700,000
Total at 31 December	2,134	213,390,000	1,895	189,450,000

Note (i): On 19 February 2025, the Company successfully completed the placing ("Placing") with 135,900,000 new H shares at HK\$0.375 per placing H share to not less than six placees. The total gross proceeds from the Placing are approximately HK\$50.96 million and the net proceeds after deducting the underwriting commissions and other issuance costs are approximately RMB45.92 million.

On 8 May 2025, the Company successfully completed the placing ("Placing") with 103,500,000 new H shares at HK\$0.375 per placing H share to not less than six placees. The total gross proceeds from the Placing are approximately HK\$38.81 million and the net proceeds after deducting the underwriting commissions and other issuance costs are approximately RMB34.98 million.

Note (ii): Domestic shares and H shares are both ordinary shares in the share capital of the Company. However, H shares may only be subscribed for by, and traded in Hong Kong dollars between legal or natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC. Domestic shares on the other hand, may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in RMB. All dividends in respect of H shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in RMB. Other than the above, all domestic shares and H shares rank pari passu with each other in all respects and rank equally for all dividends or distributions declared, paid or made.

- (b) Movements in the Group's reserves are set out in the consolidated statement of changes in equity.
- (c) No share options had been granted by the Company under its share option scheme (the "Scheme") since its adoption. At 31 December 2025, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. RESERVES

	Share premium RMB (Note (i))	Capital reserve RMB (Note (ii))	Accumulated losses RMB (Note (iii))	Other reserve RMB (Note (iv))	Total RMB
The Company					
At 1 January 2024	275,317,438	(2,312,483)	(446,838,415)	(42,453,186)	(216,286,646)
Loss and total comprehensive expense for the year	-	-	(4,899,570)	-	(4,899,570)
Deemed contribution arising from imputed interest on amounts due from subsidiaries	-	-	-	(2,512,790)	(2,512,790)
At 31 December 2024 and 1 January 2025	275,317,438	(2,312,483)	(451,737,985)	(44,965,976)	(223,699,006)
Issue of share capital upon placing of shares	56,955,544	-	-	-	56,955,544
Loss and total comprehensive expense for the year	-	-	(59,903,626)	-	(59,903,626)
At 31 December 2025	332,272,982	(2,312,483)	(511,641,611)	(44,965,976)	(226,647,088)

Notes:

(i) **Share premium**

Share premium represents premium arising from the issue of shares issued at a price in excess of their par value per share.

(ii) **Capital reserve**

The capital reserve arose primarily as a result of the group reorganisation in 2002.

(iii) **Accumulated losses**

Accumulated losses represent the cumulative net income, gains and losses recognised in profit or loss.

(iv) **Other reserve**

The reserve relates to the initial carrying amount of liability of a written put option granted to non-controlling interests which were independent third parties under a disposal transaction of partial interest in a subsidiary and the deemed contribution arising from imputed interest on amounts due from subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NON-CONTROLLING INTERESTS

Summarised financial information in respect of subsidiaries with material non-controlling interests

As at and for the years ended 31 December 2025 and 2024, the non-controlling interests (“NCI”) was mainly attributable to 49% of Shandong Fulilong, 49% of SJKGC, 30% of Shanghai Muling and 40% of Beijing Quanjian. The NCI is recorded at its proportionate share of the subsidiaries’ identifiable net assets. SJKGC was disposed of during the year ended 31 December 2025 through the Group’s disposal of its interest in HONGKONG TEDA Biomedical Investment Limited (note 37).

Summarised financial information in relation to the subsidiaries with material NCI, before intra-group elimination, is presented below:

(a) *Shandong Fulilong*

	2025 RMB	2024 RMB
For the year ended 31 December		
Revenue	361,619,050	366,282,446
Loss for the year	(46,528,893)	(17,025,055)
Total comprehensive expense for the year	(46,528,893)	(17,025,055)
Loss and total comprehensive expense allocated to NCI	(22,799,157)	(8,342,277)
For the year ended 31 December		
Cash flows generated from operating activities	8,860,632	39,080,178
Cash flows used in investing activities	(2,602,523)	(1,855,323)
Cash flows (used in)/generated from financing activities	(48,060,000)	12,950,000
Net cash (outflow)/inflow	(41,801,891)	50,174,855

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For the year ended 31 December 2025

35. NON-CONTROLLING INTERESTS (continued)

Summarised financial information in respect of subsidiaries with material non-controlling interests (continued)

