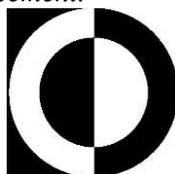


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DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED
東瑞製葯(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2348)

ANNOUNCEMENT OF THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS HIGHLIGHTS

	For the year ended 31 December		Changes
	2025	2024	
Revenue (RMB'000)	1,230,867	1,060,309	16.1%
Gross profit (RMB'000)	612,151	577,628	6.0%
Gross profit margin (%)	49.7%	54.5%	-4.8 percentage points
Profit before tax (RMB'000)	249,613	636,949	-60.8%
Profit for the year (RMB'000)	211,107	562,762	-62.5%
Profit attributable to owners of the parent (RMB'000)	213,971	564,940	-62.1%
Profit for the period attributable to the parent (excluding 2024 non-recurring profit including gain on associate and subsidy for the verification of the equipment) (RMB'000)	213,971	201,717	6.1%
Net profit margin (%)	17.2%	53.1%	-35.9 percentage points
Earnings per share attributable to ordinary equity holders of the parent—basic (RMB)	0.14	0.38	-63.2%
Dividend per share (HK\$)			
-Interim dividend	0.015	0.015	0%
-Proposed final dividend	0.048	0.048	0%
-Proposed special dividend	-	0.032	n/a
-Proposed full year dividend	0.063	0.095	-33.7%
Net asset value per share (RMB)	2.25	2.21	1.8%

The board (the “Board”) of the directors (the “Directors”) of Dawnrays Pharmaceutical (Holdings) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025 (the “reporting period”) together with the comparative amounts for 2024 as follows:

*for identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	4	1,230,867	1,060,309
Cost of sales		<u>(618,716)</u>	<u>(482,681)</u>
Gross profit		612,151	577,628
Other income and gains	4	59,528	451,957
Selling and distribution expenses		(105,998)	(127,835)
Administrative expenses		(138,276)	(130,368)
Research and development costs		(83,479)	(70,831)
Other expenses	5	(93,817)	(56,298)
Finance costs	6	(496)	(3,608)
Share of losses of an associate		<u>-</u>	<u>(3,696)</u>
PROFIT BEFORE TAX	7	249,613	636,949
Income tax expense	8	<u>(38,506)</u>	<u>(74,187)</u>
PROFIT FOR THE YEAR		<u>211,107</u>	<u>562,762</u>
Attributable to:			
Owners of the parent		213,971	564,940
Non-controlling interests		<u>(2,864)</u>	<u>(2,178)</u>
		<u>211,107</u>	<u>562,762</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic, for profit for the year		<u>RMB0.14</u>	<u>RMB0.38</u>
Diluted, for profit for the year		<u>RMB0.14</u>	<u>RMB0.38</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>211,107</u>	<u>562,762</u>
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(7,574)	4,318
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	<u>(15,264)</u>	<u>10,697</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(22,838)</u>	<u>15,015</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>188,269</u>	<u>577,777</u>
Attributable to:		
Owners of the parent	191,133	579,955
Non-controlling interests	<u>(2,864)</u>	<u>(2,178)</u>
	<u>188,269</u>	<u>577,777</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,021,066	1,038,195
Investment properties		2,483	2,611
Right-of-use assets		96,103	104,644
Construction in progress		56,880	85,568
Goodwill		241,158	241,158
Other intangible assets		272,070	300,923
Financial assets at fair value through profit or loss		20,000	20,000
Long-term prepayments		1,083	8,469
Deferred tax assets		4,914	5,467
Total non-current assets		<u>1,715,757</u>	<u>1,807,035</u>
CURRENT ASSETS			
Inventories		215,443	308,241
Trade and notes receivables	11	265,224	267,886
Prepayments, other receivables and other assets		236,040	249,715
Financial assets at fair value through profit or loss		410,491	207,135
Cash and bank balances		1,166,430	1,158,261
		<u>2,293,628</u>	<u>2,191,238</u>
Assets held for sale		-	11,003
Total current assets		<u>2,293,628</u>	<u>2,202,241</u>
CURRENT LIABILITIES			
Trade and notes payables	12	173,778	221,560
Other payables and accruals		236,239	299,417
Interest-bearing bank and other borrowings		77,477	29,864
Lease liabilities		-	1,160
Income tax payable		6,475	2,602
Total current liabilities		<u>493,969</u>	<u>554,603</u>
NET CURRENT ASSETS		<u>1,799,659</u>	<u>1,647,638</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,515,416</u>	<u>3,454,673</u>
NON-CURRENT LIABILITIES			
Government grants		2,880	3,360
Deferred tax liabilities		127,513	120,950
Lease liabilities		-	3,695
Total non-current liabilities		<u>130,393</u>	<u>128,005</u>
Net assets		<u><u>3,385,023</u></u>	<u><u>3,326,668</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2025

	Notes	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		80,598	80,530
Reserves		3,304,425	3,243,738
		<u>3,385,023</u>	<u>3,324,268</u>
Non-controlling interests		-	2,400
Total equity		<u><u>3,385,023</u></u>	<u><u>3,326,668</u></u>

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has two reportable segments as follows:

- a) Manufacture and sale of finished drugs (including antibiotics finished drugs and non-antibiotics finished drugs) (the "finished drugs" segment)
- b) Manufacture and sale of intermediates and bulk medicines (the "intermediates and bulk medicines" segment)

Management monitors the operating results of these operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, government grants, dividend income, fair value gains from the Group's financial instruments, share of losses of an associate, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and bank balances, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION (continued)

Year ended

31 December 2025

	Finished drugs <i>RMB'000</i>	Intermediates and bulk medicines <i>RMB'000</i>	Elimination of intersegment sales <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	1,160,655	70,212	-	1,230,867
Intersegment sales	-	107,057	(107,057)	-
Total segment revenue	1,160,655	177,269	(107,057)	1,230,867
Segment results	496,311	(69,534)	-	426,777
<i>Reconciliation:</i>				
Unallocated gains				59,315
Corporate and other unallocated expenses				(236,055)
Finance costs (other than interest on lease liabilities)				(424)
Profit before tax				249,613

Year ended

31 December 2024

	Finished drugs <i>RMB'000</i>	Intermediates and bulk medicines <i>RMB'000</i>	Elimination of intersegment sales <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	1,018,263	42,046	-	1,060,309
Intersegment sales	-	109,318	(109,318)	-
Total segment revenue	1,018,263	151,364	(109,318)	1,060,309
Segment results	425,211	(60,975)	-	364,236
<i>Reconciliation:</i>				
Unallocated gains				400,052
Corporate and other unallocated expenses				(123,850)
Finance costs (other than interest on lease liabilities)				(3,489)
Profit before tax				636,949

3. OPERATING SEGMENT INFORMATION (continued)

As at	Finished	Intermediates and	Total
31 December 2025	drugs	bulk medicines	RMB'000
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets:	863,866	705,717	1,569,583
<u>Reconciliation:</u>			
Corporate and other unallocated assets			<u>2,439,802</u>
Total assets			<u>4,009,385</u>
Segment liabilities:	180,406	159,889	340,295
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			<u>284,067</u>
Total liabilities			<u>624,362</u>
As at	Finished	Intermediates and	Total
31 December 2024	drugs	bulk medicines	RMB'000
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets:	890,759	838,296	1,729,055
<u>Reconciliation:</u>			
Assets held for sale	11,003	-	11,003
Corporate and other unallocated assets			<u>2,269,218</u>
Total assets			<u>4,009,276</u>
Segment liabilities:	260,148	235,277	495,425
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			<u>187,183</u>
Total liabilities			<u>682,608</u>

3. OPERATING SEGMENT INFORMATION (continued)

Year ended	Finished	Intermediates		Total
		drugs	and bulk medicines	
31 December 2025	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other segment information				
Impairment losses recognised in the statement of profit or loss	18,204	32,057	-	50,261
Depreciation and amortisation	85,037	35,116	-	120,153
Capital expenditure	70,932	19,928	-	90,860

Year ended	Finished	Intermediates		Total
		drugs	and bulk medicines	
31 December 2024	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other segment information				
Share of losses of an associate	-	-	(3,696)	(3,696)
Impairment losses recognised in the statement of profit or loss	21,807	20,088	-	41,895
Depreciation and amortisation	73,774	32,849	-	106,623
Capital expenditure	107,329	31,790	-	139,119
Assets held for sale	11,003	-	-	11,003

Geographical information

(a) Revenue from external customers

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Chinese mainland	1,216,416	1,049,022
Other countries	<u>14,451</u>	<u>11,287</u>
Total revenue	<u><u>1,230,867</u></u>	<u><u>1,060,309</u></u>

The revenue information above is based on the locations of the customers.