(a) Shandong Fulilong (continued)

	2025 RMB	2024 RMB
As at 31 December		
Current assets	109,029,716	187,225,327
Non-current assets	48,624,999	75,393,406
Current liabilities	(179,992,058)	(223,557,184)
Non-current liabilities	–	(14,870,000)
Net (liabilities)/assets	(22,337,343)	24,191,549
Accumulated non-controlling interests	(10,945,299)	11,853,859

(b) Shu Ju Ku Greater China

	2025 RMB	2024 RMB
For the period from 1 January to 31 March (date of disposal)/For the year ended 31 December		
Revenue	–	–
Loss for the year	–	–
Total comprehensive expense for the year	–	–
Loss and total comprehensive expense allocated to NCI	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NON-CONTROLLING INTERESTS *(continued)*

Summarised financial information in respect of subsidiaries with material non-controlling interests *(continued)*

(b) *Shu Ju Ku Greater China (continued)*

	2025 RMB	2024 RMB
For the period from 1 January to 31 March (date of disposal)/For the year ended 31 December		
Cash flows generated from operating activities and net cash inflow	–	–
As at 31 March (date of disposal)/As at 31 December		
Current assets	6,622,106	6,622,106
Current liabilities	(20,752,503)	(20,752,503)
Net liabilities	(14,130,397)	(14,130,397)
Accumulated non-controlling interests	(6,923,895)	(6,923,895)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NON-CONTROLLING INTERESTS (continued)

Summarised financial information in respect of subsidiaries with material non-controlling interests (continued)

(c) Shanghai Muling

	2025 RMB	2024 RMB
For the year ended 31 December		
Revenue	291,067	635,414
(Loss)/profit for the year	(232,817)	16,559
Total comprehensive (expense)/income for the year	(232,817)	16,559
(Loss)/profit and total comprehensive (expenses)/income allocated to NCI	(69,846)	4,968
For the year ended 31 December		
Cash flows (used in)/generated from operating activities	(334,982)	483,571
Cash flows used in investing activities	(293)	(556)
Cash flows generated from financing activities	–	–
Net cash (outflow)/inflow	(335,275)	483,015
As at 31 December		
Current assets	5,014,935	5,411,468
Non-current assets	90,121	111,107
Current liabilities	(801,526)	(986,228)
Net assets	4,303,530	4,536,347
Accumulated non-controlling interests	1,291,059	1,360,904

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NON-CONTROLLING INTERESTS (continued)

Summarised financial information in respect of subsidiaries with material non-controlling interests (continued)

(d) Boya Quanjian

On 1 January 2025, the Group set up Beijing Boya Quanjian Intelligent Computing Technology Co., Ltd. ("Boya Quanjian"), in which the Group held 60% of equity interest of Boya Quanjian. During the year ended 31 December 2025, the total non-controlling interests ("NCI") attributable to 40% of Beijing Quanjian are set out below.

	2025 RMB	2024 RMB
For the period from 1 January 2025 (date of acquisition) to 31 December 2025		
Revenue	12,499,668	–
Profit for the period	650,138	–
Total comprehensive income for the period	650,138	–
Profit and total comprehensive income allocated to NCI	260,055	–
For the period from 1 January 2025 (date of acquisition) to 31 December 2025		
Cash flows used in operating activities	(6,824,125)	–
Cash flows generated from investing activities	9,939,743	–
Cash flows generated from financing activities	1,019,600	–
Net cash inflow	4,135,218	–
As at 31 December		
Current assets	23,807,725	–
Non-current assets	4,386,097	–
Current liabilities	(17,771,237)	–
Non-current liabilities	(772,447)	–
Net assets	9,650,138	–
Share of net assets (40%)	3,860,055	–
Less: share of capital contribution funded by the Group*	(3,600,000)	–
Accumulated non-controlling interests	260,055	–

* Non-controlling interests have not yet participated in the capital contribution made by the Group during the year. Accordingly, the non-controlling interests balance excludes their proportionate share of such contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NON-CONTROLLING INTERESTS *(continued)***Summarised financial information in respect of subsidiaries with material non-controlling interests** *(continued)*

For subsidiaries with insignificant non-controlling interests, the aggregate amounts attributable to non-controlling interests are as follows:

- (i) Loss allocated to non-controlling interests: RMB(115,299) (2024: RMB Nil)
- (ii) Accumulated non-controlling interests in equity: RMB(97,852) (2024: RMB Nil)

Management has assessed that these non-controlling interests are not material to the Group's financial position, performance or cash flows. Accordingly, no further summarised financial information is presented for these subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. ACQUISITION OF A SUBSIDIARY

In October, 2025, the Group acquired 51% of equity interests in Shenzhen Yashan for business expansion. Shenzhen Yashan is incorporated in the PRC and engages in end-to-end data services, including data cleansing, database management, and data intelligence analytics.

The acquisition had the following effect on the Group's assets and liabilities on the date of acquisition:

	RMB
Consideration	1
Other receivables	3,373
Trade receivables	27,821
Cash at bank	4,412
	35,606
Non-controlling interests	(17,447)
Total identifiable net assets	18,159
Bargain on purchase arising from acquisition:	
Consideration transferred	1
Less: recognised amount of net assets acquired	(18,159)
	18,158
Net cash inflow on acquisition of Shenzhen Yashan:	
Purchase consideration settled in cash	(1)
Cash and cash equivalents acquired	4,412
Cash inflow on acquisition	4,411

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37. DISPOSAL OF SUBSIDIARIES

On 19 March 2025, the Group disposed of 60% equity interest in HONGKONG TEDA Biomedical Investment Limited and its subsidiary – Shu Ju Ku Greater China Ltd. to an independent third party at a consideration of HK\$6,000. Upon the completion of disposal on 19 March 2025, the Group still have 40% equity interest of Hong Kong TEDA directly and 20% equity interest of SJKGC indirectly, the Group has lost control of Hong Kong TEDA and SJKGC. The net assets of the disposed subsidiaries were as follows:

Analysis of assets and liabilities over which control was lost:

	RMB
Cash and cash equivalents	8,074
Other receivables	2,290,631
Other payables	(607,574)
Accrued salaries	(340,000)
Receipt in advance	(50,000)
	1,301,131
Non-controlling interests	6,923,895
	8,225,026
Analysis of gain or loss on disposal:	
Consideration receivable, gross amount	5,166
	(8,225,026)
Residual 40% equity interest and classified as interest in an associate	3,444
	(8,216,416)
Analysis of cash and cash equivalents in respect of the disposal:	
Cash consideration received	–
Bank balances and cash being disposed	(8,074)
	(8,074)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. DISPOSAL OF SUBSIDIARIES (continued)

On 27 March 2024, the Group disposed of 82.76% equity interest in Shanghai Weidi to 上海泛濶投資合夥企業(有限合夥) (“上海泛濶”), the previous vendor of a wholly owned subsidiary, Shanghai Weidi, at a consideration of RMB10,593,100, with RMB6,593,100 offset by the balances due to 上海泛濶 and the remaining RMB4,000,000 to be settled in cash. Upon the completion of disposal on 27 March 2024, the Group still have 17.24% equity interest of Shanghai Weidi but the Group has lost control of Shanghai Weidi. The fair value of 17.24% equity interest of Shanghai Weidi held by the Group is estimated at Nil amount and accounted for as other financial assets at fair value through profit or loss under non-current assets, which was disposed of during the year ended 31 December 2025 (Note 20). The net assets of the disposed subsidiary were as follows:

Analysis of assets and liabilities over which control was lost:

	RMB
Goodwill	5,528,000
Intangible assets	5,418,750
Inventories	100,885
Trade and other receivables	3,208,028
Cash and cash equivalents	56,205
Prepayment	8,208,000
Contract liabilities	(7,792,445)
Trade and other payables	(10,221,099)
	4,506,324
Analysis of gain or loss on disposal:	
Consideration receivable, gross amount	10,593,100
Less: Impairment allowance recognised at initial recognition of consideration receivable	(4,000,000)
	6,593,100
Net assets of subsidiary being disposed	(4,506,324)
	2,086,776
Analysis of cash and cash equivalents in respect of the disposal:	
Cash consideration received	–
Bank balances and cash being disposed	(56,205)
	(56,205)
Net cash outflow on disposal of subsidiary	(56,205)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Except for those transactions disclosed elsewhere in these financial statements, the related party transactions of the Group for the years ended 31 December 2025 and 2024 are the remuneration of key management personnel during the year, which comprised only the executive and non-executive directors whose remuneration is set out in note 15 to the consolidated financial statements.