3. OPERATING SEGMENT INFORMATION (continued)

(b) Non-current assets

The Group's operations are substantially based in Chinese mainland and 98% of the non-current assets, excluding deferred tax assets, of the Group are located in Chinese mainland. Therefore, no further analysis of geographical information is presented.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	<u>1,230,867</u>	<u>1,060,309</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2025

<u>Segments</u>	Finished drugs <i>RMB'000</i>	Intermediates and bulk medicines <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Sale of pharmaceutical products	1,144,945	70,212	1,215,157
Licensing revenue	15,000	-	15,000
Rendering of pilot test services	710	-	710
Total	<u>1,160,655</u>	<u>70,212</u>	<u>1,230,867</u>
Geographical markets			
Chinese mainland	1,160,655	55,761	1,216,416
Other countries	-	14,451	14,451
Total	<u>1,160,655</u>	<u>70,212</u>	<u>1,230,867</u>
Timing of revenue recognition			
Goods transferred at a point in time	1,159,945	70,212	1,230,157
Services transferred over time	710	-	710
Total	<u>1,160,655</u>	<u>70,212</u>	<u>1,230,867</u>

4. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2024

<u>Segments</u>	Finished drugs <i>RMB'000</i>	Intermediates and bulk medicines <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Sale of pharmaceutical products	1,016,463	41,834	1,058,297
Rendering of pilot test services	2,012	-	2,012
Total	<u>1,018,475</u>	<u>41,834</u>	<u>1,060,309</u>
Geographical markets			
Chinese mainland	1,018,475	30,547	1,049,022
Other countries	-	11,287	11,287
Total	<u>1,018,475</u>	<u>41,834</u>	<u>1,060,309</u>
Timing of revenue recognition			
Goods transferred at a point in time	1,016,463	41,834	1,058,297
Services transferred over time	2,012	-	2,012
Total	<u>1,018,475</u>	<u>41,834</u>	<u>1,060,309</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of pharmaceutical products	<u>32,642</u>	<u>17,896</u>

4. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

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

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

Rendering of pilot test services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Pilot test service contracts are for periods of one year or less, or are billed based on the time incurred.

Licensing revenue

The Group generates revenue from licensing or sales of intellectual property ("IP") to customers. As the customers are able to direct the use of, and obtain substantially all of the benefits from, the licence at the time control of the licence is transferred to the licensee, the licences that provide a right to use an entity's IP are performance obligations satisfied at a point in time. Revenue is recognised when or as control of the licences is transferred to the licensee.

The amounts of transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<u>10,301</u>	<u>32,733</u>

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

4. REVENUE, OTHER INCOME AND GAINS (continued)

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Other income</u>		
Government grants	17,706	119,187
Bank interest income	30,261	36,395
Dividend income from financial assets at fair value through profit or loss	680	612
Rental income	302	274
Loan interest income	-	28
Others	1,812	460
	<hr/>	<hr/>
Total other income	50,761	156,956
<u>Gains</u>		
Gain on disposal of an associate	-	286,670
Fair value gain on financial assets at fair value through profit or loss, net	8,735	6,220
Reversal of impairment of trade receivables	-	1,985
Gain on sales of scrapped materials	32	126
Total gains	8,767	295,001
	<hr/>	<hr/>
Total other income and gains	59,528	451,957
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER EXPENSES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Write-down of inventories to net realisable value	49,231	43,880
Impairment of intangible assets	33,874	-
Loss on disposal of intangible assets	-	3,204
Write-off of obsolete stocks	5,518	1,690
Foreign exchange losses, net	1,403	5,549
Loss on disposal of items of property, plant and equipment	1,379	1,002
Impairment of trade receivables	1,030	-
Donations	284	673
Loss on disposal of a subsidiary	184	-
Others	914	300
	<hr/>	<hr/>
Total	93,817	56,298
	<hr/> <hr/>	<hr/> <hr/>

6. FINANCE COSTS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans	186	3,182
Interest on discounted notes receivable	238	307
Interest on lease liabilities	72	119
	<hr/>	<hr/>
Total	496	3,608
	<hr/> <hr/>	<hr/> <hr/>

7. PROFIT BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of sales*	618,716	482,681
Depreciation of property, plant and equipment	87,850	80,029
Depreciation of investment properties	128	128
Depreciation of right-of-use assets**	2,898	3,708
Research and development costs:		
Amortisation of intangible assets***	80	76
Current year expenditure	83,399	70,755
Total	83,479	70,831
Lease payments not included in the measurement of lease liabilities	2,131	2,219
Auditors' remuneration:		
Statutory audit service	2,260	2,260
Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	168,882	180,763
Equity-settled share option expense	1,249	(511)
Retirement benefits	14,140	14,398
Accommodation benefits	8,162	8,149
Other benefits	30,190	27,868
Total	222,623	230,667
Foreign exchange differences, net	1,403	5,549
Write-down of inventories to net realisable value	49,231	43,880
Impairment of trade receivables	1,030	-
Reversal of impairment of trade receivables	-	(1,985)
Fair value gain on financial assets at fair value through profit or loss, net	(8,735)	(6,220)
Bank interest income	(30,261)	(36,395)
Gain on disposal of an associate	-	(286,670)
Loss on disposal of intangible assets	-	3,204
Impairment of Intangible assets	33,874	-
Loss on disposal of items of property, plant and equipment	1,379	1,002
Loss on disposal of a subsidiary	184	-

* The depreciation of RMB63,746,000 for the year (2024: RMB57,069,000) is included in "Cost of sales".

** The depreciation of right-of-use assets for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

*** The amortisation of intangible assets amounted to RMB80,000 (2024: RMB76,000) for the year is included in "Research and development costs" on the face of the consolidated statement of profit or loss.

8. INCOME TAX

The major components of income tax expense for the years ended 31 December 2025 and 2024 are:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
Charge for the year	29,426	31,933
Overprovision in prior years	1,964	2,176
Deferred income tax	<u>7,116</u>	<u>40,078</u>
Total tax charge for the year	<u><u>38,506</u></u>	<u><u>74,187</u></u>

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations. The undertaking for the Company is for a period of 20 years from 8 October 2002. The qualification was renewed with extension period of 20 years from 19 September 2023. Accordingly, the Company is not subject to tax.

The subsidiaries incorporated in the British Virgin Islands (the “BVI”) are not subject to income tax, as these subsidiaries do not have a place of business (other than a registered office only) or carry out any business in the BVI.

The Hong Kong subsidiaries are subject to tax at a statutory profit tax rate of 16.5% (2024: 16.5%) under the income tax rules and regulations of Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in its respective Hong Kong subsidiaries during the year (2024: Nil).

According to the PRC Enterprise Income Tax Law effective from 1 January 2008, the Chinese mainland subsidiaries are all subject to income tax at the rate of 25% on their respective taxable income.

On 21 October 2008, Suzhou Dawnrays Pharmaceutical Co., Ltd. (“Suzhou Dawnrays Pharmaceutical”) was qualified as a High-New Technology Enterprise (“HNTE”) of Jiangsu Province. As a result, Suzhou Dawnrays Pharmaceutical was entitled to a concessionary rate of income tax at 15% for three years commencing on 1 January 2008. The qualification was renewed in 2023 and Suzhou Dawnrays Pharmaceutical was entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years through 2023 to 2025 and would apply for renewal of the qualification every three years.

On 2 December 2019, Fujian Dawnrays Pharmaceutical Co., Ltd. (“Fujian Dawnrays”) was qualified as a HNTE of Fujian Province. As a result, Fujian Dawnrays was entitled to a concessionary rate of income tax at 15% for three years commencing on 1 January 2019. The qualification was renewed in 2025 and Fujian Dawnrays was entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years through 2025 to 2027 and would apply for renewal of the qualification every three years.

All other subsidiaries in Chinese mainland were subject to corporate income tax at a rate of 25% in 2025.

8. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country or jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>249,613</u>	<u>636,949</u>
At the PRC's statutory rate	62,403	159,237
Tax effect of profits entitled to tax concession or lower tax rate enacted by local authorities	(31,687)	(117,564)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	12,060	16,061
Effect of withholding tax at 10% on the gains from PRC	-	9,043
Adjustments in respect of current income tax of previous periods	1,964	2,176
Expenses not deductible for tax	591	599
Disposal of a subsidiary	(5,306)	-
Tax credit for qualified research and development costs	(17,002)	(13,506)
Effect of tax losses and deductible temporary difference not recognised	<u>15,483</u>	<u>18,141</u>
Tax charge at the Group's effective rate	<u>38,506</u>	<u>74,187</u>

9. DIVIDENDS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interim – HK\$0.015 (2024: HK\$0.015) per ordinary share	20,681	20,413
Proposed final – HK\$0.048 (2024: HK\$0.048) per ordinary share	63,419	67,293
Proposed special – Nil (2024:HK\$0.032) per ordinary share	-	44,862
	<u>-</u>	<u>44,862</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of 1,502,754,000 shares (2024: 1,504,859,000 shares) outstanding during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent	213,971	564,940
	<hr/>	<hr/>
	<u>Number of shares</u>	
	2025	2024
	Thousands	Thousands
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	1,502,754	1,504,859
Effect of dilution – weighted average number of ordinary shares:		
Share options	1,050	1,038
	<hr/>	<hr/>
Total	1,503,804	1,505,897
	<hr/>	<hr/>

11. TRADE AND NOTES RECEIVABLES

	Notes	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	(i)	145,346	123,895
Notes receivable	(ii)	122,044	145,588
		<hr/>	<hr/>
		267,390	269,483
Impairment		(2,166)	(1,597)
		<hr/>	<hr/>
Net carrying amount		265,224	267,886
		<hr/>	<hr/>

11. TRADE AND NOTES RECEIVABLES (continued)

Notes:

- (i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months for major customers. Each customer has a credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to manage credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and notes receivables are non-interest-bearing.

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

	2025	2024
	<i>RMB '000</i>	<i>RMB '000</i>
Trade receivables		
Outstanding balances with ages:		
Within 90 days	135,061	106,395
Between 91 and 180 days	4,953	12,283
Between 181 and 270 days	3,145	2,132
Between 271 and 360 days	21	209
Over one year	-	1,279
Total	<u>143,180</u>	<u>122,298</u>

The movements in the loss allowance for/(reversal of) impairment of trade receivables are as follows:

	2025	2024
	<i>RMB '000</i>	<i>RMB '000</i>
At beginning of year	1,597	3,582
Impairment losses, net	1,030	(1,985)
Amount written off as uncollectible	<u>(461)</u>	<u>-</u>
At end of year	<u>2,166</u>	<u>1,597</u>

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

From 1 January 2018, the Group has applied the simplified approach to provide impairment for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs below also incorporate forward-looking information. The impairment is determined as follows:

11. TRADE AND NOTES RECEIVABLES (continued)

Notes: (continued)

(i) (continued)

	2025	2024
Expected credit loss rate	1.49%	1.29%
Gross carrying amount (RMB'000)	145,346	123,895
Impairment (RMB'000)	2,166	1,597

- (ii) Notes receivable are held with a business model with the objective of both holding to collect contractual cash flows and selling as the Group sometimes endorses notes receivable to suppliers prior to their expiry date. These are classified and measured as debt instruments at fair value through other comprehensive income. Notes receivable are subject to impairment under the general approach. The Group estimated that the expected credit loss rate for notes receivable was minimal.

Financial assets that are not derecognised in their entirety

As at 31 December 2025, the Group endorsed certain notes receivable accepted by banks in the PRC (the “Endorsed Notes”) with a carrying amount of RMB30,103,000 (2024: RMB42,013,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Notes, including sale, transfer or pledge of the Endorsed Notes to any other third parties. The aggregate carrying amounts of the trade payables and other payables settled by the Endorsed Notes during the year to which the suppliers have recourse were RMB14,527,000 (2024: RMB26,953,000) and RMB15,576,000 (2024: RMB15,060,000) as at 31 December 2025, respectively.

Financial assets that are derecognised in their entirety

As at 31 December 2025, the Group discounted certain notes receivable accepted by banks in the PRC (the “Discounted Notes”) with a carrying amount of RMB15,830,000 (2024: RMB24,864,000). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Notes, and accordingly, it continued to recognise the full carrying amounts of the Discounted Notes and the associated short-term borrowings. Subsequent to the discounting, the Group does not retain any rights on the use of the Discounted Notes, including sale, transfer or pledge of the Discounted Notes to any other third parties. The aggregate carrying amount of short-term borrowings arising from the Discounted Notes was RMB15,830,000 (2024: RMB24,864,000) as at 31 December 2025.

11. TRADE AND NOTES RECEIVABLES (continued)

Notes: (continued)

(ii) (continued)

Financial assets that are derecognised in their entirety (continued)

As at 31 December 2025, the Group discounted certain note receivable accepted by banks in the PRC (the “Derecognised Notes”) with a carrying amount of RMB25,313,000 (2024: RMB61,883,000). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. The Group has not retained the substantial risks and rewards, which include default risks relating to such Derecognised Notes. The Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes. The maximum exposure to loss from the Group's continuing involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the Derecognised Notes are not significant.

12. TRADE AND NOTES PAYABLES

An ageing analysis of the trade payables and notes payable as at the end of the reporting period is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Outstanding balances with ages:		
Within 90 days	110,698	153,810
Between 91 and 180 days	62,094	66,682
Between 181 and 270 days	640	679
Between 271 and 360 days	171	38
Over one year	<u>175</u>	<u>351</u>
Total	<u>173,778</u>	<u>221,560</u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms. During the year ended 31 December 2025, the aggregate carrying amount of the trade payables settled by the Endorsed Notes to which the suppliers have recourse was RMB14,527,000 (2024: RMB26,953,000).

CHAIRMAN’S STATEMENT

GROUP RESULTS

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB1,230,867,000 (2024: RMB1,060,309,000), representing an increase of approximately 16.1% as compared with 2024. Profit attributable to owners of the parent was approximately RMB213,971,000 (2024: RMB564,940,000), representing a decrease of 62.1% as compared with 2024. This was due to the inclusion in the 2024 profit attributable to owners of the parent of a net gain of approximately RMB277,627,000 (before tax RMB286,670,000) from the disposal of the Group’s 35% share interest in AD Pharmaceuticals Co., Ltd. (“AD Pharmaceuticals”) with nil carrying value, and a net gain of approximately RMB89,292,000 (before tax RMB105,049,000) from the government subsidy for the verification of the equipment in the factory at Shanfeng Road. Excluding the above non-recurring profit of approximately RMB366,919,000 and share a loss of RMB3,696,000 on the investment in AD Pharmaceuticals before the disposal, the operating profit attributable to owners of the parent for 2024 amounted to RMB201,717,000, and thus the 2025 figure represented an increase of 6.1% as compared with 2024.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.048 per share for the year ended 31 December 2025 (2024: HK\$0.048), totaling approximately HK\$72,171,000 (2024: approximately HK\$72,091,000) (equivalent to approximately RMB63,419,000 (2024: approximately RMB67,293,000)), to the shareholders whose names appeared in the register of members on Monday, 1 June 2026 subject to the approval of the shareholders at the forthcoming 2026 Annual General Meeting (the “2026 AGM”).

Taking into consideration the interim dividend of HK\$0.015 per share paid on 3 October 2025 and the proposed final dividend of HK\$0.048 per share, the total annual dividend distribution for 2025 will be HK\$0.063 per share, which is 33.7% less than the interim and final dividends of HK\$0.063 and the special dividend of HK\$0.032 per share in 2024. However, the payout ratio for the year is approximately 39.3% (2024: 23.5%), an increase of 15.8 percentage points.

INDUSTRY REVIEW

In 2025, the global macroeconomic situation was complex and volatile. Persistent geopolitical tensions, coupled with uncertainties such as fluctuating exchange rates, rising expectations of interest rate cuts and record high prices for gold and other precious metals led to a concentrated release of safe-haven demand, impacting the pace of global economic recovery.