39. CAPITAL RISK MANAGEMENT

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes bank and other borrowings), less cash and cash equivalents. Adjusted capital comprises all components of equity. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt-to-adjusted equity ratio at 31 December 2025 and 2024 was as follows:

	2025 RMB	2024 RMB
Total debts – Bank and other borrowings	98,120,000	149,540,000
Less: Cash and bank balances	(29,211,582)	(25,399,950)
Net debt	68,908,418	124,140,050
Total equity	2,732,089	28,439,935
Net debt-to-adjusted equity ratio	2,522.2%	436.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

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

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

(a) Credit risk

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

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a certain concentration of credit risk as 17% (2024: 56%) and 31% (2024: 80%) of the total carrying amount of trade receivables was due from the top one and the top five balances respectively, which are in the fertilizer industry. For elderly care and health care services, no material credit risk is noted as there is no material trade receivables balance at the end of the reporting period. The quantitative assessment of expected credit losses of trade receivable is set out in note 22 of the consolidated financial statements.

The Group determined that other receivables do not have low credit risk at reporting date and there is significant increase in credit risk since initial recognition (as it is credit impaired due to extension of expiry date), for which the ECLs are recognised on a lifetime basis. As such, other receivables are assessed for impairment individually at each reporting date and accumulated impairment losses of the Group amounting to approximately RMB30.2 million (2024: RMB12.9 million) has been made as at 31 December 2025. The individually impaired receivables are recognized based on the indication of financial difficulties and default in payments. Consequently, specific impairment provision was recognized. The other receivables are non-interest bearing and the Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

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

The following table details the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Carrying amount RMB	Total contractual undiscounted cash flows RMB	Within 1 year or on demand RMB	More than 1 year RMB
2025				
Bank and other borrowings	98,120,000	99,810,668	99,810,668	–
Trade payables	22,300,415	22,300,415	22,300,415	–
Other payables and accruals (excluding receipts in advance)	41,966,905	41,966,905	41,966,905	–
Lease liabilities	11,619,256	12,625,585	3,411,492	9,214,093
	174,006,576	176,703,573	167,489,480	9,214,093
2024				
Bank and other borrowings	149,540,000	152,223,975	136,581,347	15,642,628
Trade payables	8,931,678	8,931,678	8,931,678	–
Other payables and accruals (excluding receipts in advance)	42,774,856	42,774,856	42,774,856	–
Lease liabilities	10,375,254	11,874,228	1,947,801	9,926,427
	211,621,788	215,804,737	190,235,682	25,569,055

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For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank and other borrowings and lease liabilities. Bank and other borrowings were issued at fixed rates for years ended 31 December 2025 and 2024, which exposed the Group to fair value interest rate risk. The Group has no significant interest-bearing assets apart from cash and bank deposits. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The following table details the interest rate profile of the Group's borrowings at the end of reporting period.

	2025		2024	
	Effective interest rate % per annum	RMB	Effective interest rate % per annum	RMB
Borrowings				
Fixed rate borrowings	2.80%-3.45%	98,120,000	3.30%-18.00%	149,540,000
Lease liabilities	3.00%-4.00%	11,619,256	4.00%-6.65%	10,375,254
		109,739,256		159,915,254

No sensitivity analysis of effects of changes in interest rates is presented as the Group does not have significant exposure to cash flow interest rate risk.

(d) Currency risk

The Group mainly operated in PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

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41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

Summarised in the following table are the carrying amounts of financial assets and financial liabilities not measured at fair value, which include cash and cash equivalents, trade receivables, other receivables, trade payables, other payables and accruals (excluding receipts in advance) and bank and other borrowings. Due to their short-term nature, the carrying values of cash and cash equivalents, trade and other receivables, trade payables, other payables and accruals and bank and other borrowings approximate their fair values, and accordingly no disclosure of the fair values of these items is presented. Disclosure of fair value of lease liabilities is not required.