The pharmaceutical industry entered a stage of intensive policy regulation and accelerated reshaping of the competitive landscape, with the normalization and institutionalization of national centralized procurement of drugs advancing comprehensively. As of the end of 2025, eleven rounds of nationally organized centralized drug procurement had been carried out. In the eleventh batch, a new evaluation mechanism was established — a four-dimensional comprehensive evaluation system covering quality, price, supply, and clinical demand — guided by the principles of “stabilizing clinical use, ensuring quality, preventing bid-rigging, and countering vicious competition”, bringing an end to the model of competition solely on the basis of lowest price. In addition, the policy promoted the inclusion of centralized procurement drugs in retail pharmacies, village clinics, and private hospitals so that the reimbursement treatment at the primary healthcare level is aligned with that at hospitals. This policy broke down inter-provincial price barriers, strengthened cross-regional collaborative supervision, and accelerated the establishment of a unified and standardized national pharmaceutical market. Although these policies compress corporate profits in the short term, in the long term, they will drive the industry’s transformation towards high quality, compliant, and innovation-driven development, creating development opportunities for high-caliber generic drugs and innovative drugs.

BUSINESS REVIEW

In 2025, amid accelerated policy iterations in the pharmaceutical industry and white-hot homogeneous competition at terminals, the sales volume of the Group’s “An (安)” series products increased slightly year-on-year, while the sales amount experienced a slight year-on-year decrease decline. However, Cetirizine Hydrochloride Tablets “Xikewei (西可韋)”, Atorvastatin Calcium Tablets “Shumaitong (舒邁通)”, and Entecavir Dispersible Tablets “Ruifuen (瑞夫恩)” achieved growth in both sales volume and sales amount. Facing the complex environment, the Group has remained closely aligned with the national plans for the pharmaceutical industry, adhered to the strategies of high-quality development, innovation-driven growth, international expansion, supply chain security, and digital transformation, and steadily advanced all business operations. Going forward, the Group will continue to increase its R&D investment, deepen the integration of generic and innovative drugs, strengthen its competitiveness in the national centralized procurement market, leverage centralized procurement to drive the expansion of its retail channels, and make every effort to expand into underserved market segments.

PRODUCTION

In 2025, due to the ongoing registration and filing process for new customers, the capacity of the factory at Shanfeng Road of Suzhou Dawnrays Pharmaceutical Co., Ltd. (“Suzhou Dawnrays”) and Lanzhou Dawnrays Pharmaceutical Co., Ltd. (“Lanzhou Dawnrays”) were still in the ramp-up stage and economies of scale have not yet fully materialized, the unit production costs were higher than the market average. At the end of the year, based on the principle of prudence, the Company made a large provision for inventory write-down. As a result, the bulk medicines and intermediates segment

experienced a temporary loss. Looking at industry development trends, with population ageing, the advancement of urbanization, and rising health awareness, anti-infective drugs have maintained a dominant role in hospital medication. While cephalosporin drugs, as an indispensable category in clinical surgery and infection treatment, saw a slowdown in growth rate due to policies restricting the use of antibiotics, market demand for third- and fourth-generation cephalosporins has remained stable due to their advantages of high efficiency and low drug resistance, and the overall market size remained huge. The factory of Suzhou Dawnrays located at Shanfeng Road and Lanzhou Dawnrays will serve as the Group's core production bases for cephalosporin products. Their capacity planning and development potential will provide solid support and assurance for the Group's long-term sustainable growth in the future.

SALES

In 2025, the industry faced triple pressures from increasingly stringent policy regulation, uncertain centralized procurement rules, and the accelerated launch of similar competing products, resulting in intensified price competition. Leveraging the advantages of its core products winning bids in centralized procurement, the Group stabilized its pricing system and enhanced its market share and brand influence. The Group deeply cultivated core channels such as hospitals and major pharmacy chains, penetrated the primary healthcare markets, ensuring efficient and comprehensive coverage of supply. At the same time, the Group expanded its online sales and digital promotion in parallel to build an omni-channel marketing system. In terms of pricing, scientific bidding strategies were formulated based on accurate cost accounting and market competition dynamics. During the reporting period, only a few products in the "An (安)" series experienced a decline due to unsuccessful bids in national centralized procurement or market share dilution from multi-winners. The sales volume of antihyperlipidemic, antiviral, and anti-allergic product categories grew steadily, becoming core growth drivers of the Group's results. For powder for injection, as "Xianshu (先舒)" (Cefoperazone Sodium and Sulbactam Sodium for Injection (1:1)) won the bid in the national centralized procurement and "Xianding (先定)" (Ceftazidime for Injection) won the bid in the centralized procurement in regional alliance member regions, the sales volume of powder for injection increased by 67.3% and the sales amount increased by 73.0% as compared to the same period in 2024.

PROGRESS IN RESEARCH AND DEVELOPMENT

The Suzhou Dawnrays Advanced Technology Research Institute (蘇州東瑞先進技術研究院) (the "Research Institute") currently has established a normalized dynamic project evaluation mechanism to assess whether on-going generic drug projects that do not rank among the top three in the industry due to market demand changes should continue or be terminated, thereby optimizing resource allocation and strictly controlling R&D risks. Given the delay in the R&D progress of Nanjing PharmaRays Science and Technology Co., Ltd. ("Nanjing PharmaRays") and its overlapping functions with the Research Institute, the Group has disposed of its entire 65% equity interest therein to reduce costs and

improve efficiency. In the future, the R&D team will focus on high-value product categories for centralized procurement, explore collaborative R&D for innovative drugs, diversify the product pipeline, and build technical barriers.

OUTLOOK

Currently, China's generic drug industry is in a critical transitional stage characterized by high demand, low profit margins, and fierce competition. Centralized procurement policies are forcing the industry to upgrade towards generic drugs with high barriers-to-entry and biosimilars. With the accelerated pace of population ageing and persistently high prevalence of chronic diseases, generic drugs, as the core vehicle for improving drug accessibility and affordability, continue to see substantial demand. Against this backdrop, the Group will continue to focus on developing generic drugs that align with its own product pipeline, so as to lay a solid foundation for future generations of products.

With reference to the "15th Five-Year Plan" for the pharmaceutical industry, the PRC government strongly supports the R&D and industrialization of innovative drugs, and promotes the inclusion of high-quality innovative drugs in the National Reimbursement Drug List. Building on its generic drug business as its foundation for growth, the Group is strategically advancing into, and actively engaging in the R&D of innovative drugs such as small molecules and small nucleic acid drugs. Through collaborative R&D and external mergers and acquisitions, the Group is entering the innovative drug field, accurately aligning with national industry policy directions and the industry's upgrading and development trends.

On the other hand, China's antibiotic industry is moving towards high quality, green production, and high-end innovation. The domestic substitution process for high-end products is continuing to accelerate. Under stringent environmental protection policies, the industry is accelerating the phase-out of small and medium-sized enterprises. The market landscape is shifting from fragmented operations towards greater integration, with high-quality leading enterprises gradually establishing market dominance. The Group has built an integrated production system covering intermediates, bulk medicines, and powder for injection preparations, which enables effective and precise control over product quality and production costs. The coordinated upgrade of the 2025 edition of the "Pharmacopoeia of the People's Republic of China" and the "Good Manufacturing Practice (GMP) for Pharmaceutical Products" has comprehensively driven the upgrading of the drug quality control system. The factory of Suzhou Dawnrays at Shanfeng Road and the factory of Lanzhou Dawnrays are seizing the current window period of under-utilized production capacity to actively advance the upgrading and renovation of their workshops, so as to ensure that their products meet the latest regulatory standards. At the same time, the Group is concurrently optimizing its production processes, exploring ways to reduce production costs, and continuously improving product quality, in order to lay

a solid foundation for the subsequent production of high-quality products and comprehensively enhance the Group's core competitive advantages.