	2025 RMB	2024 RMB
Financial assets		
Amortised cost		
– Cash and bank balances	29,211,582	25,399,950
– Pledged bank deposits	–	40,000,000
– Amount due from an associate	150,000	–
– Trade receivables	14,609,993	10,818,520
– Other receivables	3,486,236	3,490,539
	47,457,811	79,709,009
Financial assets at fair value through profit of loss	180,000	–
Financial liabilities		
Amortised cost		
– Bank and other borrowings	98,120,000	149,540,000
– Trade payables	22,300,415	8,931,678
– Other payables and accruals (excluding receipts in advance)	41,966,905	42,774,856
	162,387,320	201,246,534

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42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank and other borrowings RMB	Lease liabilities RMB
At 1 January 2024	65,090,000	11,874,228
Interest expenses	4,132,174	448,826
Changes from cash flows:		
Operating cash flow – interest paid	(4,132,174)	(448,826)
Proceeds from new bank and other borrowings	147,000,000	-
Repayment of bank and other borrowings	(62,550,000)	-
Repayment of lease liabilities – principal portion	-	(1,498,974)
Total changes from financing cash flows:	84,450,000	(1,498,974)
At 31 December 2024 and 1 January 2025	149,540,000	10,375,254
Interest expenses	3,342,444	446,527
Changes from cash flows:		
Operating cash flow – interest paid	(3,342,444)	(446,527)
Proceeds from new bank and other borrowings	83,250,000	-
Repayment of bank and other borrowings	(134,670,000)	-
Initial recognition of new lease liabilities	-	3,690,974
Repayment of lease liabilities – principal portion	-	(2,446,972)
Total changes from financing cash flows:	(51,420,000)	1,244,002
At 31 December 2025	98,120,000	11,619,256

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43. PARTICULARS OF SUBSIDIARIES

Particulars of the Group's subsidiaries as at 31 December 2025 are as follows:

	Form of business structure	Place of incorporation/ establishment	Attributable equity interest held by the Group		Principal activities
			Directly	Indirectly	
Fuillong (Shandong) Fertilisers Co., Ltd. ² ("Shandong Fuillong")	Corporation	PRC	–	51%	Principally engaged in the research, development, manufacture and sales of biological compound fertilisers
Guangdong Fuillong Compound Fertilisers Co., Ltd. ² ("Guangdong Fuillong")	Corporation	PRC	100%	–	Principally engaged in the research, development, manufacture and sales of biological compound fertilisers
Ningxia Hongdi Biotechnology Co., Ltd. ² ("Ningxia Hongdi")	Corporation	PRC	100%	–	Principally engaged in the research, development, manufacture and application of biomedical science and technology projects, and provision of electroencephalography ("EEG") diagnosis detection service in the PRC
Guangdong Fuillong Soil Conditioning and Remediation Institute ² ("Guangdong Institute")	Non-enterprise organisation	PRC	–	100%	Principally engaged in conducting regional soil resources conditioning and remediation research, and soil environmental quality standards research
Shanghai Muling Elderly Care Investment Management Company Ltd. ² ("Shanghai Muling")	Corporation	PRC	70%	–	Principally engaged in the provision of elderly care consulting, advisory, management and assessment services and research and development of elderly care business
TEDA Health Management Services (Dongguan) Company Limited ² ("TEDA Dongguan")	Corporation	PRC	100%	–	Principally engaged in elderly care services and health consulting services

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43. PARTICULARS OF SUBSIDIARIES (continued)

Particulars of the Group's subsidiaries as at 31 December 2025 are as follows: (continued)

	Form of business structure	Place of incorporation/ establishment	Attributable equity interest held by the Group		Principal activities
			Directly	Indirectly	
Ningxia Hongxin Electronic Technology Co., Ltd. ("Ningxia Hongxin")	Corporation	PRC	100%	–	Principally engaged in the development and application of AI Medical Large Model and MaaS Platform
Beijing Boya Quanjian Intelligent Computing Technology Co., Ltd. ("Boya Quanjian")	Corporation	PRC	–	60%	Principally engaged in the research and development and marketing application of AI Medical Large Model and MaaS Platform
Shenzhen Teda Biomedical Engineering Co., Ltd. ("Shenzhen TEDA")	Corporation	PRC	100%	–	Principally engaged in the expansion of AI life and health project
Shenzhen Yishu Jingcheng Technology Co., Ltd. ("Yishu Jingcheng")	Corporation	PRC	51%	–	Principally engaged in data cleaning, database and data intelligence analysis full-process data services
Shenzhen Yashan Shenchuang Data Co., Ltd. ("Yashan Shenchuang")	Corporation	PRC	–	51%	Principally engaged in data cleaning, database and data intelligence analysis full-process data services
Beijing Boya Yikang Intelligent Computing Technology Co., Ltd. ("Boya Yikang")	Corporation	PRC	100%	–	Principally engaged in AI health & elderly care products and services business
Shenzhen Yingan Zhidui Technology Co., Ltd. ("Yingan Zhidui")	Corporation	PRC	–	51%	Principally engaged in AI health & elderly care products and services business

Notes:

¹ None of the subsidiaries had issued any debt securities at the end of the year.