Looking ahead, to effectively respond to various industry challenges and seize development opportunities in a timely manner, the Group will focus on six core strategic priorities, specifically as follows:

1. **R&D and Innovation Driven:** The Group will deepen its focus on core therapeutic areas such as cardiovascular, antiviral, and anti-infective to drive iterative upgrades of existing products; expand its presence in the healthcare domains and animal healthcare drug sectors, accelerate the pace of domestic substitution for high-end products, and simultaneously perfect the innovative drug R&D pipeline system to consolidate the foundation for innovative development.
2. **Capacity Optimization and Utilization:** The Group will leverage the resource endowment and locational advantages of the Lanzhou region to further broaden its business presence and diversify the product pipeline; it will strive to build a comprehensive CDMO/CMO service system, effectively unlock the capacity potential of Lanzhou Dawnrays, improve capacity utilization efficiency, and achieve precise alignment between capacity and market demand.
3. **Production Efficiency Enhancement:** The Group will comprehensively implement lean production, deepen the practical application of technical innovation achievements, strictly implement full-process quality control standards, keep optimizing the cost control system, and improve product quality stability, unceasingly enhancing the Group's core competitiveness.
4. **Global Market Breakthrough:** The Group will deeply participate in centralized procurement work, leveraging the renewal of the first to eighth batches of centralized procurement as an important opportunity to continuously support standardized brand building and to expand its retail channels; it will actively step up its presence in e-commerce channels and international markets with a view to building a broadly covered and diversified market footprint and steadily increasing its overall market share.
5. **Organizational Capability Enhancement:** Adhering to the principle that talent is the core driving force of development, the Group will continue to improve its systems of talent acquisition, training, incentive, and development. It will optimize its performance and incentive mechanisms, striving to attract and retain outstanding talents, focusing on cultivating the second tier of professionals, creating a proactive corporate culture, and enhancing team cohesion and organizational core competitiveness.

6. Sustainable Corporate Operations: The Group will accurately interpret industry-related policies and regulations, conduct in-depth analysis of policy directions and industry development trends to ensure that its business activities remain legal and compliant; it will strictly implement environmental protection requirements, actively promote the implementation of the “Dual Carbon” targets, and earnestly fulfill its corporate social responsibilities so as to achieve sustainable high-quality development.

Upholding the business philosophy of “Quality as the Lifeline of the Enterprise”, and leveraging on its integrated development advantages across R&D, production, and sales, the Group will continue to enhance corporate governance, strengthen financial management and control, maintain pragmatic operations and agile responses to changes, and consistently deliver high-quality products at reasonable prices. The Group is well positioned to further capture market share, achieve sustained and steady development in the pharmaceutical industry, contribute to the implementation of the “Healthy China” strategy, and deliver long-term value to its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

During the reporting period, China’s pharmaceutical industry operated steadily amid a complex environment shaped by policy optimization, market competition, upgrading demand, and increasingly stringent regulations. The generic drug sector has been optimizing its structure amidst challenges and accumulated momentum during its transformation. The industry’s long-term growth fundamentals remain solid, with a clear trajectory towards transformation, innovation, and high-quality development, resulting in an overall trend toward greater standardization, innovation, and high-quality development. All of the Group’s products winning the bid for centralized procurement continued to expand their business shares during the relevant contract periods. Core products such as Amlodipine Besylate Tablets (“Anneizhen (安内真)”), Atorvastatin Calcium Tablets (“Shumaitong (舒邁通)”), Entecavir Dispersible Tablets (“Ruifuen (瑞夫恩)”), Cetirizine Hydrochloride Tablets (“Xikewei (西可韋)”), and Cefoperazone Sodium and Sulbactam Sodium for Injection (1:1) (“Xianshu (先舒)”) maintained a leading position in the market, providing stable support to the Company’s revenue. During the reporting period, the commercialization of various product categories at the factory of Suzhou Dawnrays at Shanfeng Road progressed in an orderly manner, while Lanzhou Dawnrays steadily advanced the launch of new products, overseas registrations, and the expansion of new businesses. As at 31 December 2025, the production volume of cephalosporin powder for injection of the Group increased by 20.7% as compared with the corresponding period of 2024. The production volume of solid-dosage-forms increased by 4.8% as compared with the corresponding period of 2024. The production volume of intermediates and bulk medicines decreased by 31.0% as compared with the corresponding period of 2024.

In terms of sales, in response to changes in the external policy environment and competitive landscape, the Group promptly optimized and adjusted its sales strategies, strengthened channel and pricing management, and repositioned its market strategy. Through full product development across existing channels, refined distributor partnerships, and continuous deepening collaborations with pharmacy chains, the Group achieved breakthroughs across multiple dimensions including product categories, specifications, and regions. With respect to the bulk medicine business, with the steady advancement of production site relocation and transfer of customer filing, production capacity has entered a stage of gradual recovery and ramp-up. The Group's total sales revenue in 2025 increased by 16.1% as compared with the same period of last year. Of them, the sales volume of anti-hypertensive drugs in "An (安)" series products increased by 6.2% and sales amount dropped by 5.2%, as compared with the same period of 2024; the sales volume and amount of Fujian Dawnrays series products which are mainly used for treating hyperlipidaemic increased by 15.9% and 13.0% respectively, as compared with the same period of 2024; the sales volume and amount of anti-allergic drugs "Xikewei (西可韋)" and "Xikexin (西可新)" increased by 8.7% and 7.5% respectively, as compared with the same period of 2024; the sales volume and amount of Entecavir Dispersible Tablets "Ruifuen (瑞夫恩)", an anti-HBV drug respectively increased by 19.1% and 17.1% as compared with the same period of 2024.

Among the antibiotic series products, as "Xianshu (先舒)" (Cefoperazone Sodium and Sulbactam Sodium for Injection: (1:1)) won the bid in the national centralized procurement, the sales volume of powder for injection increased by 67.3% and the sales amount increased by 73.0% as compared with the same period of 2024; the sales volume of cephalosporin for oral increased by 11.0% and sales amount decreased by 10.6% as compared with the same period of 2024; The sales volume and amount of cephalosporin intermediates and bulk medicines increased by 70.4% and 67.0% respectively, as compared with the same period of 2024.

ANTI-HYPERTENSIVE PRODUCTS

The Group has advantages in anti-hypertensive series of products. Through more than 20 years of deep engagement of the Group in the pharmaceutical market, the series of products had a good brand reputation among doctors and patients with hypertension. Based on the Group's integration of the survey data of market research institutions, Anneizhen (安內真)" was ranked in the leading position among similar products on the second and third market terminals in many cities and provinces in terms of sales, and gained considerable market shares. Due to the decline in sales volume and market price pressures as impacted by centralized procurement in national alliance member regions, the sales of the series of products were RMB316,901,000 in 2025 (2024: RMB334,252,000), accounting for 25.7% of the sales of the Group. In the future, the Group's marketing management team will focus more on brand planning, channel building, price adjustment and academic promotion of the "An (安)" series products, improve product diversity, strengthen the access design of products for different markets by

closely following up national policies related to chronic disease management, and further explore the new market.

ANTIHYPERLIPIDEMIC PRODUCTS

After sustained market penetration in recent years, coupled with the momentum generated from successful bids in centralized procurement, antihyperlipidemic products have become the Group's core product pipeline, with their contribution to total sales increasing year by year. During the year, with the national centralized procurement and centralized procurement in alliance member regions, there was a substantial increase in the retail markets of sales of Fujian Dawnrays's Atorvastatin Calcium Tablets and Rosuvastatin Calcium Tablets. The sales of the antihyperlipidemic products were RMB338,407,000 (2024: RMB299,372,000), accounting for 27.5% of the sales of the Group. The Group ranked in leading position in the sales market in China in terms of such sales.

ANTIVIRAL PRODUCTS

The antiviral products are covered by the traditional treatment sector of the Group. With the "unique cyclodextrin inclusion technology", Entecavir Dispersible Tablets of the Group have a good reputation among doctors and patients. During the year, the sales of the products in China were RMB165,422,000 (2024: RMB141,241,000), accounting for 13.4% of the sales of the Group, which was better than expectations, due to winning the bid for centralized procurement of drugs in national alliance member regions. The Group ranked in leading position in the sales market in China in terms of such sales.

POWDER FOR INJECTION

After years of sluggish adjustment, the antibiotic injection has shown a steady recovery in recent years. During the year, the "Xianshu (先舒)" (Cefoperazone Sodium and Sulbactam Sodium for Injection (1:1)) won the bid for the eighth batch of national centralized procurement, while "Xianding (先定)" (Cefotaxime for Injection) and "Xianlian (先聯)" (Cefoperazone Sodium and Sulbactam Sodium for Injection (2:1)) won the bid for centralized procurement of drugs in national alliance member regions, and as a result, the sales volume of them increased. Other powder for injection products also won the bid for centralized procurement of drugs in relevant provinces. Overall sales of powder for injection were on the rise, with sales amount of RMB188,319,000 (2024: RMB108,846,000), accounting for 15.3% of the Group's sales.

INTERMEDIATES AND BULK MEDICINES

During the year, the bulk medicine base of Suzhou Dawnrays actively advanced associated review and filing procedures to expand its customer base. Meanwhile, the bulk medicine base of Lanzhou Dawnrays actively carried out the launch of new cephalosporin and specialty drug varieties, overseas registration applications, and the expansion of CDMO business, laying a solid foundation for further enhancing the market share in intermediates and bulk medicines in the future. Overall sales of

intermediates and bulk medicines returned to a growth trajectory. Sales amount reached RMB70,212,000 (2024: RMB42,046,000), accounting for 5.7% of the Group's sales.

PRODUCT RESEARCH AND DEVELOPMENT

Utilizing the Suzhou Dawnrays Advanced Technology Research Institute as a platform, the Group coordinates and manages the R&D technical teams across all of its subsidiaries. The teams are responsible for the R&D of generic drug ingredients and preparations, as well as the technical iteration and optimization of existing product lines. Through talent acquisition and development, the R&D teams' structures have been optimized, R&D capabilities have been continuously enhanced, and newly initiated projects are mainly self-developed. The Company plans to progressively increase R&D investment to diversify its product pipeline and accelerate iterations of existing product lines, striving for the launch of new products every year to add new momentum to the Group's future development.

Apart from the description in the following "NEW PRODUCTS AND PATENT LICENSING" section, the Group's ongoing projects cover therapeutic areas including the cardiovascular and cerebrovascular system, anti-infective drugs, drugs for endocrine diseases, and nervous system drugs. The Group will continue to invest more resources in the research and innovation of production technologies and products, closely monitor clinical needs and disease trends, and develop next-generation products along its competitive product pipelines. Simultaneously, it will explore consumer-oriented OTC drugs, selected innovative drugs, and healthcare products. It will also seek various external scientific research cooperation opportunities to optimize its product structure and profit base.

As the technological capabilities of Suzhou Dawnrays Advanced Technology Research Institute continue to improve and its research fields expand, its business overlaps with that of its subsidiary, Nanjing PharmaRays. To integrate R&D resources, the Group disposed 65% of the share interest in its subsidiary, Nanjing PharmaRays, which had negative net assets, to an independent third party on 9 June 2025. The disposal of this subsidiary's share interest will not have a significant impact on the Group's R&D projects.

CONSISTENCY EVALUATION

As of 31 December 2025, according to statistics by product specification, the Group conducted quality and efficacy research on 35 varieties, the applications for 32 varieties (namely Entecavir Dispersible Tablets (0.5mg), Amlodipine Besylate Tablets (5mg), Amlodipine Besylate Tablets (2.5mg), Levocetirizine Dihydrochloride Tablets (5mg), Cetirizine Hydrochloride Tablets (10mg), Metformin Hydrochloride Tablet (0.25g), Azithromycin Tablets (0.25g), Clarithromycin Tablets (0.25g), Telmisartan Tablets (40mg), Telmisartan Tablets (80mg), Cefprozil Tablets (0.25g), Cefoperazone Sodium and Sulbactam Sodium for Injection (1.0g), Cefoperazone Sodium for Injection (1.0g),

Azithromycin for Suspension (0.1g), Losartan Potassium and Hydrochlorothiazide Tablets (50mg/12.5mg), Ceftriaxone Sodium for Injection (1.0g), Cefmetazole Sodium for Injection (0.5g), Cefmetazole Sodium for Injection (1.0g), Cefoperazone Sodium and Sulbactam Sodium for Injection (2:1) (1.5g) and Cefoperazone Sodium and Sulbactam Sodium for Injection (2:1) (3.0g), Ceftazidime for Injection (1.0g), Cefixime Tablets (0.2g), Cefixime Tablets (0.1g), Cefuroxime Sodium for Injection (0.75g), Cefuroxime Sodium for Injection (1.5g), Cefminox Sodium for Injection (1.0g), Cefoxitin Sodium for Injection (1.0g), Cefotaxime Sodium for Injection (1.0g), Cefotaxime Sodium for Injection (2.0g), Cefazolin Sodium for Injection (1.0g) and Loxoprofen Sodium Tablets (60mg) and Levamlodipine Besilate Tablets (2.5mg) were approved. Moreover, pharmaceutical research into 3 varieties is ongoing.

OTHER MATTERS

The Group consistently adhered to the management policy of quality first, placing strong emphasis on quality system development and constantly enhancing its compliance capabilities. Corporate governance and various initiatives relating to social responsibility progressed in an orderly manner, and ongoing improvements were made in safety and environmental protection. The corporate structure was further optimized, and significant progress was made in staff training, performance management reform, job position and qualification requirements, employee growth, digitalization, risk control, and other aspects, thereby further strengthening its management foundation and enabling the Group to maintain sustainable development in a fiercely competitive business environment.

NEW PRODUCTS AND PATENT LICENSING

In 2025, 6 applications of the Group were approved by the Center for Drug Evaluation of NMPA (the “Center”): Rivaroxaban Tablets (10mg), Rivaroxaban Tablets (15mg), Sacubitril Valsartan Sodium Tablets (50mg), Sacubitril Valsartan Sodium Tablets (100mg), Sacubitril Valsartan Sodium Tablets (200mg), and Levamlodipine Besilate Tablets (2.5mg, consistency evaluation). In addition, 4 bulk medicine varieties obtained international registration approvals, and another 12 varieties were applied to the Center for registration (including 5 varieties of bulk medicines and 7 varieties of preparations), all of which are being processed and under review.

In 2025, the Group obtained a total of 6 national patent certificates (including 5 invention patents and 1 utility model patent):

- 1) A national patent certificate (patent number: ZL 2023 1 0196141.4) was granted for “Tedizolid Phosphate for Injection and its preparation method” on 16 May 2025;
- 2) A national patent certificate (patent number: ZL 2022 1 1684603.9) was granted for “Cefotaxime Sodium and its preparation method” on 18 July 2025;

- 3) A national patent certificate (patent number: ZL 2024 1 1001284.6) was granted for “A method for recovering and utilizing Benidipine Hydrochloride Byproducts” on 23 September 2025;
- 4) A national patent certificate (patent number: ZL2024 1 0985211.9) was granted for “Cefoperazone Sodium and its preparation method” on 14 October 2025;
- 5) A national patent certificate (patent number: ZL2023 1 0617972.4) was granted for “Sacubitril Valsartan Sodium and its preparation method” on 17 October 2025;
- 6) A national utility model patent certificate (patent number: ZL 2024 2 1082692.4) was granted for “A particle counting machine vibration device” on 7 March 2025.

HONORS AWARDED TO THE GROUP IN 2025

Time of Awards	Honors
January 2025	Fujian Dawnrays Pharmaceutical Co., Ltd. was awarded the “2024 Special Prize for Enterprises with Outstanding Economic Contribution” by the People's Government of Licheng District.
February 2025	Suzhou Dawnrays Pharmaceutical Co., Ltd. was awarded “2025 Outstanding Employer” by 51 Job; Fujian Dawnrays Pharmaceutical Co., Ltd. was awarded the “2024 Outstanding Economic Contribution Award (tax payment 50,000,000 to 100,000,000)” by the Putian Municipal People’s Government.
April 2025	“Atorvastatin Calcium Tablets” and “Loxoprofen Sodium Tablets” of Fujian Dawnrays Pharmaceutical Co., Ltd. were recognized as “New and Excellent Medicinal Devices and Classic Traditional Chinese Medicine Products in Fujian Province (福建省新優藥械及經典中藥產品)”.
May 2025	Lanzhou Dawnrays Pharmaceutical Co., Ltd. was recognized as “Specialized, Refined, Differential and Innovative Small and Medium-Sized Enterprise” by the Gansu Provincial Department of Industry and Information Technology.
June 2025	Lanzhou Dawnrays Pharmaceutical Co., Ltd. was accredited as a “Grade A Enterprise in Labor Security Compliance and Integrity Rating in Lanzhou New District for 2024” by the Lanzhou New District Bureau of Civil Affairs, Justice and Social Security (Bureau of Veterans Affairs).
July 2025	Fujian Dawnrays Pharmaceutical Co., Ltd. passed the review for the “Provincial Specialized, Refined, Differential and Innovative Small and Medium Enterprise” title by the Fujian Provincial Department of Industry and Information Technology.
August 2025	Suzhou Dawnrays Pharmaceutical Co., Ltd. was awarded the "2024 Contract-Honoring and Creditworthy Enterprise" honorary title by the Jiangsu Provincial Enterprise Credit Management Association.
December 2025	Fujian Dawnrays Pharmaceutical Co., Ltd. was recognized as “High and New Technology Enterprise”.