² English translation is for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	2025 RMB	2024 RMB
Non-current assets		
Investments in subsidiaries	–	–
Amounts due from subsidiaries	–	24,515,024
	–	24,515,024
Current assets		
Prepayments and other receivables	1,501,493	6,953,477
Amount due from a subsidiary	7,900,000	–
Amount due from an associate	150,000	–
Cash and cash equivalents	3,114,972	121,876
	12,666,465	7,075,353
Current liability		
Amounts due to subsidiaries	19,788,462	49,005,177
Amount due to a director	237,034	315,000
Bank and other borrowings	–	2,610,000
Other payables and accruals	5,898,057	13,909,206
	25,923,553	65,839,383
Net current liabilities	(13,257,088)	(58,764,030)
Net liabilities	(13,257,088)	(34,249,006)
Capital and reserves		
Share capital	213,390,000	189,450,000
Reserves	(226,647,088)	(223,699,006)
Total deficit	(13,257,088)	(34,249,006)

Approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by.

Sun Li
Director

He Xin
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

45. LITIGATION

On 8 July 2022, the Group acquired 100% equity interest in Shanghai Weidi, of which the consideration of RMB6,593,100 for the acquisition of 82.76% equity interest of Shanghai Weidi from 上海泛漓, an independent third party, has been settled during the year ended 31 December 2024 under a settlement agreement, and the consideration of RMB2,206,900 for the acquisition of the remaining 17.24% equity interest (representing the remaining interest held by the Group after the disposal of Shanghai Weidi during the year ended 31 December 2024 as stated in note 37) from another independent third party vendor (the “Second Vendor”) had not yet been settled as at 31 December 2024 (the “Unsettled Consideration”). The Second Vendor sued the Group for the outstanding consideration amount and for additional compensation amounting to RMB340,966.

On 28 February 2025, a civil judgement was granted by the court, whereby the Group is found liable to pay for the Unsettled Consideration and legal costs in the total sum of RMB2,369,002 (the “Court Judgement”) within ten days of the date of the civil judgement. As at 31 March 2025, the Group has not yet settled the Court Judgement, and therefore, the Second Vendor has applied to the court to freeze the 12.8% equity interest of Guangdong Fulilong Compound Fertilisers Co., Ltd, a wholly owned subsidiary of the Company, with an amount of RMB2,560,000 equivalent to nominal value of 12.8% of equity interest (the “Equity Interest”).

During the year ended 31 December 2025, the Group entered into a settlement agreement with the Second Vendor to resolve the dispute, pursuant to which a total amount of RMB2,369,000, including the payable balance of RMB2,206,900 (note 29(ii)) as at 31 December 2024, was repaid in full. The Second Vendor has applied to the court for the release of the freeze over the Equity Interest.

On 22 December 2025, the Group entered into an Equity Transfer Agreement with 上海泛漓 and Mr. Qin Wenhua, who holds 82.76% of the equity interest in 上海泛漓, pursuant to which, 上海泛漓 agreed to repurchase the 17.24% equity interest in Shanghai Weidi acquired by the Group from the second vendor at a consideration of RMB2,600,000 and Mr. Qin Wenhua undertook guarantee liability in respect thereof. Currently, 上海泛漓 and Mr. Qin Wenhua have not performed their obligations as agreed, and the Group has taken legal action against Mr. Qin Wenhua.

46. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the geopolitical tensions in the Middle East escalated, particularly involving Iran in early 2026. This has resulted in increased volatility in the global energy market and the fertilizer industry, in which the Group’s major customers operate.

As at 31 December 2025, the Group had a concentration of credit risk with the top five balances representing 31% of the total trade receivables. The Group has performed a subsequent credit risk assessment up to the date of this report. Based on the latest available information, including the subsequent settlement patterns and the operational resilience of these customers amidst the rising fertilizer prices, the Group considers that the conflict does not have a material adverse impact on the recoverability of the trade receivables as at 31 December 2025.

Consequently, no adjustment to the expected credit loss (“ECL”) as at 31 December 2025 has been made. The Group will continue to monitor the situation closely and will reflect future impact on the ECL in its future consolidated financial statements.

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2026.