FINANCIAL REVIEW

SALES AND GROSS PROFIT

For the year ended 31 December 2025, the Group recorded a turnover of approximately RMB1,230,867,000, increased by RMB170,558,000 or 16.1% compared with last year, of which the turnover of intermediates and bulk medicines was RMB70,212,000, increased by RMB28,166,000 or 67.0% compared with last year. The turnover of finished drugs was RMB1,160,655,000, increased by RMB142,392,000 or 14% compared with last year. The increase in the sales of intermediates and bulk medicines was mainly caused by gradual increase in production capacity of Suzhou Dawnrays Shanfeng Road Factory and Lanzhou Dawnrays. The increase in the sales of finished drugs was mainly driven by the increase in sales of products that won bids in the national centralized procurement and the alliance centralized procurement.

Sales amount of finished drugs, comprising system specific medicines, powder for injection and tablets of cephalosporin and other oral solid-dosage-form of antibiotics, reached approximately RMB1,160,655,000. Taking into account of the total turnover, sales amount of finished drugs was approximately 94.3%, decreased by 1.7 percentage points compared with last year, of which the sales amount of system specific medicines accounted for 81.4% of sales of finished drugs.

Gross profit was approximately RMB612,151,000, increased by approximately RMB34,523,000 compared with last year, representing an increase of 6.0%. Gross profit margin decreased by approximately 4.8 percentage points to 49.7% from 54.5% as in last year. It was mainly due to the increase in the sales proportion of low gross profit intermediates and bulk medicines as well as powder injections in finished drugs; and the slight increase in the gross profit margin of system specific medicines.

TABLE OF TURNOVER ANALYSIS – BY PRODUCT

PRODUCT	TURNOVER			SALES BREAKDOWN		
	(RMB'000) 2025	(RMB'000) 2024	(RMB'000) changes	(%) 2025	(%) 2024	Percentage points changes
Intermediates and Bulk Medicines	70,212	42,046	28,166	5.7	4.0	1.7
Finished Drugs	1,160,655	1,018,263	142,392	94.3	96.0	-1.7
Overall	1,230,867	1,060,309	170,558	100.0	100.0	0

EXPENSES

During the year, the total expenses incurred were approximately RMB422,066,000, representing an increase of RMB33,126,000 from RMB388,940,000 in the previous year, and accounted for 34.3% of the turnover (2024: 36.7%). Due to most of the Group's finished drugs entered the centralized

procurement, the selling expenses decreased by RMB21,837,000 as compared with last year, and the selling expense ratio was 8.6% (2024: 12.1%). The administrative expenses increased by RMB7,908,000 as compared with last year, mainly due to the increased project audit fees, share option costs and advertising expenses. Finance expenses were RMB496,000, representing a decrease of RMB3,112,000 as compared with the previous year mainly due to last year had short term loan interest. Research and development expenses increased by RMB12,648,000 as compared with last year, mainly the concentrated expenditure impact of phased expenses for research and development projects. Other expenses increased by RMB37,519,000 as compared with last year, mainly because of the provision of inventory due to high production costs before reaching full capacity of Lanzhou Dawnrays and the factory at Shanfeng Road of Suzhou Dawnrays, the impairment provisions for the termination of capitalized R&D projects, and the impairment of intangible assets of Nanjing PharmaRays Science and Technology Co., Ltd..

SEGMENT PROFIT

For the year ended 31 December 2025, the segment profit from the finished drugs segment was approximately RMB496,311,000, representing an increase of RMB71,100,000 compared with RMB425,211,000 in 2024, mainly due to the decrease in selling expenses and the reduction of production costs. The intermediates and bulk medicines had segment loss of RMB69,534,000 while it was segment loss of RMB60,975,000 in 2024. The main reason of the loss was that the Lanzhou Dawnrays and the factory at Shanfeng Road of Suzhou Dawnrays started production in the second half of 2024 and began to accrue depreciation. In 2025, during the customer registration and capacity ramp-up phases of the two plants, the production volume was low and production allocated expenses were high, resulting in production costs exceeding sales prices and leading to the inventory write-down provision more than RMB40 million.

DISPOSAL OF SHARE INTEREST IN A SUBSIDIARY

The Group's controlling subsidiary, Nanjing PharmaRays (a research and development enterprise in which Suzhou Dawnrays holds a 65% share interest), had a registered capital of RMB50,000,000, of which Suzhou Dawnrays had contributed RMB32,500,000 in subscribed registered capital according to the joint venture agreement. The company had continuous losses, resulting in its liabilities exceeding its assets. To consolidate and concentrate its R&D resources, the Group transferred its share interest in Nanjing PharmaRays to an independent third party, Jiangxi Saiou Pharmaceutical Co., Ltd. (江西賽歐製藥有限公司), on 9 June 2025, for RMB100,000, slightly higher than the valuation from a third party. The Group's R&D products under development by this company were incorporated into the Suzhou Dawnrays Advanced Technology Research Institute for continued development.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2025, profit attributable to owners of the parent amounted to approximately RMB213,971,000 representing a decrease of RMB350,969,000 or 62.1% compared with RMB564,940,000 in last year. The profit attributable to owners of the parent in 2024 included a net gain of approximately RMB277,627,000 (RMB286,670,000 before tax) from the disposal of the 35% share interest in AD Pharmaceuticals, which had a carrying amount of zero in the Group, and a net gain of approximately RMB89,292,000 (RMB105,049,000 before tax) from government subsidies for verification of equipment of factory located at Shanfeng Road. Excluding the above non-recurring profit of approximately RMB366,919,000 and the loss of RMB3,696,000 from AD Pharmaceuticals that was to be shared before the disposal of the share interest, the operating profit attributable to owners of the parent in 2024 was RMB201,717,000, representing a 6.1% increase compared to 2024, mainly due to the impact of increased profits in the system specific medicines business.

ANALYSIS ON THE RETURN ON ASSETS

As at 31 December 2025, net assets attributable to owners of the parent were approximately RMB3,385,023,000. The return on net assets, which is defined as the profit attributable to owners of the parent divided by net assets attributable to owners of the parent was 6.3% (2024: 17.0%). The current ratio and quick ratio was 4.64 and 4.21 respectively. Turnover days for trade receivables were approximately 39 days. Turnover days for trade receivables including bills receivables were approximately 78 days. Turnover days for inventory were approximately 153 days. All of which are shorter as compared with last year.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2025, the Group had financial assets at fair value through profit or loss including:

- (i) invested in certain Hong Kong public listed shares amounted approximately RMB16,587,000 (31 December 2024: approximately RMB10,795,000);
- (ii) purchased certain wealth management products (all were structured deposits) of approximately RMB393,000,000 (31 December 2024: RMB195,500,000) of floating interest rate principal-preservation type with annual interest rate from 0.5%-2.67% from 10 good credit worth banks in China. The expected yield would be approximately RMB904,000 in total. The wealth management products were mainly relatively lower risk of default. All principal and interests will be paid together on the maturity date. The Board believes that the investment in aforementioned wealth management products can strengthen the financial position of the Group and bring the fruitful contribution to the profit of the Group.

As at 31 December 2025, the above mentioned financial assets at fair value through profit or loss amounted to approximately RMB410,491,000 (31 December 2024: approximately

RMB207,135,000), representing approximately 10.2% (31 December 2024: 5.2%) of the total assets of the Group. For the year ended 31 December 2025, the Group recorded net gain of approximately RMB8,735,000 (2024: RMB6,220,000) on the financial assets at fair value through profit or loss.

(iii) considering business cooperation and financial investment, the Group invested RMB20,000,000 to hold 1,895,735 shares of Waterstone Pharmaceuticals (Wuhan) Co., Ltd., accounting for 1.40% of share interest. After an assessment, there was no signs of impairment on this investment.

The Board believes that the investment in equity investment and financial assets can diversify the investment portfolio of the Group and achieve a better return to the Group in future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had cash and bank balances approximately RMB1,166,430,000 (as at 31 December 2024: RMB1,158,261,000), of which, RMB640,594,000 (as at 31 December 2024: RMB542,586,000) were time deposits with maturity over three months. During the year, the net cash inflows from operating activities was approximately RMB355,406,000 (2024: RMB220,200,000). Net cash outflows from investing activities was approximately RMB368,803,000 (2024 net cash inflows: RMB205,170,000). Net cash outflows from financing activities was approximately RMB54,986,000 (2024 net cash outflows: RMB189,438,000).

As at 31 December 2025, the Group had aggregate bank facilities of approximately RMB1,873,447,000 (as at 31 December 2024: RMB1,613,000,000). As at 31 December 2025, the Group's interest-bearing bank and other borrowings was RMB77,477,000 (as at 31 December 2024: RMB29,864,000), and the debt ratio (defined as sum of interest-bearing bank borrowings over total assets) of the Group was 1.9% (as at 31 December 2024: 0.7%). The above mentioned bank and other borrowings were short-term loans not more than 1 year and the interest rate were fixed ranging from 0.55% to 2.12%.

As at 31 December 2025, the Group had trade receivables of approximately RMB143,180,000 (as at 31 December 2024: RMB122,298,000), increased by 17.1% compared to 2024, mainly due to the impact of increase in sales.

As at 31 December 2025, the inventory balance of the Group was approximately RMB215,443,000 (as at 31 December 2024: RMB308,241,000), representing a decrease of RMB92,798,000 as compared with 2024, mainly attributed to the decrease in inventory of bulk medicines and intermediates. Last year, there was an increase in inventory as a result of the Spring Festival stocking up.

As at 31 December 2025, the Group's contracted but not provided for plant and machinery capital commitments amounted to approximately RMB29,912,000 (as at 31 December 2024: RMB21,363,000), which was mainly related to Suzhou Dawnrays relocation construction project and Lanzhou Dawnrays intermediates and bulk medicines production base project.

SUBSTANTIAL INVESTMENT

During the year, Dawnrays International Company Limited ("Dawnrays International") made a capital contribution of USD10,000,000 to Suzhou Dawnrays. In addition, Dawnrays International established Dawnrays Global Trading Ltd. for health product business with a paid-up capital as HKD10,000.

The goodwill arising from the acquisition of Top Field Limited and its subsidiary Fujian Dawnrays ("Fujian Dawnrays Goodwill") amounted to RMB241,158,000. The Group is required to check, at each reporting period end, whether the recoverable amount based on the value in use of the cash-generating unit of Fujian Dawnrays exceeds the carrying value at 31 December 2025. After an assessment, the Group believes that there were no impairment on Fujian Dawnrays Goodwill as at 31 December 2025.

Suzhou Dawnrays established Suzhou Dawnrays Pharmaceuticals Trading Co. Ltd. in 2023 with registered capital of RMB5,000,000 for planning to develop an agency to sell imported and domestic pharmaceutical products as to enrich the product pipeline. It has not yet started operations. During the year, Suzhou Dawnrays invested RMB500,000 registered capital. The total registered capital invested is RMB2,500,000. In addition, Suzhou Dawnrays invested RMB34,594,000 registered capital into Lanzhou Dawnrays. The total registered capital invested is RMB540,344,000.

During the year, the Group restructured and initiated the deregistration of Dawnrays Biotechnology Capital (Asia) Ltd., which is expected to be completed by the end of 2026.

Save as disclosed above, there were no significant external investments, material acquisitions or disposal of subsidiaries and associated companies by the Group during the year.

FOREIGN EXCHANGE AND TREASURY POLICIES

For the year ended 31 December 2025, the Group recorded an exchange loss of RMB1,403,000 (2024: of RMB5,549,000). The Group's substantial business activities, assets and liabilities are denominated in Renminbi, so the risk derived from the foreign exchange to the Group is not high. The treasury policy of the Group is to manage any risk of foreign exchange or interest rate (if any) only if it will potentially impose a significant impact on the Group. The Group continues to observe the foreign exchange and interest rate market, and may hedge against foreign currency risk with foreign exchange forward contracts and interest rate risk with interest rate swap contracts if necessary.

STAFF AND REMUNERATION POLICY

As at 31 December 2025, the Group employed approximately 1,081 (2024: 1,183) employees and the total remuneration was approximately RMB222,623,000 (2024: RMB230,667,000). The total remuneration decreased mainly due to the decrease in the number of employees. The Group regards human resources as the most valuable assets and truly understands the importance of attracting and retaining high-performance employees. The remuneration policy is generally based on the references of market salary index and qualifications of employees at different levels and different positions. The Group provides its employees with other fringe benefits, including defined contribution retirement schemes, share option scheme and medical coverage. The Group also offers some of its employees stationed in the PRC with dormitory accommodation.

CONTINGENT LIABILITIES

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

CHARGES ON ASSETS

As at 31 December 2025, the Group had not pledged any assets to banks to secure credit facilities granted to its subsidiaries (as at 31 December 2024: Nil).

EVENT AFTER THE REPORTING PERIOD

Dawnrays International made a capital contribution of USD14,000,000 to Suzhou Dawnrays in March 2026. Save as disclosed above, there were no significant events which had material effect on the Group subsequent to the year ended 31 December 2025 and up to the date of this announcement.

PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCE OF FUNDING

Save for those disclosed above in connection with capital commitments, increase of registered capital in subsidiaries and capital for relocation plans under the section “Liquidity and Financial Resources” and “Substantial Investment”, the Group does not have any plan for material investments or acquisition of capital assets.

The Group has sufficient financial and internal resources to pay the capital commitments, capital expenditure for relocation plans, investment projects and increased registered share capital described above. However, it is still possible to pay the above capital expenditure commitments with bank loans or internal resources of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE CODE

To the best knowledge, information and belief of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd. (the "Listing Rules") for the year ended 31 December 2025. Except for the following deviation:

Code Provision C.1.5 of the CG Code - Attendance of Non-executive Directors at general meeting

The code provision C.1.5 of the CG Code requires that independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the view of shareholders. Except a non-executive Director namely Mr. Leung Hong Man ("Mr. Leung") could not attend due to other business arrangements, all Directors attended the annual general meeting of the Company held on 23 May 2025 (the "AGM").

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of all Directors, the Company confirms that all the Directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the 2025 annual report.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules to oversee the Group's financial reporting system, risk management and internal control systems. As at the date of this announcement, the Audit Committee's chairman is Mr. Lo Tung Sing Tony. Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan are the committee's members. All of them are independent non-executive Directors of the Company.

The audited financial statements of the Company for the year ended 31 December 2025 have been reviewed by the Audit Committee before recommending them to the Board for approval.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the Group's financial results for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young ("EY"), to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by EY on this preliminary announcement.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of HK\$0.048 per share to shareholders whose names appear in the Register of Members of the Company on Monday, 1 June 2026. The proposed final dividend of HK\$0.048 per share, the payment of which are subject to approval of the shareholders at the 2026 AGM of the Company to be held on Friday, 22 May 2026, are to be payable on Friday, 12 June 2026 to shareholders.

The register of members of the Company will be closed during the following periods:

- (i) from Monday, 18 May 2026 to Friday, 22 May 2026, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2026 AGM. In order to be eligible to attend and vote at the 2026 AGM, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged for registration not later than 4:30 p.m. on Friday, 15 May 2026 with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (ii) from Friday, 29 May 2026 to Monday, 1 June 2026, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged for registration not later than 4:30 p.m. on Thursday, 28 May 2026 with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

APPRECIATION

The year 2025 marked the 30th anniversary of the Group . I would like to take this opportunity to once again express my heartfelt thanks to the shareholders and partners of the Group for their long-term trust and support, as well as all directors and staff for their hard work and contributions over the past year.

By order of the Board

Li Kei Ling

Chairman

Hong Kong, 27 March 2026

As at the date of this announcement, the Board of the Company comprises two executive Directors, namely Ms. Li Kei Ling and Mr. Hung Yung Lai; two non-executive Directors, namely Mr. Leung Hong Man and Mr. Hu Shuo; three independent non-executive Directors, namely Mr. Lo Tung Sing Tony, Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan.