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Application Proof of

Medcaptain Medical Technology Co., Ltd. 深圳麥科田生物醫療技術股份有限公司 (the “Company”)

(A joint stock company incorporated in the People’s Republic of China with limited liability)

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Medcaptain Medical Technology Co., Ltd. 深圳麥科田生物醫療技術股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the : [REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : RMB1.00 per H Share
[REDACTED]

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The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with the consent of our Company, reduce the number of [REDACTED] and/or the indicative [REDACTED] range below that stated in this document (which is HK\$[REDACTED] to HK\$[REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, a notice of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on our website at <https://www.medcaptain.com> and the Stock Exchange's website at www.hkexnews.hk not later than the morning of the last day for lodging applications under the [REDACTED]. Further details are set forth in “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document. If applications for [REDACTED] have been submitted prior to the day which is the last day for lodging applications under the [REDACTED], then such applications can be subsequently withdrawn if the number of [REDACTED] and/or the indicative [REDACTED] range is so reduced.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to invest in the [REDACTED].

OUR VISION

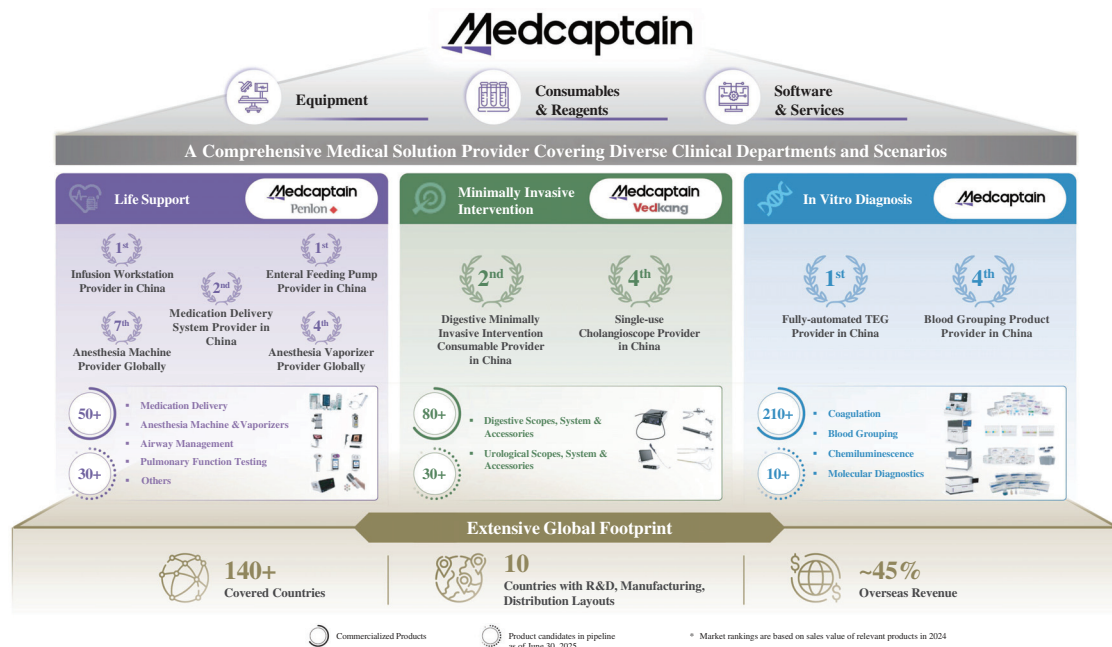
To be captain in the medical device industry (成為醫療健康領域領航者).

OUR MISSION

Be closer to healthcare needs, innovate medical technologies and provide high-quality services (貼近健康需求,創新醫療科技,提供優質服務).

OVERVIEW

We are a global medical solution provider with innovative and comprehensive product offerings, serving clinical needs across a wide range of clinical departments, wards and offices within medical institutions, as well as community health centers, testing facilities and home care scenarios. As of June 30, 2025, we had commercialized over (i) 50 life support products, (ii) 80 minimally invasive intervention products, and (iii) 210 in vitro diagnostics products, available in multiple models to accommodate diverse application needs. As of the Latest Practicable Date, our products had reached over 140 countries and regions globally. In China, our products have cumulatively reached over 6,000 hospitals, including approximately 90% Grade 3A (三級甲等) hospitals, covering 31 provinces, municipalities and autonomous regions.

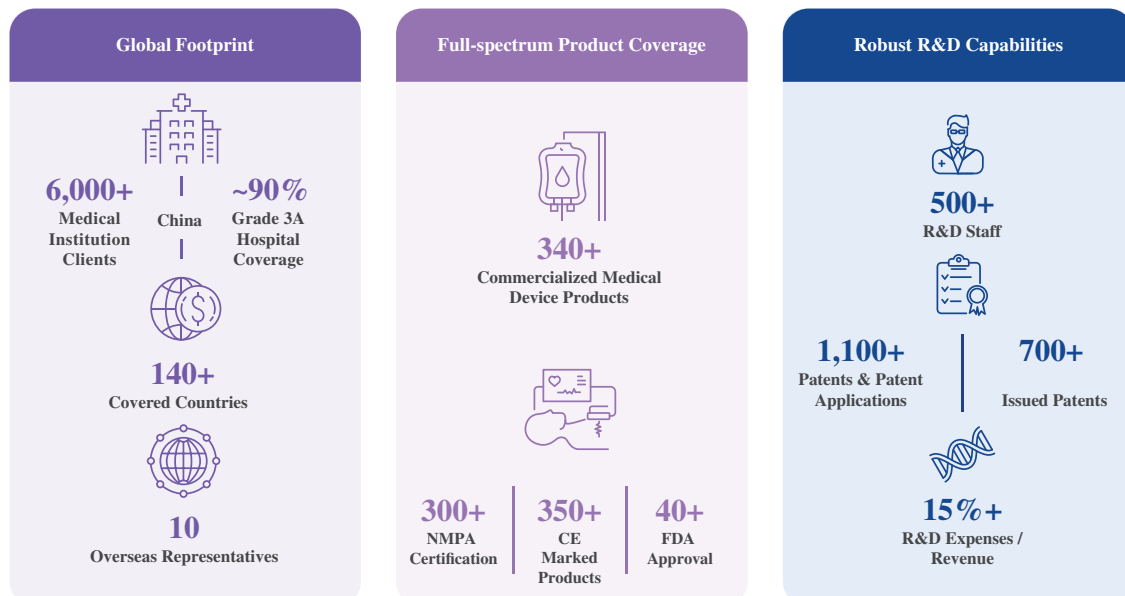


SUMMARY

Our success is rooted in our innovation R&D platform that spans the full cycle of product development. By leveraging this platform, we efficiently develop and upgrade products across business units. By absorbing cutting-edge clinical insights, we ensure our innovation products are inspired by and effectively address real-world healthcare needs. Building on this foundation, we have established competitive advantages in each of our medical domains. According to CIC, we have achieved the following:

- **Life Support.** We have developed a series of innovative life support products, including among others, the world’s first remotely-controlled infusion system, and China’s first in-house developed multi-channel infusion workstation, infusion workstation compatible with MRI environments, touchscreen infusion pump, touchscreen syringe pump and touchscreen enteral feeding pump. These innovations have solidified our market position, as evidenced by our leading rankings — we (i) ranked first in China’s infusion workstation market in terms of sales value in each year from 2018 to 2024, and (ii) ranked first in the enteral feeding pump market in terms of sales value in each year from 2021 to 2024.
- **Minimally Invasive Intervention.** We are one of the few domestic brands in China with a full-spectrum proprietary endoscopic product portfolio, encompassing reusable and single-use endoscope systems, as well as related consumables. Among these, we (i) ranked second in the market for minimally invasive intervention consumables targeting the digestive system in China in terms of the sales value in each year from 2022 to 2024; and (ii) ranked among top five in the single-use cholangioscope market of China in terms of sales value in each year from 2023 to 2024.
- **In Vitro Diagnostics.** We launched the world’s first fully-automated TEG analyzer in 2021, and ranked first in the fully-automated TEG market of China in terms of sales value in each year from 2021 to 2024. In addition, we ranked among top five in the blood grouping device market of China in terms of sales value in 2024.

We have established an extensive global footprint, with our medical products distributed across APAC, EMEA and AMER regions. We have strategically positioned five R&D centers and six manufacturing centers across China and the UK. To enhance our international service capabilities, we operate local representatives in strategic markets, including the UK, the Netherlands, Belgium, Türkiye, India, Thailand, Indonesia, Mexico, Brazil and Colombia, enabling us to deliver timely and localized support to our global customer base. Backed by a strong global distribution network and regionally based service teams, we provide reliable sales and after-sales support across multiple time zones.



* R&D staff and expenses data during Track Record Period
Other data as of the Latest Practicable Date

SUMMARY

We have experienced overall growth during the Track Record Period as our revenue increased from RMB917.4 million in 2022 to RMB1,399.4 million in 2024, at a CAGR of 23.5%, and it increased by 15.3% from RMB682.1 million for the six months ended June 30, 2024 to RMB786.6 million for the same period in 2025. Furthermore, our gross profit margin expanded steadily throughout the Track Record Period, increasing from 43.7% in 2022 to 49.6% in 2023 and 49.7% in 2024, and it increased from 51.1% for the six months ended June 30, 2024 to 52.9% for the same period in 2025. Our adjusted EBITDA (non-IFRS measure) margin achieved a significant turnaround, improving from a negative 3.2% in 2022 to a positive 11.7% in 2023 and 10.0% in 2024. For the six months ended June 30, 2025, our adjusted EBITDA (non-IFRS measure) margin further increased to 18.9% as compared with 10.2% for the same period in 2024.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>(Unaudited)</i>				
Revenue (<i>RMB'000</i>)	917,369	1,313,297	1,399,361	682,148	786,567
Gross profit (<i>RMB'000</i>)	400,862	651,436	695,072	348,475	415,722
Gross profit margin (%) ⁽¹⁾	43.7	49.6	49.7	51.1	52.9
Adjusted profit/(loss) (non-IFRS measure) ⁽²⁾ (<i>RMB'000</i>)	(104,142)	46,500	20,430	9,332	92,259
Adjusted profit/(loss) margin (non-IFRS measure) (%) ⁽³⁾	(11.4)	3.5	1.5	1.4	11.7
Adjusted EBITDA (non-IFRS measure) ⁽⁴⁾ (<i>RMB'000</i>)	(29,726)	153,158	139,347	69,519	148,619
Adjusted EBITDA margin (non-IFRS measure) (%) ⁽⁵⁾	(3.2)	11.7	10.0	10.2	18.9

Notes:

- (1) Calculated by dividing the gross profit by total revenue.
- (2) Defined as profit/loss (non-IFRS measure) for the period excluding share-based payment expenses, [REDACTED] expenses and amortization of patents and customer relationship as a result of business acquisitions.
- (3) Calculated by dividing the adjusted profit/loss (non-IFRS measure) by total revenue.
- (4) Defined as adjusted profit/loss (non-IFRS measure) adding back finance costs and income tax expenses or subtracting income tax benefits, and further adding back depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets.
- (5) Calculated by dividing the adjusted EBITDA (non-IFRS measure) by total revenue.

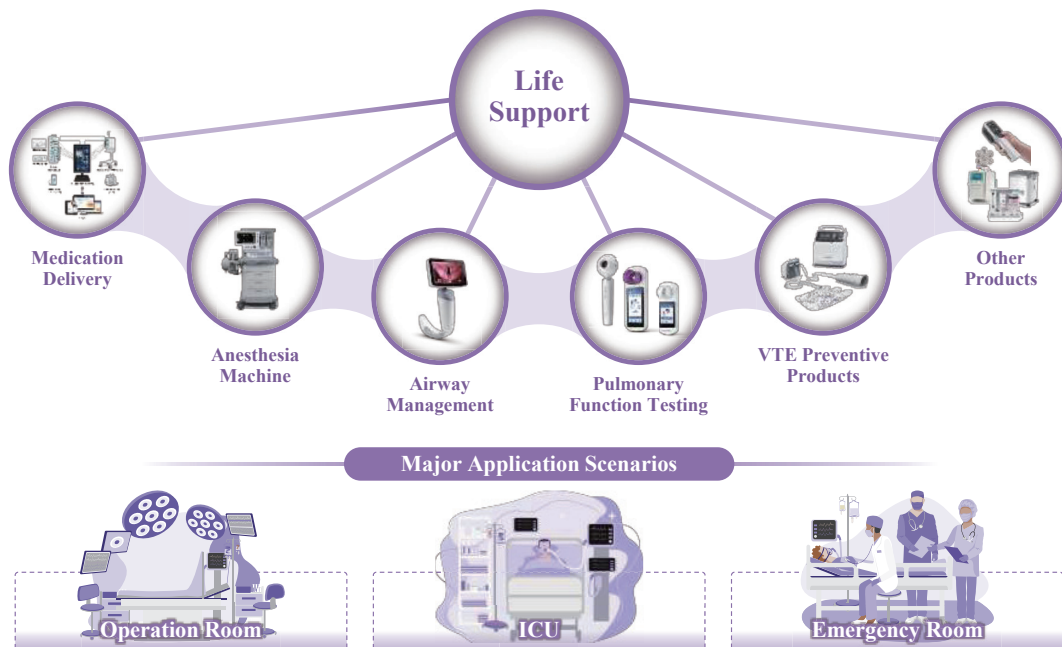
SUMMARY

OUR BUSINESS UNITS

We offer high-end medical equipment and consumables across life support, minimally invasive intervention and in vitro diagnostics. The following table sets forth a breakdown of our revenue by business units for the respective periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Unaudited)									
	(RMB in thousands, except percentages)									
Life support	415,844	45.3	564,146	43.0	494,057	35.3	246,590	36.1	297,833	37.9
Minimally invasive										
intervention	385,997	42.1	586,545	44.6	721,327	51.6	344,472	50.5	402,518	51.1
In vitro diagnostics	115,528	12.6	162,606	12.4	183,977	13.1	91,086	13.4	86,216	11.0
Total	917,369	100.0	1,313,297	100.0	1,399,361	100.0	682,148	100.0	786,567	100.0

Life Support

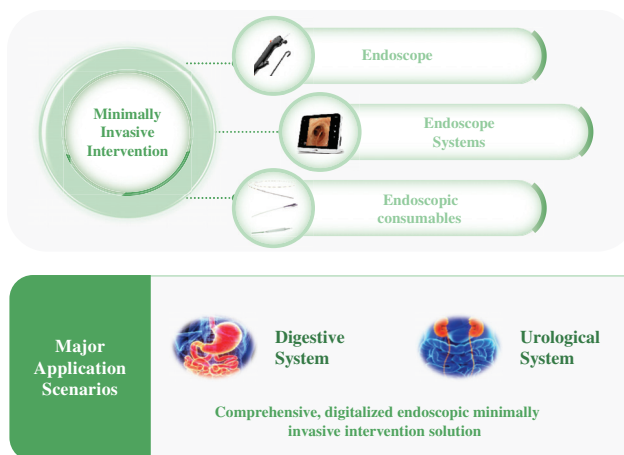


SUMMARY

Life support medical devices are predominantly utilized in the ICUs, operating rooms and emergency rooms for the management and care of critically ill patients. Life support medical devices primarily include medication delivery products, anesthesia machines, airway management products, pulmonary function testing products, venous thromboembolism (“VTE”) preventive products, oxygen concentrators and monitors, among other devices. As of June 30, 2025, we had established a comprehensive life support product portfolio, offering over 50 life support products, including the following:

- **Medication Delivery Products.** Our medication delivery products primarily consist of infusion workstations, syringe and infusion pumps, remotely-controlled infusion system, intelligent central monitoring system, enteral feeding system and related consumables.
- **Anesthesia Machines and Vaporizers.** To further strengthen our market presence in life support and enhance the synergistic effect of our product lines, we strategically expanded into anaesthesia solutions in 2022. Our anesthesia solutions primarily includes the Prima series anesthesia machines and Sigma series vaporizers.
- **Airway Management and Pulmonary Function Testing.** We provide patients with comprehensive airway management and pulmonary function testing solutions, enabling smooth breathing across various clinical applications. Our airway management products primarily include video and conventional laryngoscopes, tracheal tubes and bronchoscope systems. Our pulmonary function testing products primarily included SpiroSuite VC Series Spirometers, meeting various testing needs from hospitals, clinics and home use. We also offer other respiratory products, such as oxygen concentrators.
- **Other Life Support Products.** We also provide a broader range of other life support products, such as DVT preventive pumps, vein illuminators, monitors, and veterinary life support products.

Minimally Invasive Intervention

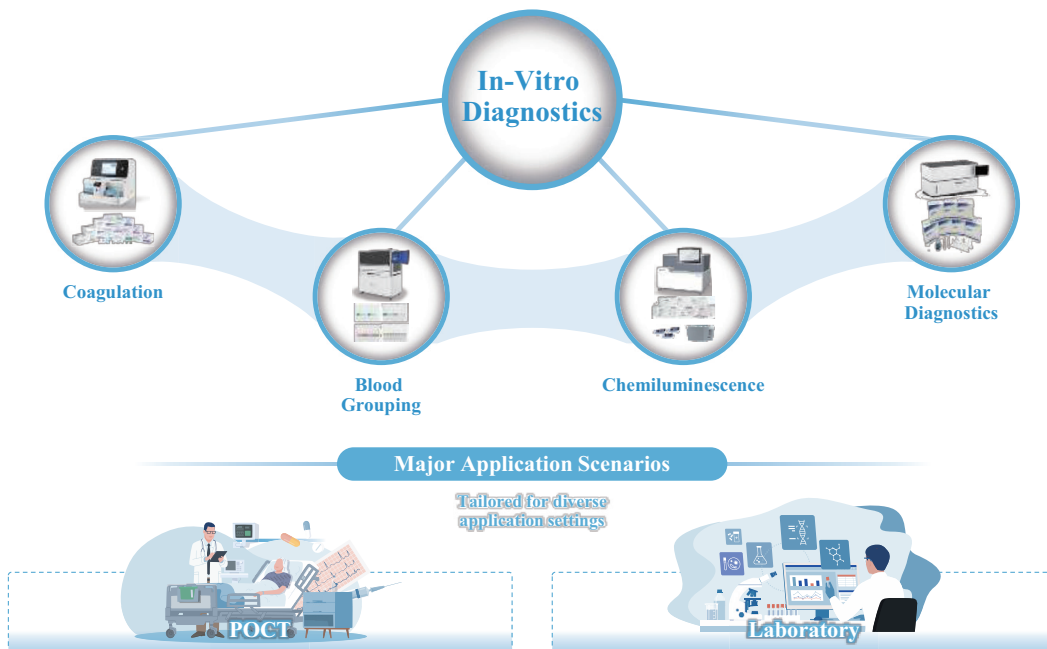


SUMMARY

We are one of the few domestic brands in China with a full-spectrum proprietary endoscopic product portfolio, encompassing reusable and single-use endoscope systems, as well as consumables. Our minimally invasive intervention products are primarily used in the diagnosis and treatment of conditions relating to the digestive system, including the gastrointestinal and hepatobiliary tracts, and the urological system. As of June 30, 2025, we had over 80 minimally invasive intervention products.

- ***Products Targeting Digestive Systems.*** We offer a wide range of minimally invasive intervention products targeting digestive systems, including the reusable GI endoscopic system and the single-use cholangioscope direct visualization system, as well as consumables for diagnosis and treatment of the digestive system.
- ***Products Targeting Urological Systems.*** We offer ureterscope systems and consumables in the diagnosis and treatment of conditions relating to the urological systems. Our ureterscope system consists of a single-use video ureterscope paired with our image processor and monitor, providing a visual solution for ureteroscopy surgeries.

In Vitro Diagnostics



SUMMARY

We offer comprehensive in vitro diagnostics product portfolios, both equipment and consumables, spanning coagulation, blood grouping, chemiluminescence and molecular diagnosis. We design and develop our products suitable for both the Point-of-Care Testing (“POCT”) and laboratory testing. As of June 30, 2025, we had over 210 in vitro diagnostics products that support a testing menu of over 800 in vitro diagnostics test items, offering comprehensive diagnostic solutions tailored to meet the diverse needs of various testing scenarios.

- ***Coagulation.*** We offer both TEG and conventional coagulation products. Our TEG portfolio comprises a fully-automated TEG analyzer Haema TX and a semi-automated TEG analyzer Haema T4, together with related reagents and test kits. Our conventional coagulation portfolio comprises a fully-automated coagulation analyzer Haema N9 and matching test kits.
- ***Blood Grouping.*** We offer two fully-automated blood grouping analyzers designed for different application needs. The BT-70 features high throughput for rapid, large volume sample testing, while the BT-30, with its portable size, offers flexibility across diverse testing scenarios. We also offer a full range of compatible gel cards.
- ***Chemiluminescence.*** We offer chemiluminescent immunoassay (“CLIA”) testing analyzers and reagent kits, supporting a comprehensive test menu. Our CLIA testing analyzers included (i) Immu F6, a fully automated POCT CLIA analyzer, and (ii) Immu F200, a multi-sample CLIA analyzer suitable for high-volume testing scenarios. Our test menu supports a broad range of biomarker detections, covering various medical conditions and states such as cardiac health, inflammation, fertility, hormones, metabolism, brain injury, coagulation conditions, thyroid function, tumors and anemia.
- ***Molecular Diagnostics.*** We offer molecular diagnostics equipment and testing kits supporting more than 400 test items across a broad range of testing areas including among others, respiratory-transmitted pathogens, infectious diarrhea viruses, vector-borne pathogens, enteroviruses, foodborne pathogens and animal infectious diseases, showcasing a comprehensive menu designed for precision diagnosis.

Product Pipeline

Building on our existing product lines — life support, minimally invasive intervention and in vitro diagnostics, we are committed to addressing the continuously evolving market demands through our in-house R&D efforts and technological advancements. Our strategy encompasses both the innovation and enhancement of current products and the continuous development of new products and intelligent systems, while also exploring potential avenues for business expansion. As of the Latest Practicable Date, we have over 70 product candidates in the pipeline, including over 30 life support product candidates, over 30 minimally invasive intervention product candidates, and over 10 in vitro diagnostics product candidates.

SUMMARY

MARKET OPPORTUNITIES AND COMPETITIVE LANDSCAPE

We provide a comprehensive range of medical products spanning life support, minimally invasive intervention and in vitro diagnostics. According to CIC, the medical device industries we primarily focused on have witnessed and are expected to maintain a rapid growth. In 2024, the life support medical device market reached a scale of US\$75.1 billion globally and RMB55.7 billion in China; the endoscopic minimally invasive intervention market reached US\$32.1 billion globally and RMB24.9 billion in China; and the in vitro diagnostics market reached US\$108.4 billion globally and RMB116.1 billion in China. According to CIC, these markets have demonstrated great potential for future growth. The life support medical device market is projected to further increase to US\$109.7 billion globally and RMB93.2 billion in China by 2030; the endoscopic minimally invasive intervention market is projected to further increase to US\$48.8 billion globally and RMB53.2 billion in China by 2030; and the in vitro diagnostics market is projected to further increase to US\$167.3 billion globally and RMB191.2 billion in China by 2030.

Our products primarily compete with products that deliver similar medical treatment as our products in terms of efficacy, price and general market acceptance by medical professionals, hospitals and other end users. The identities of our key competitors vary by product. In certain cases, our competitors may have greater financial and R&D resources than us, and may elect to focus these resources on developing, importing or in-licensing and marketing competitive products. According to the CIC, the competition in the markets of life support products, particularly in the medication delivery domain, is relatively concentrated. In 2024, the top ten market players for infusion workstations dominated both the Chinese and global markets, accounting for a substantial portion of the market share, respectively. In the minimally invasive intervention field, the Chinese market is dominated by a few leading players, with imported brands holding a slight advantage. In the in vitro diagnostics market, competition is more fragmented due to the variety of sub-markets, such as coagulation, chemiluminescent assays, blood typing, and molecular diagnostics. We believe that given our competitive strengths as stated in “— Our Competitive Strengths and Strategies” in this section, we are able to maintain our market position notwithstanding the competition we face. For details regarding our industry and competitive landscape, see “Industry Overview” in this document.

OUR COMPETITIVE STRENGTHS AND STRATEGIES

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors: (i) a leading medical solution provider with innovative and comprehensive product offerings; (ii) comprehensive global value chain capabilities to drive sustainable expansion; (iii) robust R&D capabilities empowered by an integrated R&D platform; (iv) proven commercialization capabilities evidenced by expanding regional coverage and customer base; (v) superior track record of acquisitions and integrations to expand product portfolio and drive rapid growth; and (vi) visionary, dedicated and experienced management team and strong support from shareholders.

SUMMARY

To achieve our vision, we plan to implement the following strategies: (i) further strengthening our leadership as an integrated medical solution provider; (ii) further enhancing our globalized brand image with localized operational and international sales capabilities; (iii) further enhancing our R&D capabilities to rapidly achieving product upgrade and iteration; (iv) further enhancing our production capabilities and efficiency; (v) seeking strategic acquisition and investment opportunities to further expand our business landscape; and (vi) attracting talents and optimizing our human resource system.

SALES AND DISTRIBUTION

Sales Model

We have established an extensive sales network and distributed our products in over 140 countries and regions as of the Latest Practicable Date. During the Track Record Period, a substantial majority of our products were sold through distributors. To a lesser extent, we conducted direct sales to hospitals and other end customers, as well as engaged in sales of products to overseas ODM customers.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(Unaudited)</i>									
	<i>(RMB in thousands, except percentages)</i>									
Sales to Distributors . .	774,048	84.4	1,151,837	87.8	1,179,828	84.3	572,154	83.9	652,195	82.9
ODM Sales	121,810	13.3	141,164	10.7	172,579	12.3	87,963	12.9	106,716	13.6
Direct sales	21,511	2.3	20,296	1.5	46,954	3.4	22,031	3.2	27,656	3.5
Total	917,369	100.0	1,313,297	100.0	1,399,361	100.0	682,148	100.0	786,567	100.0

Sales to Distributors

During the Track Record Period, we maintained an extensive sales network comprising 1,972, 2,538, 2,791 and 1,959 domestic distributors, and 923, 907, 903 and 607 overseas distributors in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. Our distribution network covered 31 provinces, municipalities and autonomous regions in China, as well as over 140 countries and regions globally. During the Track Record Period, to the best of our Directors’ knowledge, save for Vedefar which became our subsidiary following our acquisition in the first half of 2025, all of our distributors are independent third parties who were not controlled by our former or current employees, did not use our brand or name nor receive any material advance or financial assistance from us. The following table sets forth the change in numbers of our distributors that purchased our products in the periods indicated:

SUMMARY

	As of/For the Year Ended December 31,			As of/For the Six Months Ended June 30, 2025
	2022 ⁽¹⁾	2023	2024	
Domestic:				
As of the beginning of the period	1,747	1,972	2,538	2,791
Additions of active distributors ⁽²⁾	978	1,358	1,527	829
Inactive distributors ⁽³⁾	753	792	1,274	1,661
As of the end of the period . .	1,972	2,538	2,791	1,959
Overseas:				
As of the beginning of the period	913	923	907	903
Additions of active distributors ⁽²⁾	240	423	536	263
Inactive distributors ⁽³⁾	230	439	540	559
As of the end of the period . .	923	907	903	607
	2,895	3,445	3,694	2,566

Notes:

- (1) In the first half of 2022, we acquired Penlon and Vedkang Medical, respectively. Accordingly, distributors engaged by Penlon and Vedkang Medical after the acquisitions are classified as new additions for 2022.
- (2) Active distributors are distributors with whom we had sales in the period indicated but not in the preceding period.
- (3) Inactive distributors are distributors with whom we did not have sales in the period indicated but had sales in the preceding period.

SUMMARY

Direct Sales

We sell a portion of our products directly to hospitals and other end customers primarily in China and the UK. In 2022, 2023, 2024 and for the six months ended June 30, 2025, our direct sales amounted to RMB21.5 million, RMB20.3 million, RMB47.0 million and RMB27.7 million, accounting for 2.3%, 1.5%, 3.4% and 3.5% of our total revenue in each corresponding period, respectively.

Sales to ODM

We also sell a portion of our products directly to overseas ODM customers. Under this sales model, we are commissioned by our ODM customers to design, produce and supply products, which are ultimately sold under their brands. In 2022, 2023, 2024 and for the six months ended June 30, 2025, we served 57, 65, 87 and 87 ODM customers, respectively; and our revenue generated from sales to ODM customers amounted to RMB121.8 million, RMB141.2 million, RMB172.6 million and RMB106.7 million, respectively, representing 13.3%, 10.7%, 12.3% and 13.6% of our total revenue for each of the corresponding period, respectively.

For details of our sales models, see “Business — Sales, Distribution and Marketing” in this document.

Pricing

During the Track Record Period, our sales channels included sales through distributors, direct sales, and sales to ODM customers, with our pricing policies varying according to each sales channel. Overall, in determining the prices of our products, we consider various factors, including the competitive advantages of our products, production costs, prices of competing products, differences in features between our products and those of competitors, and the target markets. Our pricing is also influenced by relevant medical device regulations, such as the Two-Invoice System. For details, See “Business — Pricing.” During the Track Record Period, the suggested retail prices of our products were as follows:

- Among our life support products, (i) the unit price for life support equipment ranged approximately from RMB2,000 to RMB700,000; (ii) the unit price for anesthesia and respiratory machines approximately ranged from RMB3,500 to RMB1,260,000; and (iii) the unit price for life support consumables ranged approximately from RMB5 to RMB1,600;
- Among minimally invasive intervention products, (i) the unit price for single-use endoscope products ranged approximately from RMB8,000 to RMB16,000; and (ii) the unit price for consumable products ranged approximately from RMB10 to RMB20,000; and

SUMMARY

- Among in vitro diagnostics products, (i) the unit price for testing equipment products ranged approximately from RMB20,000 to RMB350,000; and (ii) the unit price per test of reagent products ranged approximately from RMB2 to RMB1,000.

CUSTOMERS AND SUPPLIERS

During the Track Record Period, we sold our products primarily through distributors. Through our sales network, as of June 30, 2025, our products had been ultimately sold to over 6,000 hospitals in China, including approximately 90% Grade 3A hospitals, covering 31 provinces, municipalities and autonomous regions in China. Revenue generated from our five largest customers in each period during the Track Record Period was less than 30.0% of our total revenue for the respective period, accounting for 12.4%, 10.6%, 13.5% and 14.8%, respectively, of our total revenue in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively. For details, see “Business — Customers.”

During the Track Record Period, our major suppliers mainly include raw materials for medical equipment, construction services and land provider for our manufacturing center. Raw materials we purchased primarily consisted of, among others, plastics, metals, sensors, and other product components. Purchases from our five largest suppliers in each period during the Track Record Period was less than 30.0% of our total purchases for the respective period, accounting for 17.1%, 19.1%, 12.1% and 10.6%, respectively, of our total purchases in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively. For details, see “Business — Raw Materials and Suppliers.”

RESEARCH AND DEVELOPMENT

We had established five R&D centers Shenzhen, Changzhou, Nanjing, Shanghai, and the UK to facilitate our product research and development. As of June 30, 2025, our in-house R&D team consisted of over 500 members, accounting for 25.1% of our total workforce. Our R&D team are devoted to in-house development and innovation, while maintaining close communication with KOLs in the academia and industry, who provide valuable guidance and insights in the research, development, applications and performance of our technologies and products.

Our R&D platform is distinguished by its integrated structure where our R&D platform consists of an Innovation Center and provides critical shared support across all business units, complemented by extensive cross-business unit collaborations. Besides, we integrate external parties’ feedback with our R&D platform, creating an ecosystem that ensures our ability to continuously transform innovations into commercial products and product candidates.

We place significant emphasis on the development and application of product informatization. Our key information management systems include: (i) iCMS, an intelligent central management system hospital informatization management, (ii) iHLive, an information management system that focuses on the integration and management of in vitro diagnostics related data, facilitating accurate and timely diagnostic results; (iii) iSpiro, a respiratory

SUMMARY

chronic disease management system that focuses on continuous monitoring and managing chronic respiratory conditions, and (iv) ELFensor, a pain management system that monitors the status of pain management infusion and medication efficacy. For details, see “Business — Research and Development.”

MANUFACTURING

We produce and assemble our products primarily at our manufacturing facilities. As of the Latest Practicable Date, we had operated six major manufacturing centers: (i) the Shenzhen Guangming manufacturing center, primarily focusing on the manufacturing of medical equipment, reagents and supply chain management; (ii) the Shenzhen Pingshan manufacturing center, primarily focusing on the manufacturing of life support consumables; (iii) the Abingdon manufacturing center in the UK, primarily focusing on the manufacturing of anesthesia machine and vaporizers; (iv) the Jiangsu Changzhou manufacturing center, primarily focusing on the manufacturing of minimally invasive intervention products; (v) the Shanghai Chongming manufacturing center, primarily focusing on the manufacturing of blood grouping gel cards; and (vi) the Hunan Changsha manufacturing center, primarily focusing on the manufacturing of minimally invasive intervention products.

We are expanding our production capacity and upgrading our manufacturing facilities to accommodate our increasingly diversified product pipeline and growing market demand. We established a new R&D and manufacturing center in Changzhou, with a gross floor area of 115,742 sq.m. As of September 2025, certain production lines of this site have been completed and commenced operation. To further unleash the production potential of the new center, we are actively advancing its development, such as equipment procurement, intelligent production line planning, and construction of supporting facilities. The new center is expected to further consolidate our existing production facilities and resources, streamline operational management, improve efficiency, and enhance synergies across our production lines. For details, see “Business — Manufacturing.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants’ Report in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our financial information was prepared in accordance with IFRS.

SUMMARY

Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of comprehensive profit or loss for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Unaudited)									
	(RMB in thousands, except percentages)									
Revenue	917,369	100.0	1,313,297	100.0	1,399,361	100.0	682,148	100.0	786,567	100.0
Cost of sales	(516,507)	(56.3)	(661,861)	(50.4)	(704,289)	(50.3)	(333,673)	(48.9)	(370,845)	(47.1)
Gross profit	400,862	43.7	651,436	49.6	695,072	49.7	348,475	51.1	415,722	52.9
Other income and gains	57,388	6.3	82,417	6.3	56,331	4.0	15,732	2.3	21,593	2.7
Selling and marketing expenses	(258,659)	(28.2)	(328,322)	(25.0)	(332,538)	(23.8)	(164,749)	(24.2)	(167,044)	(21.2)
Administrative expenses	(172,623)	(18.8)	(145,950)	(11.1)	(177,003)	(12.6)	(90,853)	(13.3)	(80,026)	(10.2)
Research and development expenses	(235,609)	(25.7)	(281,099)	(21.4)	(290,508)	(20.8)	(141,772)	(20.8)	(126,568)	(16.1)
Impairment on assets, net.	(125)	0.0	(96)	0.0	(1,761)	(0.1)	(1,124)	(0.2)	(255)	(0.0)
Other expenses	(3,525)	(0.4)	(5,517)	(0.4)	(3,201)	(0.2)	(1,755)	(0.3)	(753)	(0.1)
Finance costs	(14,535)	(1.6)	(21,419)	(1.6)	(15,998)	(1.1)	(10,420)	(1.5)	(6,086)	(0.8)
Share of losses of an associate	(386)	0.0	(1,274)	(0.1)	(896)	(0.1)	(896)	(0.1)	–	–
Profit/Loss before tax	(227,212)	(24.8)	(49,824)	(3.8)	(70,502)	(5.0)	(47,362)	(6.9)	56,583	7.2
Income tax benefit/(expense)	1,051	0.1	(14,684)	(1.1)	(26,115)	(1.9)	(10,664)	(1.6)	(15,615)	(2.0)
Profit/Loss for the year/period	(226,161)	(24.7)	(64,508)	(4.9)	(96,617)	(6.9)	(58,026)	(8.5)	40,968	5.2
Attributable to:										
Owners of the parent	(222,725)	(24.3)	(63,709)	(4.9)	(96,400)	(6.9)	(57,769)	(8.5)	40,189	5.1
Non-controlling interests	(3,436)	(0.4)	(799)	(0.1)	(217)	0.0	(257)	(0.0)	779	0.1
	(226,161)	(24.7)	(64,508)	(4.9)	(96,617)	(6.9)	(58,026)	(8.5)	40,968	5.2

SUMMARY

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit/loss (non-IFRS measure), adjusted EBIT (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted profit/loss (non-IFRS measure), adjusted EBIT (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles (in absolute amounts and as percentages of total revenues for the period indicated) our adjusted profit/loss (non-IFRS measure), adjusted EBIT (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) for the periods presented to the most directly comparable financial measure calculated and presented under IFRS:

	For the Year Ended December 31,			For the Six Months Ended June 30, 2025	
	2022	2023	2024	2024	2025
	<i>(Unaudited)</i>				
	<i>(RMB in thousands, except percentages)</i>				
Profit/Loss for the period . .	(226,161)	(64,508)	(96,617)	(58,026)	40,968
Add:					
Equity settled share-based payments	87,455	64,119	53,822	33,994	27,624
[REDACTED] expenses . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amortization of patents and customer relationship as a result of business acquisitions	34,564	45,273	45,475	22,732	22,809
Adjusted profit/(loss) for the period (non-IFRS measure)	(104,142)	46,500	20,430	9,332	92,259
Adjusted profit/(loss) margin (non-IFRS measure) (%) . .	(11.4)	3.5	1.5	1.4	11.7
Add:					
Finance costs	14,535	21,419	15,998	10,420	6,086
Income tax (benefits)/expenses	(1,051)	14,684	26,115	10,664	15,615
Adjusted EBIT (non-IFRS measure)	(90,658)	82,603	62,543	30,416	113,960
Adjusted EBIT margin (non-IFRS measure) (%) . .	(9.9)	6.3	4.5	4.5	14.5

SUMMARY

	For the Year Ended December 31,			For the Six Months Ended June 30, 2025	
	2022	2023	2024	2024	2025
<i>(Unaudited)</i>					
<i>(RMB in thousands, except percentages)</i>					
Add:					
Depreciation of property, plant and equipment	30,495	37,628	38,786	18,680	18,050
Depreciation of right-of-use assets	28,056	29,300	30,971	15,278	13,518
Amortization of other intangible assets*	2,381	3,627	7,047	5,145	3,091
Adjusted EBITDA (non-IFRS measure)	(29,726)	153,158	139,347	69,519	148,619
Adjusted EBITDA margin (non-IFRS measure) (%) . .	(3.2)	11.7	10.0	10.2	18.9

Note:

- * Other intangible assets refer to our intangible assets excluding patents and customer relationship as a result of business acquisitions.

Our net loss narrowed from RMB226.2 million in 2022 to RMB64.5 million in 2023, mainly due to an increase in sales volumes driven by an expanded product portfolio and stronger customer demand, particularly for our life support products. The increase in the production volume during the year also improved our scale efficiency, further contributing to the improvement in financial performance. However, our net loss increased to RMB96.6 million in 2024, primarily due to a moderation in revenue growth, primarily driven by the normalization of market demand for life support products, which had been elevated during the pandemic in 2023 but returned to normal levels in 2024. For the six months ended June 30, 2025, we achieved a turnaround, generating a net profit of RMB41.0 million, as opposed to a net loss of RMB58.0 million in the same period of 2024, primarily driven by increased sales volumes, enhanced manufacturing efficiency and diluted fixed production costs.

Our adjusted EBITDA (non-IFRS measure) turned from losses of RMB29.7 million in 2022 into profits of RMB153.2 million in 2023 and RMB139.3 million in 2024, and it increased from RMB69.5 million for the six months ended June 30, 2024 to RMB148.6 million for the six months ended June 30, 2025.

SUMMARY

Consolidated Statements of Financial Position

	As of December 31,			As of June 30, 2025
	2022	2023	2024	(Unaudited)
	(RMB in thousands)			
Total non-current assets	1,868,137	1,933,474	1,956,129	1,969,067
Total current assets	681,507	822,089	848,832	910,194
Total assets	2,549,644	2,755,563	2,804,961	2,879,261
Total non-current liabilities . .	465,658	558,491	511,079	512,416
Total current liabilities	551,372	496,786	542,668	531,768
Total liabilities	1,017,030	1,055,277	1,053,747	1,044,184
Net current assets	130,135	325,303	306,164	378,426
Net assets	1,532,614	1,700,286	1,751,214	1,835,077
Equity attributable to owners of the parent:				
Share capital	454,662	476,624	499,716	499,716
Other reserves	1,082,536	1,229,183	1,253,816	1,336,900
	1,537,198	1,705,807	1,753,532	1,836,616
Non-controlling interests	(4,584)	(5,521)	(2,318)	(1,539)
Total equity	1,532,614	1,700,286	1,751,214	1,835,077

We recorded net current assets during the Track Record Period. Our net current assets increased from RMB130.1 million as of December 31, 2022 to RMB325.3 million as of December 31, 2023, primarily due to (i) an increase of RMB156.1 million in financial assets at FVTPL; (ii) a decrease of RMB64.1 million in contract liabilities; and (iii) an increase of RMB21.2 million in financial assets at FVOCI; partially offset by a decrease of RMB55.1 million in cash and cash equivalents.

Our net current assets decreased from RMB325.3 million as of December 31, 2023 to RMB306.2 million as of December 31, 2024, primarily due to (i) an increase of RMB65.3 million in trade payables, (ii) an increase of RMB33.9 million in other payables and accruals, and (iii) a decrease of RMB23.6 million in financial assets at FVTPL; partially offset by (i) a decrease of RMB40.1 million in interest-bearing bank borrowings; (ii) an increase of RMB28.3 million in trade and bills receivables; and (iii) a decrease of RMB16.8 million in financial liabilities at FVTPL.

SUMMARY

Our net current assets increased from RMB306.2 million as of December 31, 2024 to RMB378.4 million as of June 30, 2025, primarily due to (i) an increase of RMB71.3 million in financial assets at FVTPL; (ii) a decrease of RMB58.6 million in other payables and accruals; and (iii) an increase of RMB49.6 million in trade and bills receivables; partially offset by (i) a decrease of RMB38.2 million in cash and cash equivalents; (ii) a decrease of RMB21.9 million in financial assets at FVOCI; and (iii) an increase of RMB31.1 million in trade payables.

Please see “Financial Information — Discussion of certain selected items from the consolidated statements of financial position” for further details.

Consolidated Statements of Cash Flows

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(Unaudited)				
	(RMB in thousands)				
Net cash flows from/(used in)					
operating activities	113,358	64,845	183,350	62,156	56,682
Net cash flows from/(used in)					
investing activities	(560,360)	(260,424)	(118,345)	(3,943)	(105,240)
Net cash flows from/(used in)					
financing activities	369,850	127,272	(46,922)	(58,631)	414
Net increase/(decrease) in cash					
and cash equivalents	(77,152)	(68,307)	18,083	(418)	(48,144)
Cash and cash equivalents at					
beginning of the year/period .	389,058	317,350	262,267	262,267	283,988
Effect of foreign exchange rate					
changes, net	5,444	13,224	3,638	4,050	9,966
Cash and cash equivalents at					
end of the year/period	317,350	262,267	283,988	265,899	245,810

Please see “Financial Information — Liquidity and Capital Resources — Cash Flows” for further details.

SUMMARY

Key Financial Ratios

The table below sets forth the key financial ratios of our Group for the periods or as of the dates indicated:

	For the Year Ended/As of December 31,			For the Six Months Ended/As of June 30, 2025
	2022	2023	2024	(Unaudited)
Current ratio ⁽¹⁾	1.24	1.65	1.56	1.71
Quick ratio ⁽²⁾	0.83	1.18	1.14	1.27
Adjusted profit/(loss) margin (non-IFRS measure) (%) ⁽³⁾ .	(11.4)	3.5	1.5	11.7
Adjusted EBITDA margin (non-IFRS measure) (%) ⁽⁴⁾ .	(3.2)	11.7	10.0	18.9

Notes:

- (1) Current ratio represents current assets divided by current liabilities as of the same date.
- (2) Quick ratio represents current assets less inventories, divided by total current liabilities as of the same date.
- (3) Adjusted profit/(loss) margin (non-IFRS measure) is calculated by dividing the adjusted profit/loss by total revenue. We define adjusted profit/loss (non-IFRS measure) as the profit/loss for the period excluding share-based payment expenses, [REDACTED] expenses and amortization of patents and customer relationship as a result of business acquisitions.
- (4) Adjusted EBITDA margin (non-IFRS measure) is calculated by dividing the adjusted EBITDA (non-IFRS measure) by total revenue. We define adjusted EBITDA (non-IFRS measure) as the adjusted profit/loss (non-IFRS measure), adding back finance costs and income tax expenses or subtracting income tax benefits, and further adding back depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets.

OUR CONTROLLING SHAREHOLDERS

Mr. Liu, Mr. Zhong and Ms. Li entered into the Concert Party Agreement on November 18, 2020 to acknowledge and confirm their acting-in-concert relationship with respect to our Company. As of the Latest Practicable Date, Mr. Liu, Mr. Zhong and Ms. Li (1) held in aggregate 105,336,000 Class A Shares (representing approximately 21.08% of our total issued share capital) and (2) controlled through Ruixin Kangzhong LP, Juxian Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Jucai Kangzhong LP, Ruiqian Kangzhong LP and Ruiyu Kangzhong LP an aggregate of 92,313,812 Class B Shares (representing approximately 18.47% of our total issued share capital), for which under the current WVR voting structure of our Company, our group of Controlling Shareholders controlled 79.14% of voting rights at general meetings of our Company (save and except for the Reserved Matters in relation to which each Class A Share and each Class B Share shall entitle its holder to one vote on poll). Upon completion of the [REDACTED], our Company will unwind the WVR structure and our group of Controlling Shareholders will continue to control the exercise of the voting rights of [REDACTED] Shares, which represents approximately [REDACTED]% of our total issued share capital (assuming that the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding). For further details, see “History, Development and Corporate Structure — Major Shareholding Changes of our Company — Our voting rights structure upon completion of the [REDACTED]” and “Relationship with our Controlling Shareholders”.

SUMMARY

[REDACTED]

Our Company has conducted several rounds of [REDACTED] from 2016 to 2024. See “History, Development and Corporate Structure — [REDACTED]” for details of the principal terms of our [REDACTED] and the identity and background of our [REDACTED].

[REDACTED] SHARE OPTION SCHEME

The Company has adopted a [REDACTED] share option scheme (the “[REDACTED] Share Option Scheme”). As at the date of this document, our Company [has granted] share options under the [REDACTED] Share Option Scheme to subscribe for up to [REDACTED] H Shares, representing approximately [REDACTED]% of the total issued share capital of our Company immediately following the Conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming the [REDACTED] has not been exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding). Assuming full vesting and exercise of the outstanding Options and the [REDACTED] has not been exercised, the shareholding percentage of our Shareholders immediately following the [REDACTED] would be diluted by approximately [REDACTED]% as calculated based on [REDACTED] Shares then in issue. The principal terms of the [REDACTED] Share Option Scheme are summarized in “Appendix IV — Statutory and General Information — 5. [REDACTED] Share Option Scheme”.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the [REDACTED] range of between HK\$[REDACTED] and HK\$[REDACTED] per Share), after deducting the [REDACTED] and estimated expenses paid or payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised.

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for ongoing and planned R&D to further enrich our product lines to build a competitive portfolio;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to develop our manufacturing centers to expand our production capacity, including investments in production facilities and upgrades of production lines;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to further enhance our sales and marketing capabilities to support scalable business growth;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to fund potential strategic investments and acquisitions globally that could complement and expand our product portfolio and technologies, and in turn further drive our business growth;

SUMMARY

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to upgrade our IT infrastructure and digital platform; and
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for our working capital and other general corporate purposes.

See “Future Plans and Use of [REDACTED]” in this document for further information relating to our future plans and use of [REDACTED] from the [REDACTED], including the adjustment on the allocation of the [REDACTED] in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range.

APPLICATION FOR [REDACTED] ON THE HONG KONG STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of [REDACTED] of, and permission to [REDACTED], our Shares to be issued pursuant to the [REDACTED] on the basis that we satisfy the [REDACTED]/revenue test under Rule 8.05(3) of the Listing Rules, with reference to (i) our revenue for the financial year ended December 31, 2024, being RMB1,399.4 million (equivalent to approximately HK\$[1,536.4] million), which is over HK\$500 million; and (ii) our expected [REDACTED] at the time of the [REDACTED] of RMB[REDACTED] billion (equivalent to approximately HK\$[REDACTED] billion, based on the low-end of the indicative [REDACTED] range), which exceeds HK\$[REDACTED].

[REDACTED]

SUMMARY

DIVIDEND

No dividend has been paid or declared by us during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Any future determination to pay dividends will be made at the discretion of our Directors subject to our Articles of Association and the PRC Company Law, and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China.

According to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. For details, see “Financial Information — Dividend.”

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include (i) [REDACTED] expenses, such as [REDACTED] fees and commissions, and (ii) non-[REDACTED] expenses, comprising professional fees paid to our legal advisers, Reporting Accountants and other professional parties for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. [REDACTED] expenses in relation to the [REDACTED] are estimated to be approximately RMB[REDACTED] million (HK\$[REDACTED] million) (including [REDACTED] commission), at the [REDACTED] of HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised. As of June 30, 2025, we incurred a total of RMB[REDACTED] million (HK\$[REDACTED] million) in [REDACTED] expenses, among which RMB[REDACTED] million were recognized in our consolidated statement of comprehensive income, and RMB[REDACTED] million were recognized in the consolidated statement of financial position to be accounted for as a deduction from equity upon [REDACTED]. We estimate that additional [REDACTED] expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million) (including [REDACTED] commissions and incentives of approximately RMB[REDACTED] million (HK\$[REDACTED] million), assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]) will be incurred by our Company, approximately RMB[REDACTED] million (HK\$[REDACTED] million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million (HK\$[REDACTED] million) of which is attributable to the issue of shares and will be deducted from equity upon [REDACTED]. Our [REDACTED] expenses as a percentage of gross [REDACTED] is [REDACTED]%, at an [REDACTED] of HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

SUMMARY

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) we may experience declines in market size, average selling prices and sales volume for our products, and our share of the markets we compete in, which may materially and adversely affect our results of operations and financial condition; (ii) our continuing success is significantly dependent on our ability to meet evolving customer demands and expectations, as well as our ability to attract and retain customers.; (iii) we may be unable to develop or successfully market new or commercially viable products and technologies or improve our existing products and technologies in a timely manner, or at all; (iv) we face intense competition from both domestic and international competitors and may not be able to keep pace with the rapid technological changes in the medical device industry, which could have an adverse effect on our business, financial condition or results of operations; (v) failure to integrate acquired businesses into our operations, or challenges related to our strategic initiatives could adversely affect our business; (vi) if we lose our existing distributors and fail to secure new distributors, our business and sales of the relevant products could be adversely affected; (vii) we may fail to effectively manage our network of distributors and their sub-distributors, which could materially and adversely affect our business, prospects and reputation; (viii) we are subject to a variety of risks associated with global operations and expansion that could adversely affect our profitability and operating results; and (ix) we may not be able to obtain, maintain or renew all the permits, licenses, and registration filings and certificates required for our business, operations and commercialization of our products in a timely manner.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Acquisition Post Track Record Period

In August 2025, we entered into an equity transfer agreement to acquire 100.0% equity interest in Suzhou Caring Medical Co., Ltd. (蘇州國科美潤達醫療技術有限公司) (“**Caring Medical**”). Upon completion of this acquisition, Caring Medical will be a wholly-owned subsidiary of our Group. Caring Medical is a medical device company focusing on the development, production and sales of intelligent endoscopic systems, the acquisition of which is expected to strengthen our market presence from flexible endoscopes to rigid endoscopes.

No Material Adverse Change

Our Directors confirm that up to the date of this document, there had been no material adverse change in our financial, operational or prospects since June 30, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants’ Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the articles of association of our Company adopted on August 25, 2025 with effect upon [REDACTED] (as amended from time to time), a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Baiyou Biotech”	Shenzhen Baiyou Biotechnology Co., Ltd. (深圳市百優生物科技有限公司), a limited liability company incorporated in the PRC on December 8, 2020, a wholly-owned subsidiary of Mabsky
“Board” or “Board of Directors”	the board of Directors of the Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

DEFINITIONS

“Changzhou Hengke”	Changzhou Hengke Molding Technology Co., Ltd. (常州市恒可模塑科技有限公司), a limited liability company incorporated in the PRC on June 22, 2021, a wholly-owned subsidiary of Vedkang Medical
“Changzhou Jinfurui”	Changzhou Jinfurui Medical Instrument Co., Ltd. (常州錦福瑞醫療器械有限公司), a limited liability company incorporated in the PRC on July 11, 2017, a wholly-owned subsidiary of Vedkang Medical
“Changzhou Jiuhong”	Changzhou Jiuhong Medical Instrument Co., Ltd. (常州市久虹醫療器械有限公司), a limited liability company incorporated in the PRC on July 28, 2003, a wholly-owned subsidiary of Vedkang Medical
“Changzhou Runpu”	Changzhou Runpu Electronics Co., Ltd. (常州潤樸電子有限公司), a limited liability company incorporated in the PRC on September 26, 2022, a wholly-owned subsidiary of Runpu Biotech
“China” or “the PRC”	the People’s Republic of China excluding, for the purposes of this document only, Hong Kong, Macau and Taiwan
“Class A Shares”	class A shares in the share capital of our Company prior to the [REDACTED] with a par value of RMB1.00 each, which used to confer weighted voting rights in our Company to their holders and will be re-designated as our H Shares or Unlisted Shares (as applicable) upon [REDACTED].
“Class B Shares”	class B shares of the share capital of our Company prior to the [REDACTED] with a par value of RMB1.00 each, which did not confer any weighted voting rights in our Company to their holders and will be re-designated as our H Shares or Unlisted Shares (as applicable) upon [REDACTED]
“CIC”	China Insights Industry Consultancy Limited
“CIC Report”	the industry report we commissioned CIC to prepare on the medical device market
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Medcaptain Medical Technology Co., Ltd. (深圳麥科田生物醫療技術股份有限公司), formerly registered under the name Shenzhen Yusheng Medical Technology Co., Ltd. (深圳玉升醫療科技有限公司), a joint stock company with limited liability established in the PRC on April 26, 2011
“Concert Party(ies)”	Mr. Liu, Mr. Zhong and Ms. Li, being parties to the Concert Party Agreement
“Concert Party Agreement”	the currently effective concert party agreement entered into among the Concert Parties dated November 18, 2020, the details of which are set out in “History, Development and Corporate Structure — Concert Party Arrangement”
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and, unless the context requires otherwise, refers to Mr. Liu, Mr. Zhong, Ms. Li, Juxian Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Jucai Kangzhong LP, Ruiqian Kangzhong LP, Ruiyu Kangzhong LP and Ruixin Kangzhong LP
“Conversion of Unlisted Shares into H Shares”	the conversion of [REDACTED] Unlisted Shares into H Shares upon the completion of [REDACTED], as described in further detail in the section headed “Share Capital”
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“ESG”	Environmental, Social and Corporate Governance
“EU” or “E.U.”	European Union
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FDA”	The Food and Drug Administration of the United States

[REDACTED]

“GBP”	British pounds, the lawful currency of the United Kingdom
“GDP”	gross domestic product

[REDACTED]

DEFINITIONS

“Group”, “our Group”, “our”, “we”, or “us”	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
“Guide”	the Guide for New Listing Applicants issued by the Stock Exchange as amended, supplemented or otherwise modified from time to time
“H Share(s)”	Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be converted from Unlisted Shares or [REDACTED] for under the [REDACTED] and to be [REDACTED] in Hong Kong dollars and [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars”, “HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

DEFINITIONS

“Hualong Kangzhong LP”	Zhuhai Hualong Kangzhong Investment Partnership Enterprise (Limited Partnership) (珠海華隆康眾投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 15, 2021, an employee share incentive platform of our Group
“Hunan Vedkang”	Hunan Vedkang Medical Science and Technology Co., Ltd. (湖南唯德康醫療科技有限公司), a limited liability company incorporated in the PRC on January 18, 2022, a wholly-owned subsidiary of Vedkang Medical
“IASB”	International Accounting Standards Board
“IFRS”	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
“IIT Law”	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
“Independent Third Party(ies)”	any person(s) or entity(ies) who is not a connected person of our Company within the meaning of the Listing Rules
“Intermed”	Intermed Limited, a limited liability company incorporated in England and Wales on May 16, 2007, an indirect wholly-owned subsidiary of our Company and the holding company of Penlon

[REDACTED]

DEFINITIONS

[REDACTED]

“Jiangsu Tuyun”

Jiangsu Tuyun Medical Technology Co., Ltd. (江蘇圖雲醫療科技有限公司), a limited liability company incorporated in the PRC on February 8, 2021, a non-wholly owned subsidiary of Vedkang Medical

[REDACTED]

“Joint Sponsors”

Morgan Stanley Asia Limited and Huatai Financial Holdings (Hong Kong) Limited

“Jucai Kangzhong LP”

Zhuhai Jucai Kangzhong Investment Enterprise (Limited Partnership) (珠海聚才康眾投資企業(有限合夥)), a limited partnership established in the PRC on August 20, 2020, an employee share incentive platform of our Group and one of our Controlling Shareholders

DEFINITIONS

“Juxian Kangzhong LP”	Shenzhen Juxian Kangzhong Enterprise Management Partnership (Limited Partnership) (深圳聚賢康眾企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 27, 2015, an employee share incentive platform of our Group and one of our Controlling Shareholders
“Kanghong Consulting”	Shenzhen Kanghong Consulting Management Enterprise (Limited Partnership) (深圳市康泓諮詢管理企業(有限合夥)), a limited partnership established in the PRC on January 22, 2021 and an employee shareholding platform of our Company, the general partner of which is DOU Wenxiang (竇文祥)
“Latest Practicable Date”	September 3, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
	[REDACTED]
“Listing Committee”	the listing committee of the Hong Kong Stock Exchange
	[REDACTED]
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Mabsky”	Mabsky Biotech Co., Ltd. (深圳生科原生物有限公司), a limited liability company incorporated in the PRC on September 13, 2004, a wholly-owned subsidiary of our Company
“Mabsky Technology”	Shenzhen Mabsky Technology Co., Ltd. (深圳生科原技術有限公司), a limited liability company incorporated in the PRC on August 1, 2024, a wholly-owned subsidiary of Mabsky
“Macau”	the Macau Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with GEM of the Hong Kong Stock Exchange
“Medcaptain EU”	Medcaptain Europe B.V., a company incorporated in the Netherlands with limited liability on February 10, 2016, an indirect wholly-owned subsidiary of our Company
“Medcaptain HK”	Medcaptain Medical Technology (Hong Kong) Limited (麥科田醫療技術有限公司), a company incorporated in Hong Kong with limited liability on June 4, 2015, a wholly-owned subsidiary of our Company
“Medcaptain Jiangsu”	Jiangsu Medcaptain Medical Technology Co., Ltd. (江蘇麥科田醫療技術有限公司), a limited liability company incorporated in the PRC on July 15, 2025, a wholly-owned subsidiary of our Company
“Medcaptain Life Science”	Medcaptain Life Science Co., Ltd. (深圳麥科田生命科學有限公司), a limited liability company incorporated in the PRC on May 2, 2018, a wholly-owned subsidiary of our Company
“Medcaptain Sichuan”	Sichuan Medcaptain Medical Technology Co., Ltd. (四川麥科田醫療技術有限公司), a limited liability company incorporated in the PRC on June 17, 2025, a wholly-owned subsidiary of our Company
“Medcaptain Software”	Medcaptain Software Technology Co., Ltd. (深圳麥科田軟件技術有限公司), a limited liability company incorporated in the PRC on May 13, 2015, a wholly-owned subsidiary of our Company
“Medcaptain UK”	Medcaptain UK Limited, a limited liability company incorporated in England and Wales on October 22, 2021, an indirect wholly-owned subsidiary of our Company
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)

DEFINITIONS

“Mr. Liu”	Mr. LIU Jie, the chairman of our Board, an executive Director and the general manager of our Company, one of the Concert Parties and our Controlling Shareholders, and the spouse of Ms. Li
“Mr. Zhong”	Mr. ZHONG Yaoqi (鍾要齊), the vice chairman of our Board, an executive Director and an executive vice president of our Company, one of the Concert Parties and our Controlling Shareholders
“Ms. Li”	Ms. LI Hui (李輝), a non-executive Director, one of the Concert Parties and our Controlling Shareholders, and the spouse of Mr. Liu
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NMPA”	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
“Nomination Committee”	the nomination committee of our Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

DEFINITIONS

[REDACTED]

“Overseas Listing Trial Measures”	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Penlon”	Penlon Limited, a limited liability company incorporated in England and Wales on July 23, 1996, an indirect wholly-owned subsidiary of our Company
“PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“PRC GAAP”	Generally accepted accounting principles of the PRC
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Adviser”	Jia Yuan Law Offices, the PRC legal adviser to our Company

DEFINITIONS

[REDACTED]

“Remuneration and Appraisal Committee”

the remuneration and appraisal committee of the Board

”Reserved Matters”

those matters the resolutions with respect to which, prior to the unwinding of the WVR structure, each Share was entitled to one vote at general meetings of the Company pursuant to the Articles of Association as set out in the section headed “History, Development and Corporate Structure — Joint Stock Company Reform and Establishment of the WVR Structure”

DEFINITIONS

“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Ruikun Kangzhong LP”	Zhuhai Ruikun Kangzhong Investment Enterprise (Limited Partnership) (珠海瑞坤康眾投資企業(有限合夥)), a limited partnership established in the PRC on August 19, 2020, an employee share incentive platform of our Group and one of our Controlling Shareholders
“Ruiqian Kangzhong LP”	Zhuhai Ruiqian Kangzhong Investment Enterprise (Limited Partnership) (珠海瑞乾康眾投資企業(有限合夥)), a limited partnership established in the PRC on August 21, 2020, an employee share incentive platform of our Group and one of our Controlling Shareholders
“Ruisen Kangzhong LP”	Shenzhen Ruisen Kangzhong Investment Enterprise (Limited Partnership) (深圳瑞森康眾投資企業(有限合夥)), a limited partnership established in the PRC on June 13, 2016, an employee share incentive platform of our Group and one of our Controlling Shareholders
“Ruixin Kangzhong LP”	Shenzhen Ruixin Kangzhong Investment Enterprise (Limited Partnership) (深圳瑞鑫康眾投資企業(有限合夥)), a limited partnership established in the PRC on March 11, 2020, an employee share incentive platform of our Group and one of our Controlling Shareholders
“Ruiyu Kangzhong LP”	Zhuhai Ruiyu Kangzhong Investment Enterprise (Limited Partnership) (珠海瑞鈺康眾投資企業(有限合夥)), a limited partnership established in the PRC on August 21, 2020, an employee share incentive platform of our Group and one of our Controlling Shareholders

[REDACTED]

“Runpu Biomedical”	Shanghai Runpu Biomedical Technology Co., Ltd. (上海潤普生科醫學科技有限公司), a limited liability company incorporated in the PRC on June 24, 2015, a wholly-owned subsidiary of Runpu Biotech
“Runpu Biotech”	Shanghai Runpu Biotechnology Co., Ltd. (上海潤普生物技術有限公司), a limited liability company incorporated in the PRC on November 16, 2010, a wholly-owned subsidiary of our Company

DEFINITIONS

“SAFE”	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), currently known as the SAMR
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“Series A Financing”	the series A financing round of the [REDACTED], the principal terms of which are summarized in “History, Development and Corporate Structure — Major Shareholding Changes of our Company”
“Series B Financing”	the series B financing round of the [REDACTED], the principal terms of which are summarized in “History, Development and Corporate Structure — Major Shareholding Changes of our Company”
“Series C Financing”	the series C financing round of the [REDACTED], the principal terms of which are summarized in “History, Development and Corporate Structure — Major Shareholding Changes of our Company”
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	Unlisted Share(s) and H Share(s) in the capital of our Company with a nominal value of RMB1.00 each

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy and ESG Committee”	the strategy and environmental, social and governance committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code” or “Hong Kong Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising financial years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025
	[REDACTED]
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Unlisted Share(s)”	Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are not subject to the Conversion of Unlisted Shares into H Shares and not listed on any stock exchange
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States

DEFINITIONS

“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“Vedkang Medical”	Jiangsu Vedkang Medical Science and Technology Co., Ltd. (江蘇唯德康醫療科技有限公司), a limited liability company incorporated in the PRC on October 15, 2012, a wholly-owned subsidiary of our Company
“WVR structure”	the weight voting rights structure adopted by our Company in November 2020, with each Class A Share entitling its holder to ten votes and each Class B Share entitling its holder to one vote at general meetings, which will cease upon [REDACTED]
“Xinghaohui Biotech”	Hangzhou Xinghaohui Biotechnology Co., Ltd. (杭州興浩暉生物科技有限公司), a former wholly-owned subsidiary of our Company acquired by our Company in March 2021 and de-registered in September 2023
“Zhuhai Huachang LP”	Zhuhai Huachang Kangzhong Enterprise Management Partnership (Limited Partnership) (珠海華昌康眾企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 11, 2022, an employee share incentive platform of our Group
“Zhuhai Huahong LP”	Zhuhai Huahong Kangzhong Enterprise Management Partnership (Limited Partnership) (珠海華鴻康眾企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 11, 2022, an employee share incentive platform of our Group
“Zhuhai Huamao LP”	Zhuhai Huamao Kangzhong Enterprise Management Partnership (Limited Partnership) (珠海華茂康眾企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 11, 2022, an employee share incentive platform of our Group

DEFINITIONS

“Zhuhai Huasheng LP”

Zhuhai Huasheng Kangzhong Enterprise Management Partnership (Limited Partnership) (珠海華晟康眾企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 11, 2022, an employee share incentive platform of our Group

“Zhuhai Huaxing LP”

Zhuhai Huaxing Kangzhong Enterprise Management Partnership (Limited Partnership) (珠海華興康眾企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 11, 2022, an employee share incentive platform of our Group

* *For identification purpose only*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“AMIS”	auto manual installation system, designed to automate and streamline setup and installation processes in medical equipment or software contexts
“APTT”	activated partial thromboplastin time
“CLIA”	chemiluminescence immunoassay, a laboratory technique measuring the concentration of substances using light emission
“CQI”	continuous quality improvement
“DERS”	dose error reduction system, implemented in medical devices to minimize medication dosing errors
“dPCR”	digital polymerase chain reaction, a novel method for the absolute quantification of target nucleic acids
“drug library”	a comprehensive database containing information on medications, their uses, dosages, and interactions
“DSA”	digital subtraction angiography, a fluoroscopy technique used in interventional radiology to clearly visualize blood vessels in a bony or dense soft tissue environment
“DVT”	deep vein thrombosis, a condition where a blood clot forms in a deep vein, potentially life-threatening
“EMR”	endoscopic mucosal resection
“ERAT”	endoscopy retrograde appendicitis therapy
“ERCP”	endoscopic retrograde cholangiopancreatography, a procedure to diagnose and treat problems in the liver, gallbladder, bile ducts, and pancreas
“ERP”	enterprise resource planning
“ESD”	endoscopic submucosal dissection

GLOSSARY OF TECHNICAL TERMS

“EUS-FNA”	endoscopic ultrasound guided fine needle aspiration biopsy
“EVL”	endoscopic variceal ligation
“FIB”	fibrinogen, a glycoprotein complex, produced in the liver, that circulates in the blood of all vertebrates
“GI”	gastrointestinal
“HIS”	hospital information system, an integrated system for managing the administrative, financial, and clinical aspects of a hospital
“IV”	intravenous
“IVD”	in vitro diagnostic, a technique for performing tests on samples taken from the human body to detect diseases, conditions, or infections
“MRI”	magnetic resonance imaging, a medical imaging technique using magnetic fields and radio waves to visualize internal body structures
“NOTES”	natural orifice transluminal endoscopic surgery
“ODM”	original design manufacturing, where a manufacturer designs and manufactures a product which is specified by the customer and eventually marketed and sold under the customer’s brand name or under no specific brand
“OEM”	original design manufacturing, where a manufacturer designs and manufactures a product which is specified by the customer and eventually marketed and sold under the customer’s brand name or under no specific brand
“PCA”	patient-controlled analgesia, a method allowing patients to self-administer pain relief medication through a machine
“PCR”	polymerase chain reaction, a technique used to amplify small segments of DNA

GLOSSARY OF TECHNICAL TERMS

“PD”	pharmacodynamic, the branch of pharmacology concerned with the effect of drugs and their action on the body
“PK”	pharmacokinetic, the branch of pharmacology concerned with the movement of drugs within the body, including bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
“POCT”	Point-of-Care Testing, a diagnostic testing conducted at or near the site of patient care for immediate results
“POEM”	peroral endoscopic myotomy, a procedure to treat swallowing disorders caused by muscle problems such as spasms in the esophagus
“PT”	prothrombin time, a blood test that measures the time it takes for a clot to form in a blood sample
“PTE”	pulmonary thromboembolism, a blockage in one of the pulmonary arteries in the lung
“qPCR”	quantitative polymerase chain reaction, a collection of methods for estimating the number of copies of a specific DNA template in a sample
“R&D”	research and development
“SMMV”	synchronized mandatory minute ventilation, a respiratory therapy mode that ensures a minimum volume of air is delivered while synchronizing with the patient’s breathing effort
“STER”	submucosal tunnelling endoscopic resection, a new technique for treating upper GI submucosal tumors originating from the muscularis propria layer
“TCI”	Target-Controlled Infusion, an advanced method for delivering anesthesia with an automatically adjusted infusion rate
“TEG”	thromboelastography, a diagnostic test that measures blood coagulation efficiency

GLOSSARY OF TECHNICAL TERMS

“TIVA”	total intravenous anesthesia
“TPN”	total parenteral nutrition, a method of feeding that bypasses the gastrointestinal tract
“TT”	thrombin time, a measure of how long the blood’s plasma takes to form a clot
“VTE”	venous thromboembolism, occurring when a blood clot forms in a vein

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers’ demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, know-how, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate;
- developments in technology and our ability to successfully keep up with technological advancement;

FORWARD-LOOKING STATEMENTS

- our ability to attract and retain experienced professionals and other qualified employees and key personnel;
- changes in currency exchange rates; and
- the other risk factors discussed in this document as well as other factors beyond our control.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Further, subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

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You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED]. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-Looking Statements” in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in countries and regions where we operate, and (iii) risks related to the [REDACTED]. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition, and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may experience declines in market size, average selling prices and sales volume for our products, and our share of the markets we compete in, which may materially and adversely affect our results of operations and financial condition.

We offer an extensive selection of products for diverse clinical departments and scenarios across our three primarily business segments: life support, minimally invasive intervention and in vitro diagnostics. These markets are not only marked by intense competition but also by rapid technological evolution. This necessitates a continuous commitment to R&D, and the ability to swiftly adapt to the introduction of innovative products and technologies. This dynamic environment underscores the competitive nature of the industries in which we operate, and the pace of innovation required to maintain our market position. Given the dynamic nature of these elements, we cannot provide assurance that the markets in which we compete will grow, or that we will be able to sustain or enhance our market share. Our ability to compete effectively on price, or to boost the sales volume of our products, is not guaranteed. Any reduction in market sizes or our market share, or any decrease in the average selling prices or sales volumes of our products, could have a material and adverse impact on our operational results or financial condition.

RISK FACTORS

Our continuing success is significantly dependent on our ability to meet evolving customer demands and expectations, as well as our ability to attract and retain customers.

Our continued success is significantly dependent on our ability to innovate in response to fierce market competition and shifting demands in the medical device industry, specifically in the domains where we operate. Despite our efforts, we may not fully meet evolving customer needs, and our existing R&D and distribution infrastructure may not be flexible enough to adapt to these changes. Challenges may arise that are slow to address, due in part to factors outside our control. Furthermore, not all innovations may successfully integrate with or enhance our current products and operations, and we cannot guarantee that new developments will improve our operational efficiency, competitiveness, or reduce costs as anticipated.

Part of our success also rests on attracting new clients and expanding cooperation with existing ones by offering unique and high-quality products and services. We have expanded our product offerings from the medication delivery products to life support, minimally invasive intervention and in vitro diagnostics, to provide more comprehensive solutions to our end customers. While we anticipate further growth through increasing market penetration and expanding customer base, the effective and successful execution of our plans is not assured. If our marketing strategies do not yield the expected efficiency, we may face challenges in maintaining reasonable selling and marketing expenses. Moreover, if our products and services are not perceived as high-quality, we may encounter difficulties in attracting and retaining customers and encouraging their use or upgrade of our products. We may also fail to diversify our service and product offerings, pursue new business opportunities, or achieve further business growth. Any of these potential failures could have a material and adverse impact on our business, financial condition, and operational results.

We may be unable to develop or successfully market new or commercially viable products and technologies or improve our existing products and technologies in a timely manner, or at all.

The medical device market is growing with continual technological innovation. Success in this vibrant market depends on our foresight in technology trends and our agility in introducing innovative products that meet customer needs. To date, we have developed various series of innovative products that have underscoring our first-mover advantages in automation, intelligence, and precision within the medical device industry. However, the continuation of such innovation is not guaranteed. The development of new products and the identification of promising opportunities hinge on the effective allocation of technical, financial, and human resources. Despite our in-house R&D efforts and strategic collaborations, the outcome of these endeavors remains uncertain, influenced by our capacity to predict market needs, secure regulatory approvals, produce cost-effectively, protect our intellectual property, and capture market shares. Moreover, investing resources in the development of potential but unproven technologies carries the risk of failure. Such setbacks could materially and adversely impact our business, underscoring the challenges inherent in our strategy of prioritizing innovation for market expansion.

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Even if we are able to develop new products and obtain the necessary registration certificates to commercialize such products, we cannot guarantee that our new products will be commercially successful or that such products will yield the anticipated returns to cover our prior investment or capital expenditure. Medical technology is a field with new breakthroughs being continuously made and new treatments and technologies being developed gradually. We cannot assure you that we will always be able to respond to emerging market trends and introduce new products in a timely and effective manner. Moreover, if imported medical products demonstrate a competitive advantage in markets we operate, or our competitors consolidate the market faster than we do, our business may not continue to grow as we expected. All of the above could affect the demand for our products or cause our products to become obsolete, and we may not be able to respond and adapt to the introduction of new treatments, products or technologies or develop products that continue to be in demand, in which case our business, results of operations and prospects will be materially and adversely affected.

In addition, our products may not gain the market recognition as we initially expected, or at all, from doctors or hospitals. Our competitors may launch new and competing products earlier than us, which may have a negative impact on the pricing, market share or demand for our products. We may focus our efforts and resources on pipeline products or other potential technologies that ultimately prove to be unsuccessful, and our business, financial condition and results of operations may be materially and adversely affected as a result.

We face intense competition from both domestic and international competitors and may not be able to keep pace with the rapid technological changes in the medical device industry, which could have an adverse effect on our business, financial condition or results of operations.

The medical device markets in which we participate are highly competitive, with intense rivalry across our product lines and in every region where we have a presence. This competition stems from a variety of medical device companies, some of which may possess greater financial and marketing resources than we do, a situation potentially exacerbated by industry consolidation. On one hand, our competitors include both domestic and international large-scale medical device companies, which boast extensive product lines and a broad global market presence. On the other hand, the competitive landscapes for our products in life support, minimally invasive intervention, and in vitro diagnostics vary significantly. In these fields, we face competition from companies that specialize in niche markets, offering targeted solutions that directly compete with our offerings. We also face competition from non-medical device companies, including pharmaceutical companies and providers of various diagnostic tests, which may offer alternative therapies or diagnostics for disease states also amenable to treatment or diagnosis using our products. The competitive landscape is dynamic and may further evolve with the emergence of new competitors. These could potentially include companies introducing innovative sales or distribution models to our industry or leveraging

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advanced technologies such as robotics, artificial intelligence and other automation technologies. Automation and digitalization have become increasingly relevant and important to various aspects of our business, operating and competitive environments, R&D pipeline and product portfolio.

In addition, the medical device markets in which we participate are characterized by extensive R&D, evolving industry standards, gradual rollout of new products and technological change. Developments by other companies of products and/or services, processes or technologies may make our products or proposed products obsolete or less competitive and may negatively impact our net sales. It is imperative for us to consistently invest efforts and financial resources to the development or acquisition of advanced technologies and products. In addition, we will need to apply our technologies cost-effectively across product lines and markets, obtain patents and other protection for our technologies and products, obtain required regulatory and reimbursement approvals and successfully manufacture and market our products consistent with our quality standards. If we fail to develop or acquire new products or enhance existing products, such failure could have a material adverse effect on our business, financial condition or results of operations. In addition, a delay in the timing of the launch of next-generation products and the overall performance of, and continued physician confidence in, those products may result in declines in our market share and have an adverse impact on our business, financial condition or results of operations.

Failure to integrate acquired businesses into our operations, or challenges related to our strategic initiatives could adversely affect our business.

We have strategically integrated businesses that complement and synergize with our existing business lines and may make additional acquisitions and divestitures in the future. During the Track Record Period, we conducted several acquisitions to supplement our product lines of the anesthesia equipment, minimally invasive interventional consumables, blood grouping and molecular diagnostics. The integration of acquired businesses necessitates substantial coordination across multiple functions, leading to additional expenses and significant management involvement. This could potentially divert resources from other strategic initiatives. Failure to effectively manage the integration could negatively impact our business. Moreover, there is no certainty that acquired businesses will achieve or sustain profitability, given the influence of various market conditions, competitive dynamics, and regulatory changes. In addition, we may not be able to fully realize the potential synergies following a merger or acquisition. The integration of different corporate cultures, operational processes, or business models could be complex and time-consuming. These inherent risks associated with acquisitions should be carefully considered by potential investors when evaluating our business strategy and future growth prospects. Factors that will affect the success of our acquisitions include:

- the presence or absence of adequate internal controls and/or significant fraud in the financial systems of acquired companies;

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- our ability or inability to integrate information technology systems of acquired companies in a secure and reliable manner;
- any decrease in customer loyalty and product orders caused by dissatisfaction with the combined companies’ product lines and sales and marketing practices, including price increases;
- our ability to retain key employees;
- the integration of different operational systems might affect our operational efficiency and productivity;
- the risks about cross-culture integration and integration plan, especially the disparities in political and economic systems, business environments, and management compensation and incentive structures which might create complexities in harmonizing business strategies and business operations;
- the ability to achieve synergies among acquired companies, such as increasing sales of the integrated company’s products, decreasing cost, and effectively combining technologies to develop new products.

If we lose our existing distributors and fail to secure new distributors, our business and sales of the relevant products could be adversely affected.

We primarily rely on third-party distributors to distribute our commercialized products, and certain of our distributors engage sub-distributors to on-sell such products. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had a total of 2,895, 3,445, 3,694 and 2,566 distributors, respectively. See “Business — Sales, Distribution and Marketing.” The performance of these distributors, including, among others, their ability to on-sell our products, preserve our brand reputation, expand their businesses, and enhance their sales networks, are pivotal to our business growth and may directly influence our sales volume and profitability. Given our reliance on our distributors for the sale and distribution of our products and their role in hospital tender processes, reduction, delay or cancellation of orders from our distributors, or our failure to renew distribution agreements, maintain good relationships with existing distributors, or timely identify and engage additional or replacement distributors upon the loss of one or more of our distributors, may cause material fluctuations or declines in our revenue or the sustainability of our growth and have substantial negative impact on our business, financial condition, and operational results. Furthermore, any decline in our distributors’ performance could lead to a decrease in the productivity of our distributor network and could have a negative impact on our results of operations.

We may experience challenges when developing our network of distributors, especially in regions where we have relatively low or no presence, such as unfamiliarity with local business and market practices and local laws and regulations, as well as fierce competition with local or overseas competing brands. We may not be able to offer the most favorable arrangements

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to our distributors compared to our competitors who may have more extensive sales network and better-funded sales and marketing campaigns. Competitors may require their distributors to sign exclusive distribution agreements that prohibit them from selling our products. This highly competitive environment could present substantial obstacles to our endeavors to broaden our distributor network and extend our market penetration.

We may fail to effectively manage our network of distributors and their sub-distributors, which could materially and adversely affect our business, prospects and reputation.

We rely on the distribution agreements and the policies and measures we have in place to manage our distributors, including their compliance with laws, rules, regulations and our policies. See “Business — Sales, Distribution and Marketing.” We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach laws, rules, regulations, or our agreements and policies. If our distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected:

- breaching the distribution agreements or our policies and measures;
- maintaining excessive inventories resulting in channel-stuffing of our products;
- failing to adequately promote our products;
- failing to maintain the requisite licenses, permits or approvals, or failure to comply with applicable regulatory requirements when selling our products; or
- violating anti-corruption, anti-bribery, competition or other laws and regulations of China or other jurisdictions.

Any disputes between us and our distributors, complaints by our distributors, violation or alleged violation by our distributors of the distribution agreements, our policies or any applicable laws and regulations could result in the erosion of our goodwill, a decrease in the market value of our brand and an unfavorable public perception about the quality of our products, resulting in a material adverse effect on our business prospects, financial condition and results of operations. We also could be liable for damages or fines due to defects on the products marketed and sold by our distributors, which may have an adverse effect on our financial condition.

In addition, some of our distributors may engage sub-distributors to distribute our products. We mainly rely on our distributors to manage and control their sub-distributors in accordance with regulatory requirements, the terms of the distribution agreements we entered into with our distributors and our policies and measures that our distributors agree to comply with. We cannot assure you that we will be able to identify or correct all the sub-distributors’ practices that are detrimental to our business in a timely manner or at all, which may adversely

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affect our results of operations and reputation. As there is no contractual relationship between us and these sub-distributors, we have no direct legal recourse against them if their activities cause harm to our business or reputation.

Our distribution network encompasses locations in a number of different jurisdictions. As a result, our arrangements with those distributors are thus subject to the respective laws and regulations of those particular jurisdictions. There can be no assurance that we will be successful in detecting any non-compliance by our customers with the provisions of their distribution agreement. The enforcement of our distribution agreements might involve complicated legal process, including but not limited to, service of foreign business partners, cross-border legal actions, application of foreign laws and recognition of foreign judgements, which may result diverting our attention from business operations and also adversely impact our business prospects, financial condition and results of operations.

We are subject to a variety of risks associated with global operations and expansion that could adversely affect our profitability and operating results.

Our success depends upon our ability to expand in our existing overseas markets and enter into new markets. We have achieved a significant global footprint, offering products and solutions in over 140 countries and regions. Our overseas revenue streams include the sales through distributors and direct channels, as well as the sales to ODM customers. As part of our global expansion strategy, we have entered and intend to continue entering markets in which we have limited or no experience and in which our brand may be less recognized. To further promote our brand and generate demand for our products to attract distributors in international markets, we expect to spend significantly more on marketing and promotion than we do in our existing markets. We may be unable to attract a sufficient number of distributors, and our selected distributors may not be suitable for selling our products. Furthermore, we may fail to anticipate competitive conditions in new markets that are different from those in our existing markets. These competitive conditions may make it challenging or impossible for us to operate effectively in these markets. If our expansion efforts in existing and new markets are unsuccessful, our profitability and prospects would be materially and adversely affected. We are exposed to other risks associated with international operations, including, among others:

- changes in a specific country or region’s political and cultural climate or economic condition;
- foreign investment restrictions under applicable local laws;
- our ability to develop and maintain relationships with customers, suppliers and other local stakeholders;
- our ability to provide sufficient levels of technical support in different locations; economic instability and inflation, recession or interest rate fluctuations.

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- our ability to effectively manage and coordinate our employees across different geographic locations;
- our ability to comply with different regulatory requirements and standards;
- variations and changes in laws and regulations applicable to our operations in different jurisdictions, including enforceability of intellectual property and contractual rights;
- trade restrictions, sanctions, political changes, disruptions in financial markets, and deterioration of economic conditions;
- customs regulations and the regulation of import and export of goods and raw materials;
- restrictions on our ability to transmit data internationally;
- our ability to obtain and renew licenses and other governmental authorizations that may be needed in international locations to support operations; and
- changes in tariffs, taxes and foreign currency exchange rates.

Our profitability and ability to implement business strategies, maintain market share and compete successfully in all major markets we operate may be compromised if we are unable to manage the foregoing and other risks related to regional or global operations successfully.

We may not be able to obtain, maintain or renew all the permits, licenses, and registration filings and certificates required for our business, operations and commercialization of our products in a timely manner.

Major aspects of our operations, including product registration or filing, manufacturing, packaging, sales and distribution, pricing, environmental protection, among other things, are regulated by comprehensive regulatory regimes of the jurisdictions which we operate. In addition, we need to complete regulatory filings or obtain registration certificates for our products from the NMPA or its local branches in China, or from the competent regulatory authorities in other jurisdictions where we sell our products. In China, medical devices are classified into Class I, Class II and Class III depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness. Class I medical devices need to be filed with the local branches at the prefectural city level of the NMPA before they can be commercialized. Class II and Class III medical devices are examined by the provincial branches of the NMPA and the NMPA, respectively, and are required to apply for registration certificates from competent authorities for commercialization. To obtain such registration certificates, Class II and Class III medical devices are required to undergo product registration testing and clinical trials, unless they are exempted from clinical trials under the catalog published by the NMPA. For certain high risk Class III medical devices, NMPA

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approvals are required before clinical trials can be carried out. See “Regulatory Overview — Laws and Regulations Relating to the Administration of Medical Devices — Classification, Registration and Filing of Medical Devices.” The filing and registration process is unpredictable, and may be lengthy and costly, and depends on numerous factors, some of which are beyond our control, including the discretion of regulatory authorities. Even if we succeed in obtaining the necessary registration certificates for our products, any safety issues identified subsequently by us or others could lead to the suspension of sales and marketing activities, and regulatory authorities may cancel the registration certificates for such products.

Our products were also sold to overseas markets. Regulatory authorities outside of China, such as the FDA and the European Medicines Agency, also have requirements for approval of medical devices that we must comply with to sell our products in those areas. In the EU, we are required to comply with the new Medical Device Regulation (“MDR”) effective from May 2021, which replaces the previous Medical Device Directives, as well as the In vitro Diagnostic Medical Devices Regulation (“IVDR”) effective from May 2022. These regulations require that medical device certifications be updated within specified timeframes to meet new compliance standards. We are currently transitioning our products in the EU to meet MDR and IVDR requirements, but this process will incur additional time and costs, and we cannot guarantee that all related products will successfully achieve new certification. If we encounter any delays or rejections during the certification transition, our business, financial condition, and results of operations may be adversely affected. In the U.S. under the Federal Food, Drug, and Cosmetic Act (“**FDC Act**”), medical devices must receive FDA clearance or approval or an exemption from such clearance or approval before they can be commercially marketed in the U.S. The process of obtaining the marketing approval or clearance could be time-consuming and resource-intensive. It may involve rigorous pre-clinical and clinical testing, limited indication expansion and increased post-market surveillance. Failure to obtain or maintain necessary approvals or licenses may materially and adversely affect our international expansion, limit our ability to access overseas markets, affect our global growth strategy and may have a material and adverse effect on our business, financial condition and results of operations.

Such permits, licenses and certificates that we hold are subject to periodic reviews and renewals by relevant government authorities, and the standards of such reviews and renewals may change from time to time. Although we have obtained the necessary permits, licenses, and certificates required to conduct business in accordance with applicable laws and regulations, there can be no assurance that authorities will approve the application for such permits, licenses and certificates or their renewal in the future. Failure to obtain or renew any permits, licenses and certificates necessary for our operations may result in penalties, fines, governmental sanctions, proceedings and/or suspension or revocation of our permits, licenses or certificates necessary to conduct our business, and may also result in being ordered to suspend or cease operations, which might significantly affect our business operations and financial situation. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional permits, licenses or certificates. While we strive to respond effectively and promptly to such changes, there is no assurance that we will be successful in doing so. Such changes may

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also result in increased compliance costs or prevent our successful development, manufacture or commercialization of products in China, which would adversely affect our business, financial condition and results of operations.

We are subject to extensive and evolving medical device regulatory environment in different jurisdictions and regulation regimes, which may impede or hinder the approval or sale of our products.

Our products, marketing, sales and development activities and manufacturing processes are subject to extensive and dynamic regulation by the regulatory authorities of the jurisdictions in which we operate. The regulatory framework of the medical device industry in the PRC addresses various aspects of a medical company’s operations, including approval, production, licensing, certification requirements and procedures, periodic renewal and reassessment processes, registration of new medical devices, quality control, pricing and distribution of medical devices and environmental protection. In recent years, the PRC government implemented a pilot program, known as “Two-invoice System” (兩票制), which refers to the system that allows a maximum of two invoices to be issued across the pharmaceutical or (in high-value medical consumables areas) medical device supply chain, namely, one invoice to be issued from manufacturers to distributors and the other invoice to be issued from distributors to medical institutions thereby eliminating multiple layers of distributors and reducing the multi-tiered margins involved. The Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (《關於印發<治理高值醫用耗材改革方案>的通知》) issued on July 19, 2019 by the General Office of the PRC State Council (the “**Circular on High-Value Medical Consumables**”) encouraged local governments to apply the “Two-invoice System” on high-value medical consumables on a case-by-case basis to promote the transparency of purchase and sales. See “Regulatory Overview — Laws and Regulations Relating to the Administration of Medical Devices — Two Invoice System” (兩票制) for Medical Devices.” As the interpretation and enforcement of the “Two-invoice System” in the medical device industry are evolving, we cannot predict how the implementation and enforcement will evolve in different provinces in China, or whether and how that will affect our business and results of operations in the future. Furthermore, the Circular on High-Value Medical Consumables proposed to explore the classification of high-value medical consumables in accordance with the principles of volume-based procurement (帶量採購) policy, which refers to a procurement regime based on public tender processes to regulate prices of medical devices through group procurement. See “Regulatory Overview — Laws and Regulations Relating to the Administration of Medical Devices — Tender Management for Medical Device Procurement” for details. As of June 30, 2025, the volume-based procurement scope had covered in vitro diagnostics reagents and endoscope consumables in several provinces such as Anhui and Fujian, and it may also cover more regions and our products in the future. As such, we may experience downward pressure on the prices of these products, which in turn may have a material adverse impact on our revenue, financial condition and results of operation. In addition, the medical device manufacturing, medical device distribution, medical device retail, and the medical device industry in general in China are each subject to evolving government regulations and supervision. Any relevant unfavorable regulatory changes may increase our compliance burden. The Two-invoice System policy,

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including its promotion, interpretation, and application to a broader range of medical devices, may undergo changes, potentially extending to a broader range of medical device products. We cannot assure our capacity to effectively adapt to such changes.

Our global regulatory environment is becoming increasingly stringent and unpredictable, which could increase the time and complexity of obtaining regulatory approvals, as well as the clinical and regulatory costs of supporting those approvals. Several countries that did not previously have regulatory requirements for medical devices have established such requirements in recent years and other countries have expanded on existing regulations. Certain regulators are exhibiting less flexibility and are requiring local pre-clinical and clinical data in addition to global data. While harmonization of global regulations has been pursued, requirements continue to differ significantly among countries. We expect this global regulatory environment will continue to evolve, which could impact our ability, or increase the time and cost, to obtain future approvals for our products.

Our products may be subject to clinical trials and other analyses conducted by us, our competitors or other third parties, the results of which may be unexpected, or perceived as unfavorable by the market, and could have a material adverse effect on our business, financial condition or results of operations.

As a part of the regulatory process of obtaining the registrational certificates or marketing clearance for new products and new indications for existing products, we conducted and participated in clinical trials with a variety of study designs, patient populations and trial endpoints. Clinical trials are expensive and can take years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. Unexpected or inconsistent clinical data from existing or future clinical trials or other analyses conducted by us, by our competitors or by third parties, including our acquired businesses, or the regulatory agencies’ or the market’s perception of this clinical data, may adversely impact our ability to obtain product approvals, our position in, and share of, the markets in which we participate and our business, financial condition, results of operations or future prospects. Our future clinical trial results may thus not be favorable, which may materially and adversely affect our business, results of operations and prospects. However, we only have a small number of medical devices that need to undergo clinical trials.

We may not be successful in the public tender process. Lower bidding prices of our competitors and volume-based discounts and/or lower ex-factory prices offered by these competitors may undermine our position in the public tender process and in turn adversely impact our sales performance.

In 2004, the then Ministry of Health of the PRC issued the Medical Institutions High-value Medical Supplies Centralized Procurement Pilot Program of Eight Provinces and Cities to implement the centralized procurement pilot work in the field of high-value medical supplies. In 2007, the then Ministry of Health promulgated the Notice of the Ministry of Health on Further Strengthening the Administration of Centralized Procurement of Medical Devices to furtherly enhance the centralized procurement system of medical devices in order to better

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regulate and promote the centralized procurement of medical devices. Currently, certain of our products, such as in vitro diagnostics reagents and endoscope consumables, have been involved with the public tender process. We are responsible for participating in such public tender processes to secure the right to sell our products to the public hospitals within a particular region. After the completion of such processes, if our products win the bids, such products would be qualified for future procurement by public hospitals in that particular region, and our bidding prices generally determine our maximum retail prices. The public tender process requirements, such as those relating to volume-based procurement, may impact our sales and hinder our ability to expand our overall sales network, and in turn, materially and adversely affect our business and results of operations. Besides, public tender process could lead to increased price pressure for our Company, which would affect our profitability and financial position. We may face the challenge of balancing price competitiveness and product quality.

Our bids during the public tender process may not be successful and our products may not be chosen for a number of reasons, including, among other things:

- our prices are not competitive;
- our products fail to meet the relevant technical or quality requirements or are less clinically effective than competing products;
- any other aspect of our operation fails to meet the relevant requirements;
- even if our products win the bids and are qualified for procurement by public hospitals in a particular region, there is no guarantee that such entities would purchase our products, as they have the sole discretion to select between our products and other qualified competing products; or
- our reputation is adversely affected by unforeseeable events.

The continuing development of our products depends upon us maintaining stable cooperation with hospitals, doctors, medical and academic institutions, academics, principal investigators professionals and KOLs. However, there is no guarantee that we will effectively manage and succeed in expanding and deepening hospital penetration.

Our cooperations with hospitals, doctors and academic institutions play an important role in our R&D, sales and marketing activities. By maintaining close ties with these stakeholders, we gain valuable insights into unmet clinical needs, doctors’ preferences, and practice trends, enabling us to develop market-responsive products and enhance existing ones. These partnerships also provide access to professional expertise that supports the development and commercialization of our products, ensuring alignment with real-world clinical demands. We cannot assure you that we will be able to maintain or strengthen our cooperations with these industry participants, or that our efforts to maintain or strengthen such cooperations will yield the successful development of new products or increased sales. If we fail to maintain cooperations with them, we may be unable to promote our new products smoothly. These

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industry participants may leave their roles, change their business or practice focus, choose to no longer cooperate with us or cooperate with our competitors instead. Even if they continue to cooperate with us, their market insights and perceptions, which we take into account in our research and development process, may be inaccurate and lead us to develop products that do not have significant market potential. Even if their insights and perceptions are correct, we may fail to develop commercially viable products. Moreover, we cannot assure you that our academic promotion and marketing strategy will continue to serve as an effective marketing strategy. In addition, the hospitals, patients, doctors and academics that we focus on may not continue to have a significant demand for our products or service covered by our product lines. Besides, doctors and experts typically wield significant influence in the medical industry. Our reputation and influence could be weakened if we are unable to maintain our cooperations with them. If we are unable to develop new products or generate returns from our cooperations with industry participants as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We face risks associated with sales to ODM customers, which may adversely affect our business, financial condition or results of operations.

During the Track Record Period, a small portion of our revenue was derived from sales to ODM customers, for whom we designed, manufactured and delivered medical products in accordance with their specifications. We served 57, 65, 87 and 87 ODM customers in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, and our revenue from such sales amounted to RMB121.8 million, RMB141.2, RMB172.6 million and RMB106.7 million, respectively, representing 13.3%, 10.7%, 12.3% and 13.6% of our total revenue for each of the corresponding period, respectively. Sales to ODM customers are subject to a number of risks. For instance, ODM customers may switch to other manufacturers that offer lower prices or more favorable terms. Furthermore, we may incur additional development costs or operational burdens to meet individual ODM customer requirements, and failure to meet such requirements could result in order cancellations or disputes. If we are unable to retain existing ODM customers, expand our ODM customer base, or negotiate commercially favorable terms with them, or if the sales performance of our ODM-designed products underperforms in the market, our business, financial condition or results of operations may be adversely affected.

Our success depends on our ability to retain key members of our management team and to attract, retain and motivate other key personnel and qualified personnel.

Our future success is significantly dependent upon the continued service of our key executives and other key employees. In particular, we are highly dependent on management team and our key R&D personnel for the development of our business and product innovation. However, if we lose the service of any senior management or key R&D personnel, we may face difficulties in finding suitable or qualified replacements and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and growth. Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue attracting and retaining experienced management and key R&D personnel.

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Competition for personnel in the medical technology field is intense, and the availability of suitable and qualified candidates could be limited. We compete to attract and retain qualified research and development personnel with other medical device companies, universities and research institutions. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, which could materially and adversely affect our financial condition and results of operations. We may be unable to attract or retain the personnel required to achieve our business objectives and failure to do so could severely disrupt our business and growth.

We rely primarily on our manufacturing, assembly and storage facilities and are expanding our manufacturing facilities. Any disruption to our current manufacturing facility or in the build-out of the new or expanded capacity could reduce our sales and harm our reputation.

Our operations are significantly dependent on our manufacturing centers located in Shenzhen, Shanghai, Changzhou, Changsha in China, and Abingdon in the UK. For details, see “Business — Manufacturing.” Any natural disaster or unanticipated catastrophic events, including power interruptions, water shortages, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to manufacture our products and operate our business. Our manufacturing centers and certain equipment would be challenging to replace and could necessitate a substantial lead-time for replacement. Catastrophic events may also destroy any inventory located in our manufacturing centers. The occurrence of any such event could have a material and adverse impact on our business, potentially causing significant operational disruptions and financial losses.

In addition, as of the Latest Practicable Date, our new R&D and manufacturing center in Changzhou is under construction and expansion. However, the success of such expansion projects depends on a number of factors that are beyond our control, such as the construction progress of the third-party constructors, regulatory approvals, changes in local laws and regulations and government policies, the availability of low-cost skilled labor and changes in customer demands. Moreover, such expansion projects may increase our capital expenditure and operating costs, such as higher staff costs as well as depreciation for production equipment and facilities and increase our cash outflows for operating and investing activities.

If we fail to accurately project demand for our products, we may encounter problems of inadequate supply or oversupply, which would materially and adversely affect our financial condition and results of operations, as well as damage our reputation and brand.

We develop our production plans based on past order volumes, feedback from distributors, our understanding of anticipated hospital procurement spending, and distributor inventory levels. Since our distributors typically place orders based on the actual needs of end users and the purchasing cycles vary among different distributors in different regions, we may face challenges in accurately forecasting future demand.

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Our projections of market demand for our products in international markets are less reliable than our domestic projections because we have less information available and have limited sources on which to base our projections. Specifically, we often lack extensive knowledge of the local market conditions or about the purchasing patterns, preferences, or cycles of international distributors. Furthermore, because shipping finished products to international distributors typically takes more time than shipping to domestic distributors, inaccurate projections of international demand could more likely result in unmet demand.

If we overestimate demand, we may purchase more raw materials or components than required. If we underestimate demand, our third-party suppliers may have inadequate raw material or product component inventories, which could interrupt our manufacturing, and could result in lost sales. As we seek to balance inventory management and production flexibility, we may fail to accurately forecast demand and coordinate our procurement and production to meet demand on a timely basis, which could materially and adversely affect our financial conditions and results of operations.

Our results of operations could be negatively impacted by our inability to obtain raw materials in a timely and cost-effective manner.

We purchase raw materials and components from third party suppliers and manufacture and assemble our products at our manufacturing centers. The prices for these raw materials are subject to price volatility attributable to a number of factors that may be beyond our control, such as inflation, supplier capacity constraints, general economic conditions, demand from other industries for the same materials, the availability of complementary and substitute materials, and local and national regulatory requirements. In response to the risk of raw material price fluctuations, we keep abreast of market information about raw materials and take precautionary measures such as reservations and strategic stocking. Moreover, we strive to optimize our technological process, improve the utilization rate of raw materials, and strengthen management to strictly control production costs. However, these measures may not be effective. Any significant increases in our cost of raw materials may increase our cost of sales and negatively affect our profit margin and, more generally, our business, financial condition, results of operations and prospects.

Failure to maintain an effective quality control system could have a material adverse effect on our business, financial condition and results of operations.

We are subject to a variety of laws and regulations in the jurisdictions where our products are sold, and industry guidelines relating to product quality. Accordingly, we need to implement and maintain an effective quality control system to perform various inspections over the course of our entire manufacturing and assembling process. We cannot assure you that our quality control system will continue to be effective. Any significant failure or deterioration of our quality control system in respect of, among other things, our production and assembling process and product inspection, may seriously damage our product quality. A decline in product quality could negatively impact our reputation in the market and among our existing or prospective customers. This could lead to reduced orders or loss of customers, severely

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harming our business, financial conditions, and operational results. Moreover, a failure in our quality control system could potentially lead to product recalls or safety alerts, which could result in significant costs, legal liabilities, and damage to our reputation.

In July 2024, one of our subsidiaries was subject to administrative measures by the Guangdong Medical Products Administration following an on-site inspection that found its production quality management system not fully compliant with the relevant requirements of the Standards on Production and Quality Management of Medical Devices (《醫療器械生產質量管理規範》). The authorities required a suspension of production for a risk and hazard investigation and rectification. As of the Latest Practicable Date, our subsidiary has completed the rectification, submitted a rectification report, passed the re-inspection, and has resumed production. For details of this incident, see “Business — Inventory and Quality Management” in this document. Despite this incident, (i) the temporary production halt did not significantly impact our business operations and financial performance, (ii) we have not experienced any material customer complaints or product returns related to this subsidiary’s products, and (iii) we have implemented a series of measures to strengthen quality management controls. However, we cannot guarantee that we will not face similar or new quality management issues in the future. Any failure to maintain an effective quality control system could materially adversely affect our business, financial condition, and results of operations.

We may be subject to potential product liability claims, product recalls and other risks related to our business operations. Any product recall would damage our brand name and could have a material adverse effect on our reputation, business, financial condition and results of operations.

Product liability claims against our products may include allegations of defects in design and manufacturing, improper handling or transportation of products, negligence, strict liability and a breach of warranties. We may be subject to product liability claims and product recalls if our products have latent quality issues that were undetected during our inspections and quality control. Even if our products do not have latent defects, other factors that are out of our control, such as the quality and skill of medical professionals using our products, may affect the safety and outcome of the treatment. Regardless of the merits or eventual outcome, liability claims and product recalls can lead to decreased demand for our products, trigger product recalls, tarnish our reputation, and divert management’s focus and resources, incurring significant litigation defense costs and potentially substantial monetary compensation. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material customer complaint or product return from customers.

During the Track Record Period and up to the Latest Practicable Date, we voluntarily implemented two Class III recalls, including two batches of coagulation test kits and one batch of infusion equipment. Both recalls were initiated to update or revise the product labeling information. We informed customers of the correct labeling during the recall process and promptly updated the labels on the recalled products. Based on the Measures for the Administration of Medical Device Recalls (《醫療器械召回管理辦法》), a class III recall takes place where the use of the medical device presented a low probability of harm but still

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deemed necessary. For details, please refer to the paragraphs headed “Business — Inventory and Quality Management — Product Warranty, Return, Recall and Exchanges” in this document. Except for these two recalls, we had not experienced any other product recall during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that we may not face product liabilities claims or conduct product recalls in future, which, if occurs, may have a material adverse impact on our business, financial condition and results of operations.

We may not be able to seek compensation under our insurance policy for losses that we sustain as a result of product liability claims to all of our products. We may also be unable to acquire such insurance at a reasonable cost or in an amount adequate to satisfy any liability that may arise. In any such event, our business, financial condition and results of operations would be adversely and materially affected. For risks relating to our insurance coverage, see “— Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all losses associated with our business operations.”

We may not be able to effectively manage our inventory levels.

Our inventories primarily include (i) finished goods and work in progress, mainly representing life support, minimally invasive intervention and in vitro diagnostics medical equipment and consumables; and (ii) raw materials, such as plastics, metals, sensors, and other auxiliary materials and components. We manage our inventory levels based on our forecasts of the procurement lead time for our raw materials and finished products, as well as customer demand for our products. Supply of raw materials and finished products may be impacted by factors such as commodity price levels and restrictions on international trade. Customer demand can be affected by uncertainties, including regulatory approvals, timing and success of clinical trials, international tension and conflict and other factors beyond our control. Our inventories amounted to RMB226.4 million, RMB237.0 million, RMB230.2 million and RMB232.4 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. If we fail to manage our inventory levels effectively, we may be subject to a higher risk of inventory obsolescence, a decline in the value of inventories, and potential inventory write-downs or write-offs. Procuring additional inventories may also require us to commit substantial working capital, which would prevent us from using this capital for other purposes. Any of the foregoing may adversely affect our results of operations and financial condition.

Our sales depend to a certain extent on the level of insurance reimbursement patients receive for treatments using our products.

Our ability to sell our products depends to a certain extent on the availability of governmental and private health insurance in the countries where we have operations. We have pursued, and plan to actively pursue reimbursement opportunities globally. However, we cannot be sure about the feasibility and extent of reimbursement. Reimbursement may impact the demand for, or the price of, any product for which we obtain regulatory approval. Obtaining reimbursement for our products may be particularly difficult because of the higher prices often associated with newly introduced technology or medical devices. In the absence of sufficient medical insurance coverage for the use of our products, patients may choose alternative

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treatment methods, and hospitals may recommend such alternative treatments, which would reduce demand for our products and our sales which could in turn materially and adversely affect our business prospects, financial condition, and results of operations. Moreover, we may need to lower the prices of our products in order to have them included in the medical insurance reimbursement list, and such price cut and reimbursement may not necessarily lead to increase in our sales and our results of operations may be adversely affected.

We may be unable to obtain and maintain effective and sufficient protection of intellectual property rights for our products and pipeline products in a timely manner.

Effective and sufficient protection of our intellectual property is critical to maintaining our competitive position. As of the Latest Practicable Date, we had 1,100 patents and patent applications in China, including 704 issued patents and 396 patent applications. Among our issued patents, there were 136 invention patents, 455 utility model patents and 113 design patents; and we had 59 overseas patents and patent applications, including eight patent applications under the Patent Cooperation Treaty (“PCT”). However, due to the complexity of patent application, the issuance of a patent may not be conclusive as to its inventorship, scope, validity or enforceability, and our patent applications may be challenged in courts or patent offices. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Consequently, we do not know whether any of our technologies or products will be protectable or remain protected by valid and enforceable patents. In addition, the scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. Even if we successfully obtain patent protection for our products, we may face competition from other market players once the patent has expired.

Proceedings to maintain our intellectual property and proprietary rights could result in substantial costs, and we may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to maintain our intellectual property rights may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, our competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to jurisdictions where we have patent protection, but where enforcement rights are not strong. These products may compete with our products or pipeline products and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

In addition, we may from time to time collaborate with medical institutions, academic institutions, and/or third-party organizations. Should any ambiguity or disputes arise regarding intellectual property rights and commercialization rights of the R&D outcomes with our collaborators, or if these rights are not clearly defined in our collaboration agreements, this could impede our ability to fully utilize the IP for commercial purposes. Besides, we design and

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manufacture products that are labeled with customers’ own brands and trademarks in our overseas ODM sales. We may not be able to verify or guarantee that these customers legally own or have the right to use such brands or trademarks, and we may be unknowingly infringing upon third party intellectual property rights by manufacturing the ODM products. Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

We may be subject to intellectual property infringement claims or other disputes, which could expose us to costly litigation and substantial liability and harm our reputation.

We could in the future be subject to claims that we or our current or former employees, consultants or advisors have inadvertently or otherwise used or disclosed alleged intellectual property rights, trade secrets or other proprietary information of current or former employers, competitors or other third parties. Although we try to require that our employees, consultants and advisors do not improperly use the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may be subject to claims that we or these individuals have breached the terms of any non-competition or non-solicitation agreement, or that we or these individuals have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of a current or former employer, competitor or other third parties.

As of the Latest Practicable Date, we had not received any notices of material claims or complaints against us for intellectual property infringement. However, we cannot assure you that we will not be subject to any such intellectual property rights claims in the future. Although we plan to take reasonable steps to defend ourselves in any such litigations or legal proceedings, we cannot assure you that we will prevail in these matters. Even if we were to succeed in our defense, involvement in such litigations and legal proceedings may also cause us to incur substantial expenses and divert the time and attention of our management. An adverse determination in any such litigations or proceedings could subject us to significant liability to third parties, require us to obtain licenses from third parties, pay ongoing royalties, or subject us to injunctions prohibiting the distribution and marketing of our products. Any similar claim against us, even without any merit, could also damage our reputation and brand image. Any such event could have a material and adverse effect on our business, financial condition and results of operations.

We typically undertake to defend, indemnify and hold our customers harmless from and against any liabilities and damages (including legal fees) resulting from any third-party claims, demands, suits or proceedings to the extent arising out of our products, or relating to our negligence or willful misconduct, or breach of contract. As a result, if any aspect of the

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products we sold to a customer infringes a third party’s intellectual property rights, we could be exposed to substantial liability. Any material intellectual property infringement claim raised against us could have a material adverse impact on our reputation, business, financial condition and results of operations.

If our trademarks, trade names and other proprietary rights are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We own a number of trademarks in China and overseas. As of the Latest Practicable Date, we had 182 trademarks and trademark applications in China, including 144 registered trademarks; and we had 62 overseas trademarks and trademark applications, including 50 registered trademarks. See “Business — Intellectual Properties.” Our trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. We may not be able to prevent unauthorized use of our trademarks and trade names by distributors, which may harm our brand and reputation. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected. Moreover, we cannot assure you that our trademarks will not be imitated, or there will be no counterfeits sold to our customers under our trademarks. Customer may suffer from safety incidents caused by counterfeit products, which may subject us to costly investigations and counterfeit crack downs, and materially and adversely affect our business and reputation. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our competitive position, business, financial condition, results of operations, and prospects.

Any failure to maintain the confidentiality of our trade secrets could harm our reputation, business and competitive position.

In addition to the protection afforded by our registered intellectual property, we rely upon unpatented trade secret protection, unpatented know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We also seek to protect our proprietary technologies, in part, by entering into confidentiality agreements with parties that have access to them, such as our employees and certain other third parties. If any of our employees or other third parties who are parties to these agreements breach or violate the terms of any of these agreements or otherwise disclose our proprietary information, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets, which could materially and adversely affect our business and competitive position. Enforcing a claim that a third party illegally disclosed or misappropriated our trade secrets, including through intellectual property

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litigation or other proceedings, is difficult, expensive and time consuming, and the outcome is unpredictable. We are unable to prevent or prohibit other third parties from acquiring technology that is identical or similar to our trade secrets through their own research and development or reverse engineering effort, which could significantly undermine our business operations and competitive advantages.

If we or our acquired business become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management’s attention may be diverted and we may incur substantial costs and liabilities.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management’s attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected. As of the Latest Practicable Date, we had not been subject to any material investigation or punishment for violating laws and regulations with respect to market supervision in connection with our sales practices, nor had we been involved in any ongoing material litigations, arbitrations, or disputes concerning our business or contracts. Nonetheless, we cannot assure you that disputes, or any compliance concerns will not arise in the future, and we may be subject to fines and/or other penalties, incur substantial legal costs and may suffer from business disruption and/or negative media coverage, which could adversely affect our business, results of operations and reputation.

Besides, we have strategically incorporated businesses that enhance and synergize with our existing operations, and we may consider further acquisitions and divestitures in the future to optimize our portfolio. Unforeseen liabilities or legal issues associated with acquired businesses could lead to unexpected financial or legal implications. Moreover, we may face liabilities, claims, litigation, investigations, or other adverse developments relating to acquired shares, acquired businesses or the business practices of acquired companies, including investigations by governmental entities, product liability claims or other unanticipated liabilities which might affect our business operations. We may assume liability for any

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litigation, legal or contractual disputes, arbitrations, or claims related to the acquired business that arose before our acquisition. If we were to be unsuccessful in such proceedings, our mergers and acquisitions could be jeopardized or invalidated, potentially hindering our ability to secure the shares or interests of the acquired enterprise. Moreover, the equity we have already obtained through these mergers and acquisitions could be declared invalid, leading to the loss of our ownership or control in the acquired company and potentially resulting in the failure of the merger and acquisition. We also could experience negative effects on our business, results of operations, financial condition, and cash flows from acquisition-related charges, amortization of intangible assets and asset impairment charges.

Illegal actions, misconduct or any failure by our employees or third parties, particularly suppliers, distributors or other business partners, to provide satisfactory products or services could materially and adversely affect our business, results of operations and reputation, and we may not be fully indemnified by the relevant suppliers, distributors and other business partners.

Our reputation and operations may be harmed by illegal actions or unsatisfactory performance by our suppliers, distributors and other business partners. Our suppliers, distributors and other business partners may be subject to regulatory penalties, administrative actions and legal proceedings if they conduct illegal or non-compliant actions, which could affect their ability to carry on contracting with us. We cannot guarantee our suppliers', distributors' and other business partners' compliance with laws, and we may be subject to claims arising from their non-compliance. If we become subject to claims caused by actions taken by our suppliers, distributors or other business partners, we may attempt to seek compensation from the relevant suppliers, distributors or other business partners. However, the compensation may be limited. If no claim can be asserted against a supplier, distributor or other business partners, or if the amounts that we claim cannot be fully recovered from the suppliers, distributors or other business partners, we may have to bear the losses and compensation at our own cost. This could have a material and adverse effect on our business, financial condition and results of operations.

We may experience fluctuations in labor costs or labor shortages.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees. Increasing market competition may cause market demand and competition for qualified employees to intensify. If we face labor shortages or significant increases in labor costs caused by the intense competition, higher employee turnover rates, increases in wages or other employee benefit costs or changes to labor laws and regulations, our operating costs could increase significantly, which could materially and adversely affect our results of operations.

We cannot assure you that labor disputes will not occur between us and our employees in the future. If such incidents do occur, we may be subject to fines by relevant governmental authorities and may incur settlement costs in order to resolve labor disputes. In addition, we may become subject to higher labor costs in the future when recruiting new employees due to

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the reputational damage caused by labor disputes. Such potential incidents could disrupt our operations, harm our reputation and divert our management’s attention, which may have a material and adverse effect on our business, financial condition and results of operations.

We rely on the proper function, security and availability of our information technology systems and data, to operate our business, and a breach, cyber-attack or other disruption to these systems or data could materially and adversely affect our business, financial condition or results of operations.

Our information technology systems play a significant part in our operations. We rely on our information technology systems to effectively manage accounting and financial functions, product orders, inventory, and our research and development data. We also rely on our information technology systems to collect and store data and information we obtain in the ordinary course of our business. Our information technology systems may be disrupted by (i) damage or interruptions from earthquakes, fire, flood and other natural disasters; (ii) attacks from computer viruses or hackers, power loss; and (iii) computer system, Internet, telecommunications or data network failure. We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in our information systems. If a material breach of our information technology systems occurs, market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems and be subject to regulatory actions and/or claims involving privacy issues related to data collection and use practices and other data privacy laws and regulations. The failure of our information technology systems to perform as we anticipate could disrupt our business and product development and could result in decreased sales and increased overhead costs, all of which could materially and adversely affect our business, financial condition and results of operations.

Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect our business, financial condition and results of operations.

We are subject to various PRC cybersecurity, data security and personal information protection laws and regulations, including but not limited to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) (the “Cybersecurity Law”), the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) (the “Data Security Law”) and the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) (the “Personal Information Protection Law”). See “Regulatory Overview — Other Laws and Regulations — Laws and Regulations on Information Security and Data Privacy” for details. Furthermore, on February 24, 2023, the China Securities Regulatory Commission promulgated the Provisions on Strengthening the Confidentiality and Archives Management Work Related to the Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔

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案管理工作的規定》), which became effective on March 31, 2023. See “Regulatory Overview — Other Laws and Regulations — Laws and Regulations on Overseas Securities Offering and Listing by Domestic Companies” for details.

Changes and developments in the enforcement of cybersecurity, data security and personal information protection laws and regulations present challenges in ensuring comprehensive compliance and increase our operational costs, as we must allocate time and resources to address various compliance requirements. While we have implemented rigorous and comprehensive policies regarding the collection, processing, sharing, disclosure, authorization and protection of data usage and privacy, and have taken necessary measures to comply with applicable cybersecurity, data security and personal information protection laws and regulations, given the evolving legal and regulatory landscape, no assurance can be given as to the effectiveness of these policies and measures adopted by us or our suppliers or other business partners. Any non-compliance or perceived non-compliance by us with any applicable cybersecurity, data security or personal information protection regulations, any such non-compliance by our business partners, or any failure or perceived failure by our employees to adhere to our internal control measures, may result in negative publicity against us, as well as legal proceedings or regulatory actions. Such outcomes could lead to the imposition of fines, revocation of licenses, suspension of relevant operations, or other legal or administrative penalties, which may damage our reputation, deter existing and potential customers, and expose us to fines and damages. Consequently, these matters could have a material adverse effect on our business, financial condition and results of operations.

Any failure to fully comply with labor-related laws in the countries and regions where we operate may subject us to government investigations or require us to incur additional expenditures.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of its employees up to a maximum amount specified by the relevant local government from time to time. The employee benefit plan requirement, however, has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. We did not make full contributions to the social insurance and housing funds for our employees in accordance with the relevant PRC laws and regulations during the Track Record Period. As a result, we may be required to pay the shortfall in social insurance contributions and housing funds contributions within a prescribed time period and even to pay penalties if we fail to do so. As advised by our PRC Legal Adviser, considering that (i) during the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaint, litigation or arbitration brought by any of our employees against us regarding our social insurance and housing fund contributions; (ii) none of the Company nor its major subsidiaries had been subject to any material administrative actions or penalties in relation to social insurance and housing fund contributions during the Track Record Period; (iii) we and our relevant major subsidiaries have obtained relevant confirmations from or conducted consultations with

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relevant authorities, the likelihood that the Company and its major subsidiaries would be subject to material administrative penalties due to failure to provide full social insurance and housing fund contributions is remote.

Our leased property interests may be defective and our right to lease or use the properties may be challenged.

For real properties that we construct on our own, including those related to our manufacturing activities and offices, we must obtain various permits, certificates and other approvals from the relevant government authorities at various stages of property development, including the land use right certificates, planning permits, construction permits and building ownership certificates. For real properties that we use or lease, we are also subject to various PRC laws and regulations, including the requirement to register our lease agreements with the local housing bureau within 30 days after signing the lease agreements.

As of the Latest Practicable Date, relevant lessors of our seven leased properties for operational purposes have not provided relevant title ownership certificates or other similar proofs of such leased properties to us. These properties are primarily used as our offices. We cannot assure you that such lessors are entitled to lease the relevant property to us. If any of such lessors is not entitled to lease the property to us and the owner of the respective property declines to ratify the lease agreement between us and the lessor, we may not be able to enforce our rights to lease such property under the respective lease agreement against the owner. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. If we are forced to vacate from our leased properties, although we believe suitable alternative locations are readily available on commercially reasonable terms, our business operations may be interrupted.

In addition, pursuant to applicable PRC laws and regulations, property lease agreements must be filed with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, lease agreements for our 30 leased properties for operational purposes in China had not been registered with the relevant PRC governmental authorities. According to our PRC Legal Adviser, the failure to make the relevant filings does not in itself invalidate the leases, but we may be ordered by the relevant PRC governmental authorities that the filings be made within a given period of time, failing which, we may be subject to fines ranging from RMB1,000 and RMB10,000 for each of our unregistered lease agreements. We cannot assure you that we will not be subject to any penalties arising from the non-registration of our lease agreements and any disputes arising out of our leased properties in the future.

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Our insurance coverage may not be sufficient to cover all losses associated with our business operations.

We maintain different types of insurance policies, including social insurance for our employees, property insurance, product liability insurance and cargo insurance. See “Business — Insurance.” In line with industry practice, we have elected not to maintain certain types of insurances, such as business interruption insurance, and we cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to environmental protection and health and safety laws and regulations, and may be exposed to potential compliance costs and liabilities in relation to, among others, contamination, biological or chemical hazards, or personal injury.

Our operations are subject to national, provincial and local laws with respect to environmental protection, health and safety, including the treatment and discharge of pollutants into the environment and the use of toxic and hazardous chemicals in the process of our business operation. In addition, any of our construction projects can only be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety have examined and approved the relevant facilities in certain jurisdictions. As requirements imposed by these laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations.

As the production of medical devices will generate wastewater, chemical contaminant, and waste gas, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at or in the vicinity of our manufacturing facilities during the process of our operations. We have not materially exceeded the discharge standards or had any material disputes with the local residents where we operate. However, in the event of an accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage resulting in the loss of business from customers. We may also be forced to close or suspend operations at certain of our affected facilities temporarily, or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any major accidents or employee casualties in our manufacturing facilities. Workplace incidents may take place for various reasons, including as a result of non-compliance with safety rules and regulations. As a result, we may be liable for personnel injuries or fatalities that are suffered by our employees or other persons under applicable

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occupational health and safety laws. If we are liable under applicable laws, in whole or part, we may be subject to significant penalties and/or liable to pay compensation, which may materially and adversely affect our financial position and profitability.

Negative publicity may adversely affect our reputation and our business prospects.

Any negative publicity or other public disclosures concerning us, our affiliates or subsidiaries, or third parties we cooperate with, or our industry generally, even if untrue, partially true or inconsistent, could adversely affect our reputation and business prospects, which could damage our brand image or have a material adverse effect on our business, results of operations and financial condition. For example, certain counterfeit products manufactured, distributed or sold under our brand names could lead to quality and safety issues, which would harm our reputation, business and prospects.

Given the nature of our industry and our specialized target customer base, customer referrals and word-of-mouth marketing have contributed to our ability to acquire customers. Damage to our reputation could be difficult, expensive and time consuming to restore and could make potential or existing customers reluctant to select us for new engagements, resulting in a loss of business. Damage to our reputation could also reduce the value and effectiveness of our brand and could reduce investor confidence in us, adversely affecting the price of our Shares.

We may be unable to obtain additional funding in a timely manner or on acceptable terms.

In order to expand our capacity, undertake desirable acquisitions, develop new products and remain competitive, we may require additional capital. We expect to satisfy any such capital commitments using part of the net [REDACTED] from the [REDACTED] to be received by us, cash flow generated from our operations, bank facilities available to us and cash and cash equivalents on hand. To the extent we need additional financing, financing may be unavailable in amounts or on terms acceptable to us. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial conditions, results of operations and cash flows, general market conditions for capital raising activities, and global economic, political and other conditions. The sale of additional equity or equity linked securities could result in dilution to the Shares held by our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants restricting our operations or our ability to make acquisitions or pay dividends. Any failure to acquire sufficient additional capital to meet our capital requirements may materially and adversely affect our business, financial condition and results of operations.

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We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws; and noncompliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities. For example, in China, the Anti-Unfair Competition Law and provisions of the Criminal Law prohibit giving and receiving money or property to obtain an undue benefit. Any non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses. In addition, many of our customers, including those in China, require us to follow strict anti-bribery and anti-money laundering policies as part of doing business with us. Our procedures and controls to monitor anti-bribery and anti-money laundering compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we fail to comply with applicable anti-bribery laws and anti-money laundering laws, we may be subject to criminal and civil penalties and sanctions, incur significant expenses, our reputation could be harmed and our customers could cancel or not renew contracts for our services, all of which could have a material adverse effect on our business, financial condition and results of operations.

We also sell our products to many countries and regions outside China. Certain countries, regions, or individual counterparties with which we trade or operate in, or may trade or operate in the future, may be or become the subject of economic sanctions of one or more countries that may have jurisdiction over all or portions of our operations. During the Track Record Period, certain of our medical device products had been distributed to certain countries subject to territorial broad-base general and comprehensive sanctions, Iran and Syria. As confirmed by Hogan Lovells, our legal advisor as to International Sanctions law, given that our sales of medical equipment and accessories to these sanctioned countries do not represent a violation of the applicable international sanctions, we would not appear to have violated applicable sanctions law or regulation in the relevant jurisdictions, nor could that result in any material sanctions risk. However, as the regulatory regimes may change from time to time, there is no assurance we will be in complying with the sanctions programs going forward. The number of authorities imposing and enforcing these types of sanctions has grown in recent years, and the complexity of the sanctions regimes has increased, making compliance with them more onerous and uncertain. Any violation of economic sanctions, or even an alleged or suspected violation, could harm our reputation and cause financial institutions or other counterparties to refuse to do business with us, which may negatively affect our business, our results of operations, or the [REDACTED] of our Shares. In addition, changes in economic sanctions laws in the future could also adversely impact our business and [REDACTED] in our Shares.

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We face risks associated with public health crises, force majeure events, severe weather conditions and other natural disasters, which could significantly disrupt our business operations.

Natural disasters, acts of war, terrorism or other force majeure events beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the countries and regions where we conduct our business. Our operations, and those of our third-party research institution collaborators, suppliers and other contractors and consultants, may be under the threat of natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, force majeure events such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or potential wars or terrorist attacks.

The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments could materially disrupt our business and operations. For example, since the end of December 2019, the outbreaks of a novel strain of coronavirus COVID-19 have materially and adversely affected the global economy. Many countries and regions had been affected by the COVID-19 outbreaks. There is no assurance that such kind of health epidemic or even a more severe pandemic will not occur again in the future. There also could occur serious natural disasters, which may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, disaster, epidemics, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay the development or commercialization of our products. As we rely on third parties on various services and supplies, the occurrence of any of the foregoing events could seriously harm our ability to obtain services or supplies if such third parties are affected by disasters, epidemics, business interruptions and other force majeure events. In addition, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption. Acts of war or terrorism may also injure our employees, disrupt our business network and destroy our markets. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

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We incurred net losses during the Track Record Period and may incur net losses for the foreseeable future.

We continue to incur significant expenses related to our ongoing operations, and as a result, we incurred net losses of RMB226.2 million, RMB64.5 million, and RMB96.6 million, respectively, in 2022, 2023 and 2024. Although our financial performance turned into a net profit of RMB41.0 million for the six months ended June 30, 2025, we cannot assure you that we will not incur losses in the foreseeable future. In addition, we will start incurring costs associated with being and maintaining the status of a [REDACTED] in Hong Kong after the [REDACTED]. The size of our future net losses will depend, in part, on the number and scale of our product development programs and the associated costs of those programs, the cost of commercializing any products, our plan on strategic acquisitions and other expenses in relation to our business operations. Our failure to become and remain profitable would decrease our value and could impair our ability to raise capital, maintain our R&D efforts, expand our business or continue our operations.

The historical results of operation and financial performance of our Company and our acquired businesses may not be indicative of our future growth.

In 2022, 2023, 2024, and for the six months ended June 30, 2025, our revenue amounted to RMB917.4 million, RMB1,313.3 million, RMB1,399.4 million and RMB786.6 million, respectively; and our gross profit amounted to RMB400.9 million, RMB651.4 million, RMB695.1 million and RMB415.7 million, respectively. However, our historical revenue and gross profit may not be indicative of our future growth. In addition, we conducted a major transaction of acquiring Vedkang Medical during the Track Period Record. The historical financial information of Vedkang Medical as set forth in Note 36 of the Appendix I to this document is derived from separate financial statements prior to our acquisition. Accordingly, the historical, [REDACTED] and other financial information included in this document may not reflect what our financial condition would have been had we been a combined entity during the periods presented, or what our financial condition will be in the future.

Furthermore, as the market and our business evolve, we may modify our operations, data and technology, sales and marketing, solutions and services. These changes may not achieve expected results and may have a material and adverse impact on our results of operations and financial condition. Our expenses may grow faster than our revenue, and our expenses may increase or may be greater than we expected. We cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as a company operating in emerging markets and dynamic industries, including, among other factors, (i) macroeconomic and other factors that affect the medical device markets in the countries and regions where we operate, (ii) our ability to expand our customer base, and to retain and grow the wallet share of our existing customers, (iii) our ability to maintain and expand our business infrastructure and networks, (iv) our ability to management and further improve operational efficiency, and (v) our ability to execute acquisitions and investments, as well as successful integration. We may not be able to successfully address these or other challenges, which could adversely impact our business, results of operations and financial condition.

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We have been and will continue investing heavily in our research and development, and such investment may negatively impact our profitability in the short term and may not generate the results we expect to achieve.

We have been investing heavily in our R&D efforts. Our R&D expenses amounted to RMB235.6 million, RMB281.1 million, RMB290.5 million and RMB126.6 million, representing approximately 25.7%, 21.4%, 20.8% and 16.1% of our revenue in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively. The industry in which we operate is evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources, in research and development to make technological advances in order to make our products and services innovative and competitive in the market. As a result, we expect that our R&D expenses will continue to increase in the future. The inherent uncertainties associated with development activities could pose challenges in obtaining and retaining adequate resources, including the engagement of qualified research and development personnel. Furthermore, even if our R&D efforts are successful and yield the expected results, we may still encounter practical difficulties in the commercialization of these outcomes. The process of transitioning from product development to market commercialization is complex and can present potential obstacles, which could impact our ability to realize a return on our research and development investments. The dynamic nature of the medical device market necessitates continuous efforts to ensure our technology remains at the industry’s forefront. This involves consistent investment in research and development, staying abreast of the latest technological trends, and adapting to ever-changing market demands and regulatory landscapes. However, despite substantial resource allocation and concerted efforts towards R&D, we cannot guarantee that our technology will consistently maintain its leading position. Our competitors may develop more advanced or effective technologies, or the advent of new technologies could potentially render our existing products obsolete or less competitive.

We may incur impairment losses on our goodwill in the future.

We recorded goodwill of RMB904.7 million, RMB905.5 million, RMB905.5 million and RMB908.4 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, which primarily arose from our acquisition of Penlon, Vedkang Medical and Vedefar. See “History, Development and Corporate Structure” for details. Such goodwill recorded reflected the excess of the total acquisition consideration in the acquired company over the total fair value of identifiable net assets of the acquired company. We determine whether goodwill is impaired at least on an annual basis. There is no assurance that we will not incur impairment loss on goodwill going forward. Any significant impairment of our goodwill could have a material adverse effect on our business, financial condition and results of operations.

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RISKS RELATING TO DOING BUSINESS IN COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in economic, regulatory, political and social conditions could have a material and adverse effect on our results of operations, financial performance and business prospects.

We are headquartered in Shenzhen, China and have established a global presence, expanding our footprint across over 140 countries and regions. Accordingly, our results of operations, financial performance and business prospects may be influenced by the economic, regulatory, political and social conditions in countries and regions where we operate. Global medical device industry in general is affected by macro-economic factors, including international, national and regional economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. Any changes in these factors may have material and adverse effects on our results of operations, financial performance and business prospects.

Any downturn in regional or global economy, or deterioration of geopolitical environment could affect our business, financial condition and results of operations.

The regional and global economy has experienced a deceleration in growth in recent years, and it remains uncertain how long this economic downturn will persist. There are significant uncertainties surrounding the long-term effects of the monetary and fiscal policies implemented by the central banks and financial authorities of some of the world’s leading economies. There have been concerns over the Russia-Ukraine war, as well as unrest and terrorist threats in certain countries and regions. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. Consequently, these factors could have an adverse effect on our business operations and financial performance.

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Any adjustment embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Our operations span across various geographic markets, each with its unique legal system. These legal systems can be broadly categorized into civil law systems, which are primarily based on written statutes, and common law systems. It is noteworthy that in civil law jurisdictions, prior court decisions, while used as references, carry limited precedential value, unlike in common law systems.

We acknowledge the inherent uncertainties within the legal frameworks of some of the markets we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion in refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third party conduct, or threats aimed at extracting payments or benefits from us.

Additionally, many of the legal systems in our operational markets are influenced by their respective government policies and internal rules. Some of these policies and rules may not be published promptly or at all, and could have retroactive effects. There are instances where key regulatory definitions are ambiguous, imprecise, or absent, or where regulatory interpretations diverge from court interpretations in analogous cases. Consequently, we may inadvertently violate certain policies or rules, only becoming aware of such violations after the fact. Furthermore, administrative and court proceedings in some of our markets may be prolonged, leading to significant costs and diversion of resources and management attention.

We recognize the possibility of new laws and regulations being adopted or interpreted as applicable to us in our geographic markets and elsewhere, which could impact our businesses and operations. The industries in which we operate may face increased scrutiny and regulation, necessitating the allocation of additional legal and other resources to comply with these regulations. Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the medical devices industry and affect our business, financial condition, and operational results.

It may be difficult to effect service of process upon us or our directors or officers named in this document or to enforce foreign court judgments against them.

We are a company incorporated under the laws of China, and a majority of our assets are located in China. In addition, most of our Directors and senior management reside within China, and the assets of our Directors and senior management are likely to be located within

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China. As a result, it may be difficult for you to effect service of process in China. Moreover, China does not have treaties with certain other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards.

On July 14, 2006, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (“**2006 Arrangement**”) and came into effect on August 1, 2008. Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. It is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement. On January 18, 2019, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (“**2019 Arrangement**”). Comparing with the 2006 Arrangement, the 2019 Arrangement establishes a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and China in civil and commercial matters under both Hong Kong and PRC law. The 2006 Arrangement were superseded upon the effective date of the 2019 Arrangement, being January 29, 2024. However, the 2006 Arrangement remains applicable to a “jurisdiction agreement in writing” as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement taking effect. However, since the 2019 Arrangement is newly effected and promulgated, the interpretation, application and enforcement remain uncertain. There remains uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in China.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. For more details on our dividend policy, see “Financial Information — Dividend” in this document.

Furthermore, under the PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make

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dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares and dividends paid to [REDACTED] may be subject to PRC income taxes.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, results of operations, financial condition and prospects, as well as our reputation. Furthermore, PRC tax laws and regulations may be adjusted from time to time. For example, under the Individual Income Tax Law of the People’s Republic of China (the “IIT Law”) (《中華人民共和國個人所得稅法》), which was amended on June 30, 2011 and came into effect on September 1, 2011, foreign nationals who have domiciles in the PRC, or have no domicile in China but have resided in the PRC for one year or more, would be subject to PRC individual income tax at progressive rates on their income gained within or outside the PRC. The Standing Committee of NPC has approved the amendment of the IIT Law, which became effective on January 1, 2019. Under the amended IIT law, foreign nationals who have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year would be subject to PRC individual income tax on their income gained within or outside the PRC. Our ability to attract and retain highly skilled foreign scientists and research personnel to work in China may be materially affected by such tax regulations, which may in turn have a material adverse effect on our business, results of operations, financial condition and prospects. The PRC tax laws and regulations may change from time to time in the future and may also have an adverse effect on our business, results of operations, financial condition and prospects.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

According to the Individual Income Tax Law of the PRC and the Implementation Regulations for the Individual Income Tax Law of the PRC, both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the

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“Arrangements”) executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

According to the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; (ii) otherwise, 10% of the total amount of dividends.

Considering the above, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

We may be affected by currency exchange regimes and exchange rate fluctuations.

Conversion of Renminbi into foreign currencies and remittance foreign currency out of the PRC under certain circumstances shall be conducted in accordance with certain laws and regulations with respect to foreign exchange. Under current PRC foreign exchange regulations, certain current account transactions like profit distributions, interest payments, and trade-related expenses can be conducted in foreign currencies without prior approval from the SAFE, as long as certain procedural requirements are met. However, capital account transactions such as capital transfers, direct investments, securities investments, and repayment of borrowings are subject to foreign exchange policies and require prior approval from SAFE or registration with SAFE or authorized banks. If the foreign exchange regulatory system affects our access to sufficient foreign currency to meet our currency needs, we may face challenges in paying our expenses as they become due.

Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi terms of the net [REDACTED] from the [REDACTED], cause us to incur foreign exchange losses, and affect the relative value of any dividend we may issue. Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China’s foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the

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renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the renminbi and other currencies in the future. As of the Latest Practicable Date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited, and we may not be able to hedge our exposure successfully, or at all.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop and the market price for our H Shares may decline or become volatile.

Prior to the completion of the [REDACTED], there has been no public market for our H Shares. The [REDACTED] for our H Shares was the result of negotiations among us and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the market price for our H Shares following the [REDACTED]. We have applied to [REDACTED] and [REDACTED] our H Shares on the Stock Exchange. We cannot assure you that the [REDACTED] will result in the development of an active, liquid public trading market for our H Shares. In addition, the price and trading volumes of our H Shares may be volatile and could be fluctuate widely in response to factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world. The following factors may affect the trading volume and market price of our H Shares:

- actual or anticipated fluctuations in our operating performance and financial results;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies in our industry, and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares.

Moreover, the capital market has from time to time experienced significant price and trading volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading volume of our H Shares.

RISK FACTORS

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material and adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by our H Shares.

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes have been duly completed and the filing with the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, trading and listing must comply with the regulations prescribed by CSRC and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the conversion of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the [REDACTED]. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may materially and adversely affect the trading price of our H Shares.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return. See “Future Plans and Use of [REDACTED].” However, our management will have discretion as to the actual application of our net [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the net [REDACTED] from this [REDACTED].

RISK FACTORS

You may incur immediate and significant dilution and may experience further dilution if we issue additional H Shares or other equity securities in the future, including pursuant to the share incentive schemes.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to the share incentive schemes, which would further dilute Shareholders’ interests in our Company.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price and trading volume of our H Shares may decline.

The trading market for our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume of our H Shares to decline.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters.

The words “anticipate,” “believe,” “could,” “potential,” “continue,” “expect,” “intend,” “may,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out

RISK FACTORS

in “Risk Factors” in this document. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

Certain facts and statistics derived from government sources contained in this document may not be reliable.

We have derived certain facts and other statistics in this document, particularly those relating to the PRC, the PRC economy and the PRC securities industry, from information provided by the PRC and other government agencies, industry associations, independent research institutes and other third-party sources. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED] or any of our or their respective affiliates or advisors and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled inside or outside the PRC. The facts and other statistics include the facts and statistics included in the sections headed “Risk Factors,” “Business” and “Financial Information”. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there may have been press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], our Company has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and most of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

- (i) we have appointed Mr. YAN Renzhong (“**Mr. Yan**”) and Ms. LEE Mei Yi (“**Ms. Lee**”) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company’s principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;
- (ii) when the Stock Exchange wishes to contact our Directors on any matter, each of our authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any changes in our authorized representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Stock Exchange;
- (iii) all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

WAIVERS AND EXEMPTIONS

- (iv) we have appointed UOB Kay Hian (Hong Kong) Limited as our compliance adviser upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. Our compliance adviser will have access at all times to our authorized representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as the additional channel of communication with the Stock Exchange when the authorized representatives are not available; and
- (v) we have provided the Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers and email addresses of at least two of our compliance adviser’s officers who will act as our compliance adviser’s contact persons between the Stock Exchange and our Company.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

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Our Company has appointed Mr. Yan, who is also our executive Director, as one of our joint company secretaries. He has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Lee, a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Yan for an initial period of three years from the [REDACTED] to enable Mr. Yan to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Ms. Lee’s professional qualification and experience, she will be able to explain to both Mr. Yan and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Lee will also assist Mr. Yan in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Lee is expected to work closely with Mr. Yan and will maintain regular contact with Mr. Yan. In addition, Mr. Yan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Mr. Yan has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer [REDACTED] on the Stock Exchange. He will also be assisted by our compliance adviser and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Yan does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Yan may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (i) Mr. Yan must be assisted by Ms. Lee who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if and when Ms. Lee ceases to provide assistance to Mr. Yan as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Yan will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Yan, having benefited from the assistance of Ms. Lee for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVERS AND EXEMPTIONS

WAIVER AND EXEMPTION IN RESPECT OF THE [REDACTED] SHARE OPTION SCHEME

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the share options granted by our Company:

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this document. The Company is also required to disclose in this document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon [REDACTED] as well as the impact on the earnings per share arising from the exercise of such outstanding options or awards.
- (b) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.
- (c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to set out in this document, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares and debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given.

As at the date of this document, our Company granted options under the [REDACTED] Share Option Scheme to 373 grantees, including 3 Directors, 4 members of the senior management of the Company, 3 connected persons of the Company who are not our Director or senior management member, and 363 other current employees of our Group or other eligible persons. The aggregate number of H Shares underlying the outstanding options as at the date of this document is [REDACTED] H Shares, and none of such options have been exercised. Our H Shares underlying such options represent [REDACTED]% and [REDACTED]% of the total number of H Shares and Shares, respectively, in issue immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding).

For details of the [REDACTED] Share Option Scheme, see “Statutory and General Information — 5. [REDACTED] Share Option Scheme” in Appendix IV to this document.

Our Company has applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules in relation to the options granted under the [REDACTED] Share Option Scheme (the “**ESOP Waiver**”); and (ii) a certificate of

WAIVERS AND EXEMPTIONS

exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the options granted under the [REDACTED] Share Option Scheme (the “**ESOP Exemption**”), on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that over 350 grantees are involved, strict compliance with the disclosure requirements to set out full details of all the grantees under the [REDACTED] Share Option Scheme in this document on an individual basis would be costly and unduly burdensome for our Company in light of a significant increase in cost and timing for information compilation, and document preparation and printing;
- (b) as at the date of this document, among all the grantees, 7 grantees are Director and/or members of the senior management of our Company, 3 grantees are connected persons of our Company who are not our Director or senior management member, and the remaining 363 grantees were current employees of our Group or other eligible persons and are not connected persons of our Company. As such, strict compliance with Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance to disclose names, addresses, and entitlements on an individual basis in the document will require substantial number of pages of additional disclosure while such disclosure does not provide any material information to the investing public;
- (c) the grant and exercise in full of the options granted under the [REDACTED] Share Option Scheme would not cause any material adverse impact on the financial position of our Company;
- (d) full disclosure of the details of the grantees (which include their names and addresses), as well as the share options granted to each of them, would provide our competitors with our employees’ compensation details and facilitate their soliciting activities which could impact our Group’s ability to recruit and retain valuable personnel;
- (e) non-compliance with the above disclosure requirements would not prevent us from providing the potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and
- (f) material information relating to the options under the [REDACTED] Share Option Scheme will be disclosed in this document, including the total number of Shares that may be issued pursuant to the [REDACTED] Share Option Scheme, the exercise price per H Share, the potential dilution effect on the shareholding and impact on the earnings per Share upon the full exercise of the options granted under the [REDACTED] Share Option Scheme. Our Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of our Company in their investment decision making process has been included in this document.

WAIVERS AND EXEMPTIONS

In light of the above, our Directors are of the view that the grant of the ESOP Waiver and the ESOP Exemption will not prejudice the interests of the investing public.

The Stock Exchange [has granted] to our Company the ESOP Waiver on the conditions that:

- (a) on an individual basis, full details of the options granted under the [REDACTED] Share Option Scheme to each of our Directors, senior management and other connected persons of our Company will be disclosed in “Statutory and General Information — 5. [REDACTED] Share Option Scheme” in Appendix IV to this document as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the [REDACTED] Share Option Scheme to the remaining grantees (other than those set out in (a) above), disclosure will be made on an aggregate basis, and categorized into lots based on number of H Shares underlying the options granted to each individual grantee, being (i) 250,000 to 550,000 H Shares, (ii) 100,000 to 225,000 H Shares, (iii) 50,000 to 90,000 H Shares, and (iv) 5,000 to 42,500 H Shares, and for each category, the following details are disclosed in this document, including (1) the aggregate number of such grantees and the number of H Shares subject to the options granted to them under the [REDACTED] Share Option Scheme, (2) the consideration (if any) paid for the grant of the options under the [REDACTED] Share Option Scheme, and (3) the exercise period and the exercise price for the options granted under the [REDACTED] Share Option Scheme;
- (c) (i) the aggregate number of H Shares underlying the outstanding options granted under the [REDACTED] Share Option Scheme and the percentage of our Company’s total issued Shares as at the date of this document; (ii) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the [REDACTED] Share Option Scheme; and (iii) a summary of the major terms of the [REDACTED] Share Option Scheme will be disclosed in “Statutory and General Information — 5. [REDACTED] Share Option Scheme” in Appendix IV to this document;
- (d) the particulars of this waiver will be disclosed in this document;
- (e) a list of all the grantees (including those persons whose details have already been disclosed) containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for physical public inspection in accordance with “Documents delivered to the Registrar of Companies in Hong Kong and Available on Display — Document available for inspection” in Appendix V to this document; and

WAIVERS AND EXEMPTIONS

- (f) the certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be granted by the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has granted] the ESOP Exemption on conditions that:

- (a) on an individual basis, full details of the options under the [REDACTED] Share Option Scheme granted to each of our Directors, senior management and other connected persons of our Company will be disclosed in “Statutory and General Information — 5. [REDACTED] Share Option Scheme” in Appendix IV to this document as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the [REDACTED] Share Option Scheme to the remaining grantees (other than those set out in (a) above), disclosure will be made on an aggregate basis, and categorized into lots based on number of H Shares underlying the options granted to each individual grantee, being (i) 250,000 to 550,000 H Shares, (ii) 100,000 to 225,000 H Shares, (iii) 50,000 to 90,000 H Shares and (iv) 5,000 to 42,500 H Shares, and for each category, the following details are disclosed in this document, including (1) the aggregate number of such grantees and the number of H Shares subject to the options granted to them under the [REDACTED] Share Option Scheme, (2) the consideration (if any) paid for the grant of the options under the [REDACTED] Share Option Scheme, and (3) the exercise period and the exercise price for the options granted under the [REDACTED] Share Option Scheme;
- (c) a list of all the grantees (including those persons whose details have already been disclosed) containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for physical public inspection in accordance with “Documents delivered to the Registrar of Companies in Hong Kong and Available on Display — Document available for inspection” in Appendix V to this document; and
- (d) the particulars of this exemption will be disclosed in this document and this document will be issued on or before [REDACTED].

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. LIU Jie	Room 1801, Block C, Building 1 Shenwanhui Yun Center Phase One Baishi 3rd Road Nanshan District, Shenzhen PRC	Canadian

Mr. ZHONG Yaoqi (鍾要齊)	Room 3401, Block B China Resources City Runfu Phase II 28 Tonggu Road Yuehai Street Nanshan District, Shenzhen PRC	Chinese

Mr. YAN Renzhong (顏仁仲)	Room 212, Block 2 Nantian Building No. 2 Baihua 3rd Road Futian District, Shenzhen PRC	Chinese

Non-executive Directors

Ms. LI Hui (李輝)	Room 1801, Block C, Building 1 Shenwanhui Yun Center Phase One Baishi 3rd Road Nanshan District, Shenzhen PRC	Chinese

Mr. ZHANG Jiecheng (張劼鋮)	Room 602, No. 12 Lane 1018, Huimin Road Yangpu District, Shanghai PRC	Chinese

Dr. ZHOU Yi (周伊)	5B, 3002 Qiaoxianggongguan No. 3028 Qiaoxiang Road Futian District, Shenzhen PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent Non-executive Directors		
Dr. SHAO Liyang (邵理陽)	Room 301, Block 2 Teacher’s Apartment 1088 Xueyuan Avenue Nanshan District, Shenzhen PRC	Chinese
Mr. ZHANG Hanbin (張漢斌)	Room B, 13/F, Unit 2, Building 7 Phase 2, The Peninsula City Garden Golden Century Road Dongjiaotou, Shekou Nanshan District, Shenzhen PRC	Chinese
Mr. LAW Kwok Tai (羅國泰)	No. 22, 2/F, Yee Yuen 16-22 Dumbarton Road Kowloon Tong, Kowloon Hong Kong	Chinese (Hong Kong)

For details with respect to our Directors, see “Directors and Senior Management”.

PARTIES INVOLVED IN THE [REDACTED]

**Joint Sponsors, [REDACTED] and
[REDACTED]**

Morgan Stanley Asia Limited
46th Floor, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

**Huatai Financial Holdings (Hong Kong)
Limited**
62/F, The Center
99 Queen’s Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisers to our Company

As to Hong Kong law and United States law

Herbert Smith Freehills Kramer

23/F, Gloucester Tower
15 Queen’s Road Central
Hong Kong

As to PRC law

Jia Yuan Law Offices

45F, Media Finance Center
Pengcheng 1st Road
Futian District, Shenzhen
Guangdong Province, PRC

As to International Sanctions law

Hogan Lovells

11/F, One Pacific Place
88 Queensway
Hong Kong

**Legal Advisers to the Joint Sponsors and
the [REDACTED]**

As to Hong Kong law and United States law

O’Melveny & Myers

31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law

Jingtian & Gongcheng

34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing, PRC

Reporting Accountant and Auditor

Ernst & Young

Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

**China Insights Industry Consultancy
Limited**

10th Floor, Block B, Jing'an
International Center
88 Puji Road
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PRC

[REDACTED]

Compliance Adviser

UOB Kay Hian (Hong Kong) Limited

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CORPORATE INFORMATION

Registered Office	Room 701, Block A, Building 7 Shenzhen International Innovation Hub Dashi 1st Road Xili, Nanshan District, Shenzhen PRC
Headquarters and Principal Place of Business in the PRC	Room 701, Block A, Building 7 Shenzhen International Innovation Hub Dashi 1st Road Xili, Nanshan District, Shenzhen PRC
Principal Place of Business in Hong Kong	Room 1916, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company’s Website	<u>www.medcaptain.com</u> <i>(The information contained in this website does not form part of this document)</i>
Joint Company Secretaries	Mr. YAN Renzhong (顏仁仲) Room 212, Block 2 Nantian Building No. 2 Baihua 3rd Road Futian District, Shenzhen PRC Ms. LEE Mei Yi (李美儀) <i>(FCG, HKFCG)</i> Room 1916, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Mr. YAN Renzhong (顏仁仲) Room 212, Block 2 Nantian Building No. 2 Baihua 3rd Road Futian District, Shenzhen PRC

CORPORATE INFORMATION

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Nomination Committee	Dr. SHAO Liyang (邵理陽) (<i>Chairman</i>) Mr. ZHANG Hanbin (張漢斌) Ms. LI Hui (李輝)
Remuneration and Appraisal Committee	Mr. ZHANG Hanbin (張漢斌) (<i>Chairman</i>) Mr. LIU Jie Mr. LAW Kwok Tai (羅國泰)
Strategy and ESG Committee	Mr. LIU Jie (<i>Chairman</i>) Mr. ZHONG Yaoqi (鍾要齊) Dr. SHAO Liyang (邵理陽)

[REDACTED]

Principal Bank	Bank of China Limited, Shenzhen Xili Branch East Tower, Dingxin Mansion Liuxian Boulevard Xili, Nanshan District, Shenzhen PRC

INDUSTRY OVERVIEW

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications generally believed to be reliable and from the market research report prepared by China Insights Consultancy, which we commissioned. However, information and statistics from official government sources have not been independently verified by us or any other parties involved in the [REDACTED] (other than CIC), and no representation is given as to their accuracy. Accordingly, the information from official sources contained herein may not be accurate and should not be unduly relied upon. For discussion of risks related to our industry, see “Risk Factors — Risks Relating to Our Business and Industry” in this document.

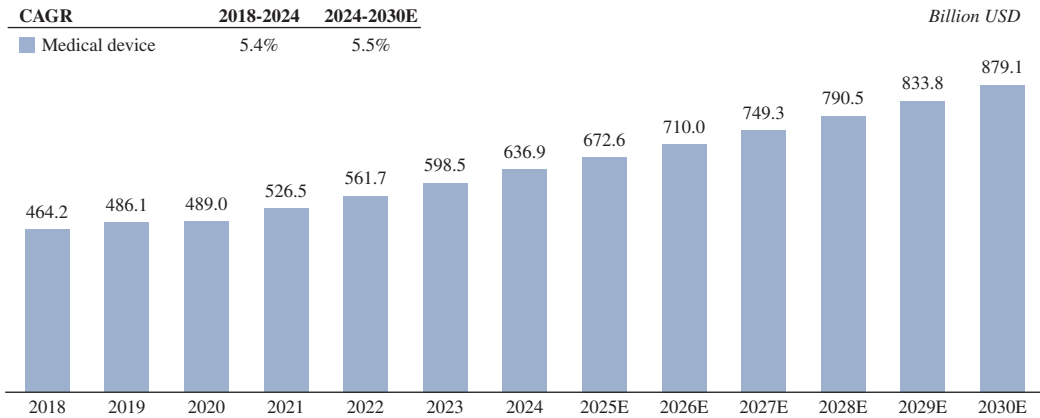
MEDICAL DEVICE INDUSTRY

The medical device industry offers a diverse array of products, including both equipment and consumables, spans various medical fields such as life support, medical imaging, minimally invasive intervention and in vitro diagnostics. With the advancement of information and intelligent technologies, the industry has expanded into healthcare IT systems, such as remote medical systems, hospital information systems and clinical trial management systems. Continuously evolving with market trends, the medical device industry is advancing diagnostic and treatment capabilities, enhancing user experiences, and progressing towards more precise and intelligent healthcare solutions. The medical device market is generally characterized by large multinational corporations with comprehensive product lines and integrated capabilities serving diverse clinical departments globally, and smaller companies typically focus on specific domains.

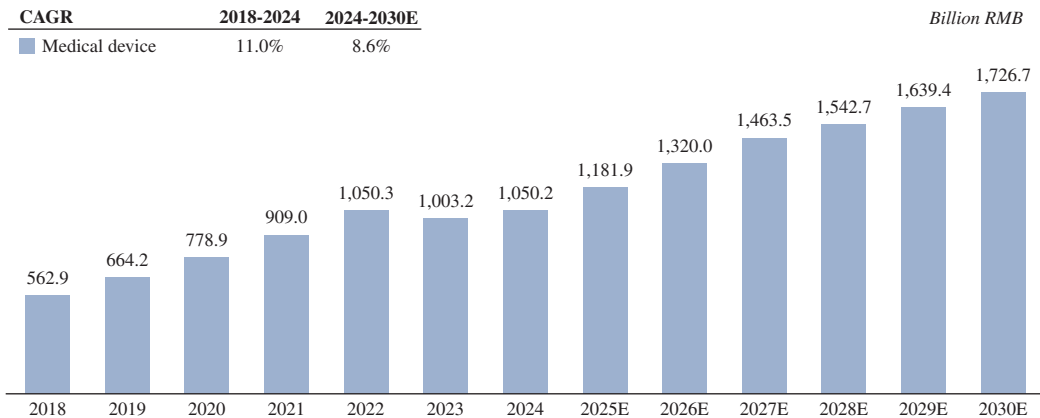
The global medical device market has consistently shown rapid growth trends, primarily driven by several key factors: (i) an increasing aging population and a growing prevalence of chronic diseases have spurred market demand; (ii) the expansion of healthcare infrastructure in emerging markets, including the construction of new hospitals and the addition of intensive care units (“ICUs”) and hospital beds, has fueled demand for medical devices; (iii) technological advancements and the introduction of healthcare IT systems have led to market demand iteration; (iv) increased patient affordability has boosted the willingness to consume healthcare products and services; and (v) favorable regulatory and policy incentives support industry development. As a result, the global medical device market increased from US\$464.2 billion in 2018 to US\$636.9 billion in 2024, at a CAGR of 5.4%, and it is expected to reach US\$879.1 billion in 2030, at a CAGR of 5.5% from 2024. The medical device market in China increased from RMB562.9 billion in 2018 to RMB1,050.2 billion in 2024, at a CAGR of 11.0%, and it is expected to reach RMB1,726.7 billion in 2030, at a CAGR of 8.6% from 2024.

INDUSTRY OVERVIEW

Global Medical Device Market, 2018 — 2030E



Medical Device Market in China, 2018 — 2030E



Source: CIC, China Medical Device Blue Paper (2023).

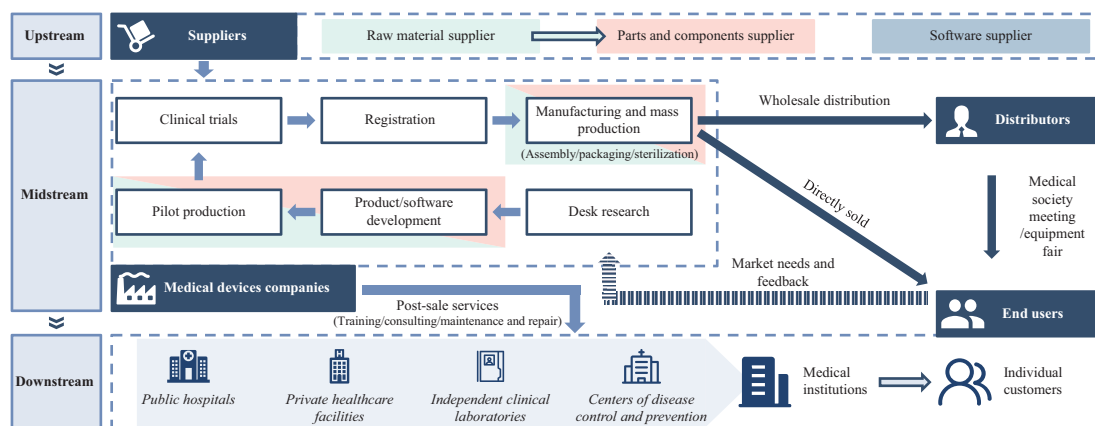
Note:

* The market sizes are calculated based on the ex-factory prices of medical device products.

INDUSTRY OVERVIEW

Value Chain of the Medical Device Market

The value chain of the medical device market typically includes upstream suppliers, medical device companies, distributors, and end customers.



Source: Journal of Engineering Studies; CIC Report

- Suppliers.** Suppliers provide medical device companies with the necessary raw materials for production. For life support products, the primary raw materials include medical-grade plastics, electronic components and accessories. For minimally invasive interventional products, the main raw materials are medical-grade stainless steel, titanium, and specialized polymers. For in vitro diagnostics products, the key raw materials include reagents, enzymes, substrates, microsphere, magnetic beads, primer and probes. Additionally, common materials such as packaging materials and casings for devices are also essential across all product categories, ensuring the safe transport and durability of the medical devices.
- Medical Device Companies.** Medical device companies are responsible for the R&D, registration, and production of their products. In terms of sales, these companies typically utilize a combination of distribution channels and direct sales methods. Medical device companies also take on the responsibilities of after-sales service for their products.
- Distributors.** Medical devices are primarily marketed through distributors. Under the distribution model, distributors either sell medical devices directly to medical institutions and other end customers through their own sales channels or engage sub-distributors to extend their reach.

INDUSTRY OVERVIEW

- ***OEM/ODM Customers.*** Medical device companies may utilize the OEM/ODM model in addition to traditional distribution and direct sales models. Under the OEM/ODM model, a medical device company is commissioned by OEM/ODM clients to design, produce and supply products, which are then further processed and packaged by these clients to be sold under their own brands.
- ***End Customers.*** Hospitals are the primary end customers for medical devices. The clinical departments of hospitals primarily include ICUs, emergency rooms, operating rooms, MRI examination rooms, general wards, and specialized departments such as gastroenterology, urology, cardiothoracic surgery, respiratory, radiology, and transfusion departments. Other end customers also include diagnostic centers, community health centers, disease control and prevention centers and individual users.

Entry Barriers to the Medical Device Market

Entry barriers to medical device market include the following:

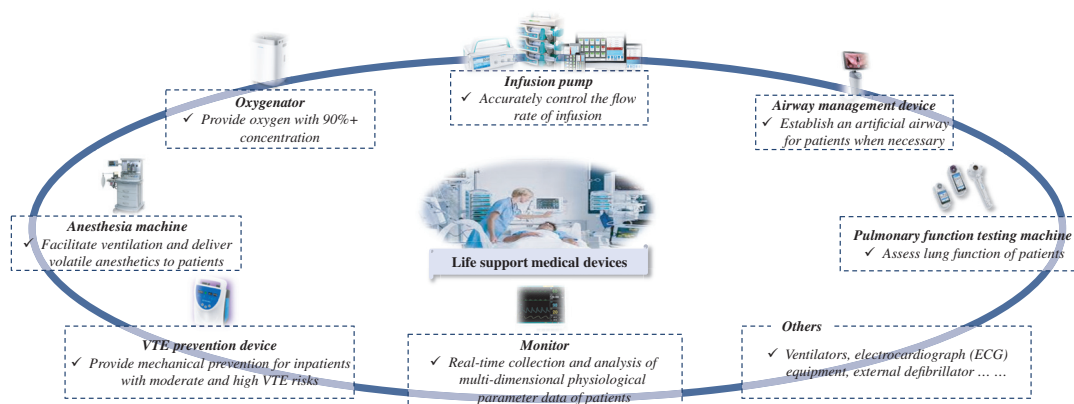
- ***Technical barriers and R&D risks.*** Established market participants have accumulated years of technology and know-how, industry experience and in-depth understanding of the clinical needs of different product lines and markets. In addition, R&D activities require significant expenditures and carry inherent uncertainties, such as the risks of development failures and low market acceptance. Companies in the early stages of development often lack the experience necessary to manage these challenges effectively.
- ***Strict regulatory approval processes.*** Medical device classification and registration systems vary globally. In China, particularly for high-risk Class III devices, a stringent clinical testing and marketing registration process is mandatory. In the U.S., the FDA regulates the approval processes, demanding proof of both safety and efficacy for new devices. In Europe, the pre-market evaluation mainly requires proof of safety for new products. These demanding standards present significant challenges for new manufacturers aiming to enter the industry, as they must navigate complex regulatory landscapes and meet high compliance standards to launch their products.
- ***Brand recognition and customer loyalty.*** Doctors and clinicians often have specific preferences for medical devices, and training sessions are essential to enhance their familiarity with new products, a process that can take years. Building brand loyalty, particularly with top-tier hospitals, is a long-term effort for medical brands. This creates significant barriers for new entrants striving to gain recognition and establish themselves among end-users.

INDUSTRY OVERVIEW

- ***Establishment of solid sales channel.*** The sale of medical devices depends heavily on established distribution and sales channels. Particularly for public medical institutions, procurement processes are subject to governmental regulations and policies, such as centralized procurement requirements. New entrants need to invest significant time and resources to build a qualified distributor network to navigate these complexities and successfully get their products accepted into hospitals.
- ***Comprehensive product portfolio and solutions.*** Different medical conditions and treatments require specialized device specifications. Offering a comprehensive product portfolio ensures compatibility and provides tailored solutions in one package, which is favored by healthcare professionals. This integrated approach enhances R&D, manufacturing, and commercial efficiencies, creating a competitive advantage that new entrants find challenging to match.
- ***High barriers in strategic acquisition.*** The medical device industry is highly fragmented and technologically diverse, where becoming a competitive comprehensive solutions provider often requires targeted strategic acquisitions to build a broader product portfolio and technology stack. However, such acquisitions in the medical device industry come with inherent challenges, such as clinical approval pathways, regulatory alignment, and post-acquisition integration of R&D and production capabilities. In addition, achieving synergies across diverse product lines and compliance regimes adds to the complexity. As a result, only companies with deep sector expertise, strong regulatory know-how, and seasoned M&A experience are typically capable of executing and integrating such acquisitions effectively.

LIFE SUPPORT

Life support medical devices are mainly utilized in the ICUs, operating rooms and emergency rooms, including infusion systems, anesthesia machine, airway management equipment, monitors, oxygen concentrators, pulmonary function testing equipment, venous thromboembolism (“VTE”) prevention equipment and others.



Source: CIC

INDUSTRY OVERVIEW

The global life support medical device market has grown from US\$49.2 billion in 2018 to US\$75.1 billion in 2024, at a CAGR of 7.3%, and it is expected to increase to US\$109.7 billion in 2030, at a CAGR of 6.5% from 2024. Similarly, the life support medical device market in China has grown from RMB31.1 billion in 2018 to RMB55.7 billion in 2024, at a CAGR of 10.2% and it is expected to further increase to RMB93.2 billion in 2030, at a CAGR of 9.0% from 2024.

Medication Delivery

The medication delivery system comprises equipment products including pump devices, infusion workstations and intelligent management systems, as well as related consumable products.

- ***Pump devices and consumables.*** The pump devices are automatic and controllable infusion devices, which uses mechanical driving force to accurately control the drops or the flow rate of the infusion, ensuring precise and safe delivery of the dose into the patient’s body. The pump devices primarily include infusion pumps, syringe pumps, ambulatory pumps and enteral feeding pumps.
 - *Infusion pumps.* Infusion pumps, generally referred to as volumetric pumps, are designed to deliver large volumes of fluids at a controlled rate. They feature a broad flow rate range and are compatible with a wide variety of liquid types, making them suitable for continuous infusion in diverse clinical settings.
 - *Syringe pumps.* Syringe pumps, often referred to as micro-infusion pumps, are high-precision devices used for administering small volumes of medication. Compared with volumetric pumps, syringe pumps offer superior dosing accuracy, greater flexibility in drug volume selection, and are more convenient for desktop use.
 - *Ambulatory pumps.* Ambulatory pumps are compact, portable infusion devices designed to deliver medication or nutrients to patients in a mobile setting. They allow for continuous drug delivery during daily activities, supporting long-term treatments such as chemotherapy, pain management and home care.
 - *Enteral feeding pumps.* Enteral feeding pumps deliver liquid nutrients directly into a patient’s gastrointestinal tract, typically using peristaltic mechanisms and gravity flow. They are commonly used for patients with impaired swallowing or digestive conditions, ensuring safe and steady nutritional support.
 - *Consumables.* Medication delivery consumables primarily include pre-pump tubing sets, specialized tubing for nutrition pumps, nutrition bags, and other pump and infusion-related consumables.

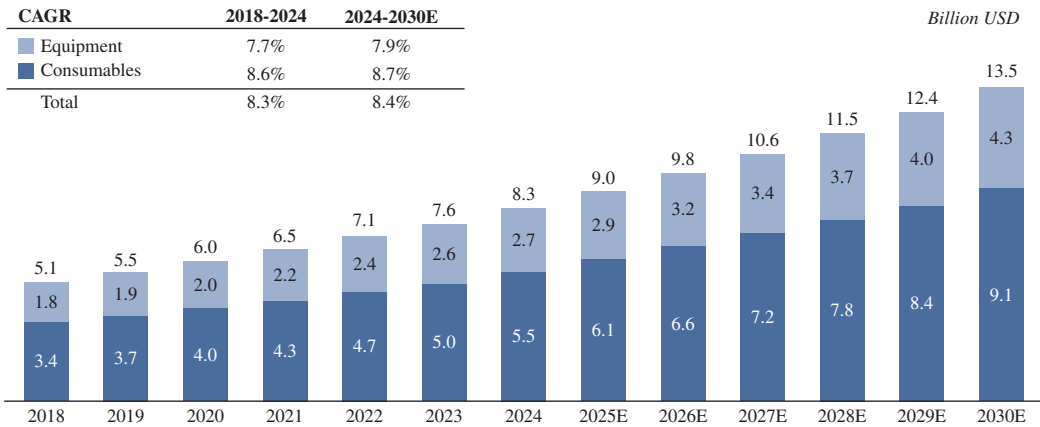
INDUSTRY OVERVIEW

- **Infusion workstations.** The infusion workstations, designed to be used alongside infusion and syringe pumps, offer a modular system that facilitates the flexible combination of infusion devices. These workstations allow for the easy adjustment of the number of pumps based on infusion requirements, and their intelligent cascading feature supports automatic, continuous infusion, reducing the risks associated with frequent medication changes and precisely controlling dosages. Furthermore, the MRI compatible infusion workstation overcomes the challenges of magnetic fields and radiofrequency interference on the MRI imaging environment and the workstation’s own electronics.
- **Infusion management systems.** The infusion central system is a comprehensive infusion management system that includes a host computer, printer, microphone, speakers, and a wireless router. It runs central station software that gathers and transmits real-time data from syringe pumps, infusion pumps, and infusion workstations across different wards. This allows for continuous monitoring of the operational status of each device, ensuring efficient and effective management of the infusion process.

Market for Medication Delivery Systems

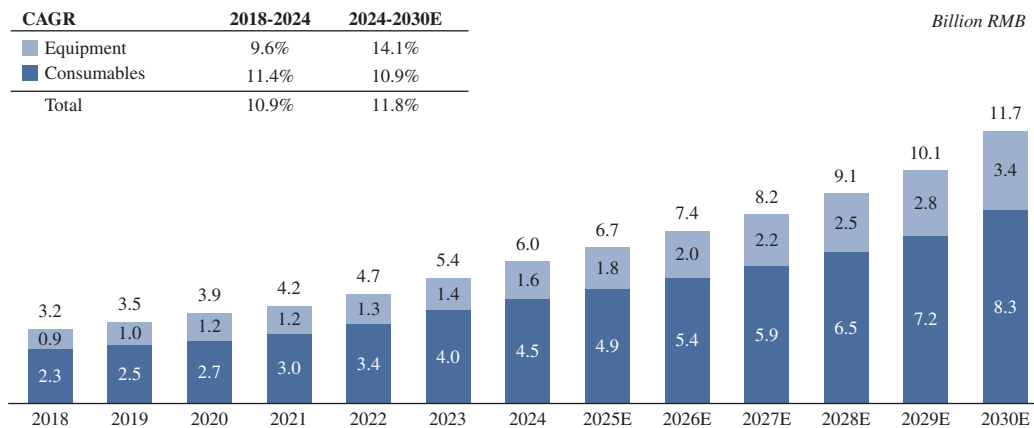
The global medication delivery system market has grown from US\$5.1 billion in 2018 to US\$8.3 billion in 2024, at a CAGR of 8.3%, and it is expected to reach US\$13.5 billion in 2030, at a CAGR of 8.4% from 2024. The medication delivery market in China has grown from RMB3.2 billion in 2018 to RMB6.0 billion in 2024 at a CAGR of 10.9%, and it is expected to increase to RMB11.7 billion in 2030, at CAGR of 11.8% from 2024.

Global Medication Delivery System Market, 2018 — 2030E



INDUSTRY OVERVIEW

Medication Delivery System Market in China, 2018 — 2030E



Source: CIC

Notes:

- (1) The market sizes are calculated based on the ex-factory prices of the medication delivery products.
- (2) Equipment includes infusion pump, syringe pump, eternal feeding pumps, infusion workstations and central monitoring systems.
- (3) Consumables include pre-pump tubing sets, specialized tubing for feeding pumps, nutrition bags, other pump consumables and infusion-related consumables.

Competitive Landscape of the Medication Delivery System Market in China

The medication delivery system market in China is relatively concentrated, with market share primarily held by a limited number of leading players. The chart below shows the competitive landscape of China’s medical delivery systems. The Company ranked second in terms of the sales value among all players with a market share of 15.0% in 2024.

Competitive Landscape of Medication Delivery System in China, 2024

Ranking	Company	Company Origin	Market share by sales value*
1	Company A	China	35.0%
2	The Company	China	15.0%
3	Company B	Overseas	12.5%
4	Company C	China	10.8%
5	Company D	Overseas	8.3%

Source: CIC

Notes:

- * The sales values are calculated based on ex-factory prices of the medication delivery system products.

INDUSTRY OVERVIEW

- (1) Company A is a public company established in 1990s and headquartered in Shenzhen, which was listed on the Shenzhen Stock Exchange and primarily engages in life information and support, in vitro diagnostics, and medical imaging.
- (2) Company B is a public company established in 1890s and headquartered in New Jersey, USA, which was listed on the New York Stock Exchange and primarily engages in medical devices, life sciences, and interventional products.
- (3) Company C is a private company established in 2000s and headquartered in Shenzhen, China, which primarily engages in life support, in vitro diagnostics, medical imaging, and medical information technology.
- (4) Company D is a private company established in 1830s and headquartered in Germany, which primarily engages in medical devices and pharmaceuticals.

Among medication delivery system products, infusion workstations are characterized by their high technical complexity and critical role in integrated clinical workflows. They support multiple channels, centralized control, and real-time monitoring, making them essential in intensive care, surgery, and other high-dependency hospital scenarios. The chart below shows the competitive landscape of China’s infusion workstations. The Company ranked first in terms of the sales value among all players with a market share of 26.8% in 2024.

Competitive landscape of Infusion Workstation Market in China, 2024

Ranking	Company	Company Origin	Market share by sales value*
1	The Company	China	26.8%
2	Company A	China	24.7%
3	Company D	Overseas	12.7%
4	Company E	Overseas	8.0%
5	Company F	China	4.3%

Source: CIC

Notes:

* The Sales values are calculated based on ex-factory prices of the infusion workstations products.

- (1) Company E is a public company established in 1910s and headquartered in Germany, which was listed on the New York Stock Exchange and the Frankfurt Stock Exchange, and primarily engages in clinical nutrition and infusion therapy.
- (2) Company F is a private company established in 1990s and headquartered in Beijing, which primarily engages in infusion pumps, syringe pumps, and enteral nutrition pumps.

INDUSTRY OVERVIEW

The chart below shows the competitive landscape of China’s enteral feeding pumps. The Company ranked first in terms of the sales value among all players with a market share of 22.7% in 2024.

Competitive landscape of Enteral Feeding Pump Market in China, 2024

Ranking	Company	Company Origin	Market share by sales value*
1	The Company	China	22.7%
2	Company A	China	18.4%
3	Company G	China	9.6%
4	Company F	China	7.8%
5	Company H	China	6.1%

Source: CIC

Notes:

- * The sales values are calculated based on ex-factory prices of the infusion workstations products.
- (1) Company G is a private company established in 2000s and headquartered in Shenzhen, which primarily engages in infusion pumps, syringe pumps, enteral nutrition pumps, infusion information acquisition systems, blood transfusion and infusion warmers, infusion consumables and monitoring consumables, etc.
- (2) Company H is a private company established in 2000s and headquartered in Beijing, which primarily engages in patient temperature management, enteral nutrition support, and orthopedic irrigation management systems.

Anesthesia Machine

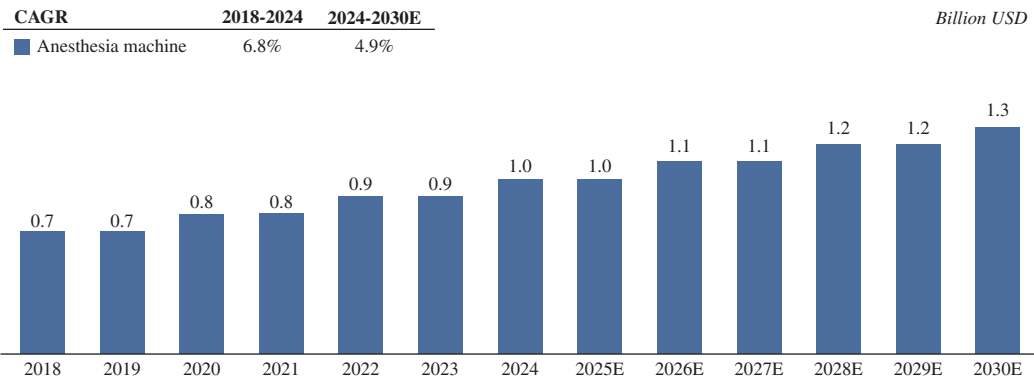
Anesthesia machine plays a crucial role in hospital operating rooms. Anesthesia machine facilitates ventilation for surgical patients, delivers them volatile anesthetic agents to maintain the required state of general anesthesia, and continuously monitors both the patient’s condition and the machine’s status to ensure the procedure safety. Modern anesthesia machines integrate anesthetic vaporizers, ventilators, and monitoring equipment, all equipped with advanced electronic and computer control systems, to enhance the safety and efficacy of anesthesia treatments during complex medical procedures. The vaporizer is a key component of the anesthesia machine to convert the liquid anesthetic agent into vapor.

INDUSTRY OVERVIEW

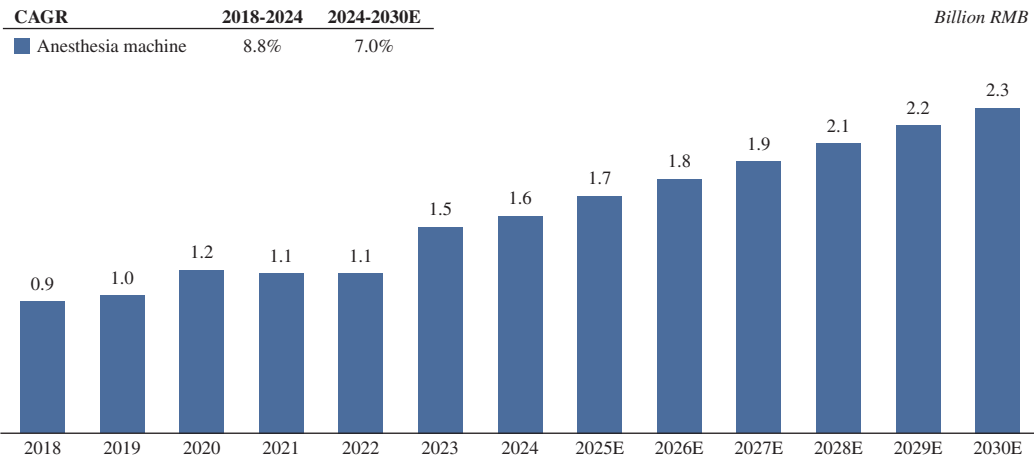
Market Size of the Anesthesia Machine Market

The global anesthesia machine market has grown from US\$0.7 billion in 2018 to US\$1.0 billion in 2024, at a CAGR of 6.8%, and it is expected to increase to US\$1.3 billion in 2030, at a CAGR of 4.9% from 2024. The anesthesia machine market in China has grown from RMB0.9 billion in 2018 to RMB1.6 billion in 2024, at a CAGR of 8.8% and it is expected to increase to RMB2.3 billion in 2030, at a CAGR of 7.0% from 2024.

Global Anesthesia Machine Market, 2018 — 2030E



Medication Anesthesia Machine Market in China, 2018 — 2030E



Note: * The market sizes are calculated based on ex-factory prices of the products.

Source: CIC

The vaporizer, as a key component of the anesthesia machine, is also for sale as a standalone product in the market. The global anesthesia vaporizer market has grown from US\$75.8 million in 2018 to US\$102.6 million in 2024, at a CAGR of 5.2%, and it is expected to further increase to US\$130.2 million in 2030, at a CAGR of 4.1% from 2024. The anesthesia vaporizer market in China has grown from RMB100.5 million in 2018 to RMB170.2 million in 2024, at a CAGR of 9.2%, and it is expected to further increase to RMB302.4 million in 2030, at a CAGR of 10.0% from 2024.

INDUSTRY OVERVIEW

Competitive Landscape of the Global Anesthesia Machine Market

The market for anesthesia machines has been dominated by foreign brands, with a relatively small market share contributed by domestic manufacturers. The Company is among the few Chinese medical device companies that ranked as top market players in the global anesthesia machine and anesthesia vaporizer market. In addition, the Company ranked the seventh in the global anesthesia machine market in 2024 in terms of sales value; and ranked the fourth in the global anesthesia vaporizer market in 2024 in terms of sales value:

Competitive landscape of Global Anesthesia Machine, 2024

Ranking	Company	Company Origin	Market Share by Sales Value*
1	Company I	Overseas	20.0%
2	Company J	Overseas	19.5%
3	Company K	Overseas	15.8%
4	Company L	Overseas	10.5%
5	Company A	China	6.3%
6	Company M	Overseas	3.7%
7	The Company	China	3.7%
8	Company N	Overseas	3.2%
9	Company O	Overseas	2.1%
10	Company P	Overseas	1.6%

Source: CIC

Notes:

- * The sales values are calculated based on ex-factory prices of the anesthesia machine products.
- (1) Company I is a public company with a history of over 100 years and headquartered in Chicago, USA, which was listed on the Nasdaq and primarily engages in medical imaging, ultrasound equipment, patient monitoring, and digital healthcare solutions.
 - (2) Company J is a public company established in 1880s and headquartered in Germany, which was included in the German DAX index and primarily engages in a series of medical equipment and technologies, including anesthesia workstations, ventilators, patient monitoring equipment, thermal insulation equipment, and medical gas management systems.
 - (3) Company K is a public company established in 1890s and headquartered in Netherlands, which was listed on the New York Stock Exchange and primarily engages in health technologies, encompassing diagnostic imaging, image-guided therapy, patient monitoring, health information technology, home care, and personal health.
 - (4) Company L is a public company established in 1900s and headquartered in Sweden, which was listed on the Stockholm Stock Exchange and primarily engages in acute care, surgical procedures, and life sciences.

INDUSTRY OVERVIEW

- (5) Company M is a private company established in 1910 and headquartered in Illinois, USA, which primarily engages in medical device and consumables manufacturing, surgical solutions and infection control, distribution and supply chain services.
- (6) Company N is a private company established in 1980s and headquartered in Michigan, USA, which primarily engages in consumable respiratory products.
- (7) Company O is a private company established in 1940 and headquartered in the UK, which is part of another public company and primarily engages in the research and development, manufacturing, and sales of medical devices and equipment, including infusion systems and vascular access systems.
- (8) Company P is a private company established in 1883 and headquartered in Germany, which primarily engages in the research, development, manufacturing, and sales of high-end medical equipment, including anesthesia workstations and respiratory therapy systems.

Competitive landscape of Global Anesthesia Vaporizers, 2024

Ranking	Company	Company Origin	Market Share by Sales Value*
1	Company J	Overseas	25.7%
2	Company I	Overseas	25.0%
3	Company L	Overseas	22.1%
4	The Company	China	12.9%
5	Company Q	Overseas	4.1%

Source: CIC

Notes:

* The sales values are calculated based on ex-factory prices of the anesthesia machine products.

- (1) Company Q is a public company established in 1990s and headquartered in the UK, which primarily engages in the design and manufacture of anesthesia machines and ICU ventilators.

Others

Airway Management Devices

Airway management devices are essential for securing a patient’s airway and ensuring stable vital signs, among which laryngoscopes serve as a critical tool during intubation procedures. Airway management device is commonly used in anesthesia, first aid, monitoring care, and other scenarios such as chronic obstructive pulmonary disease with respiratory failure. The global market for airway management devices has grown from US\$9.8 billion in 2018 to US\$15.5 billion in 2024, at a CAGR of 8.0%, and it is expected to increase to US\$23.9 billion in 2030, at a CAGR of 7.5% from 2024. The airway management devices market in China has grown from RMB9.8 billion in 2018 to RMB16.1 billion in 2024, at a CAGR of 8.6%, and it is expected to reach a size of RMB23.4 billion in 2030, at a CAGR of 6.4% from 2024.

INDUSTRY OVERVIEW

The video laryngoscope utilizes image transmission technology to provide an indirect view of the larynx, enhancing the intubation process with a magnified field of view and improved visibility due to the blade’s angle. This device facilitates better visualization for endotracheal intubation, requiring less force and thereby minimizing the risk of injury to soft tissues and teeth. The global video laryngoscope market has grown from US\$291.5 million in 2018 to US\$459.8 million in 2024, at a CAGR of 7.9%, and it is expected to further increase to US\$782.4 million in 2030, at a CAGR of 9.3% from 2024. The video laryngoscope market in China increased from RMB301.7 million in 2018 to RMB445.1 million in 2024, at a CAGR of 8.2%, and it is expected to reach RMB749.0 million in 2030, at a CAGR of 7.2% from 2024.

Bronchoscopes

Bronchoscopes, available in rigid, fiberoptic, and electronic variants, are designed for use in a range of challenging airway scenarios. They are particularly valuable for tracheal intubation under awake sedation with topical anesthesia which offers a versatile solution for complex airway management. The global bronchoscope market has grown from US\$2.0 billion in 2018 to US\$2.9 billion in 2024, at a CAGR of 6.9%, and it is expected to further increase to US\$4.1 billion in 2030, at a CAGR of 5.8% from 2024. The bronchoscope market in China increased from RMB2.3 billion in 2018 to RMB3.9 billion in 2024, at a CAGR of 9.4%, and it is expected to reach RMB6.6 billion in 2030, at a CAGR of 9.4% from 2024.

Pulmonary Function Testing Device

The pulmonary function testing device is for assessment of lung function by analyzing parameters of the exhaled gas from the subject, such as oxygen content, carbon dioxide content, slow vital capacity, forced vital capacity and minute ventilation. The pulmonary function testing equipment includes (i) workstations for hospital and health testing center use, assessing lung diffusion, capacity, electrocardiograms, and blood oxygen levels; and (ii) portable devices that are user-friendly and cost-effective, ideal for community health centers, primary care settings, and home use.

The global pulmonary function device market has grown from US\$559.5 million in 2018 to US\$854.1 million in 2024, at a CAGR of 7.3%, and it is expected to reach US\$1,269.9 million in 2030, at a CAGR of 6.8% from 2024. The pulmonary function device market in China has grown from RMB73.6 million in 2018 to RMB121.1 million in 2024, at a CAGR of 8.7%. and it is expected to reach RMB201.6 million in 2030, at a CAGR of 8.9% from 2024.

INDUSTRY OVERVIEW

VTE Prevention Equipment

VTE includes deep vein thrombosis (“DVT”) and pulmonary thromboembolism (“PTE”). PTE is a disease caused by the abnormal clotting of blood in the deep veins. DVT detachment can lead to pulmonary artery embolism, resulting in impaired gas exchange, thromboembolic pulmonary hypertension, right heart failure, and in severe cases, respiratory distress, shock, or even death. Extensive research data has demonstrated that VTE prevention is a cost-effective intervention that significantly improves patient safety.

The global VTE prevention equipment market has grown from US\$341.6 million in 2018 to US\$440.6 million in 2024, at a CAGR of 4.3%, and it is expected to reach a size of US\$558.9 million in 2030, at a CAGR of 4.0% from 2024. The VTE prevention equipment market in China has grown from RMB128.8 million in 2018 to RMB237.3 million in 2024, at a CAGR of 10.7%, and it is expected to reach RMB391.2 million in 2030, at a CAGR of 8.7% from 2024. The table below sets forth the competitive landscape of VTE prevention equipment in China in 2024.

Competitive Landscape of VTE Prevention Equipment Market in China, 2024

Ranking	Company	Company Origin	Market share by sales value ⁽¹⁾
1	Company R	Overseas	26.0%
2	Company S	Overseas	19.0%
3	Company T	Overseas	16.0%
4	Company U	Overseas	13.0%
5	The Company	China	7.5%

Source: CIC

Notes:

- * The sales values are calculated based on ex-factory prices of the VTE prevention equipment products.
- (1) Company R is a public company established in 1950s and headquartered in Sweden, which was listed on the Stockholm Stock Exchange and primarily engages in VTE prevention, disinfection and sterilization, and diagnostic equipment.
- (2) Company S is a private company established in 1860s headquartered in Missouri, USA, which primarily engages in surgical products, respiratory and monitoring solutions, imaging solutions, diagnostic reagents, nursing and protective products, and disposable medical devices.
- (3) Company T is a private company established in 1970s and headquartered in Texas, USA, which primarily engages in the research and development and manufacturing of orthopedic rehabilitation equipment.
- (4) Company U is a private company established in 1980s and headquartered in South Korea, which primarily engages in the research and development and production of medical devices, especially rehabilitation and physiotherapy equipment.

INDUSTRY OVERVIEW

Oxygen Concentrator

Oxygen concentrator is a motor-driven medical device for producing oxygen, with core hardware components including a compressor, molecular sieve, four-way valve, filter, cooling and noise reduction system. Oxygen concentrators generate medical-grade, high-purity oxygen at room temperature, primarily serving (i) patients with neurological, cardiovascular, cerebrovascular, and respiratory diseases, (ii) individuals with high blood pressure, diabetes, and high cholesterol, and (iii) those suffering from obesity-induced oxygen deficiency.

The global oxygen concentrator market has grown from US\$10.0 billion in 2018 to US\$16.6 billion in 2024, at a CAGR of 8.8%, and it is expected to reach US\$22.2 billion in 2030, at a CAGR of 4.9% from 2024. The oxygen concentrator market in China has grown from RMB3.6 billion in 2018 to RMB7.6 billion in 2024, at a CAGR of 13.5%, and it is expected to reach RMB10.7 billion in 2030, at a CAGR of 5.8% from 2024.

Patient Monitor

Patient monitor is a medical device which collects, analyzes and transmits physiological parameters of patients in real-time, such as respiration, pulse, body temperature, blood pressure, heart rate and blood oxygen saturation, these parameters help medical staff to analyze the patient’s current condition and to make correct judgments. The core monitoring parameters include electrocardiogram, respiration, temperature, non-invasive/invasive pressure and oxygen saturation. Patient monitors are widely used in operating rooms, ICUs, emergency departments, psychiatric wards, CT rooms, pediatric and neonatal care units, general wards and maternity wards.

The global patient monitor market has grown from US\$2.4 billion in 2018 to US\$3.5 billion in 2024, at a CAGR of 6.8%, and it is expected to reach US\$5.2 billion in 2030, at a CAGR of 6.8% from 2024. The patient monitor market in China increased from RMB2.6 billion in 2018 to RMB4.1 billion in 2024, at a CAGR of 7.9%, and it is expected to reach RMB6.8 billion in 2030, at a CAGR of 8.9% from 2024.

Growth Drivers and Future Trends of Life Support Market

The future market trends for the life support market include the following:

- *Informalization and Smart Technology.* Monitoring systems, such as the infusion central monitoring system, swiftly transmit patient data to medical staff for remote diagnostics and continuously monitor vital signs. Infusion pumps directly send data to these systems, enabling immediate alerts for any irregularities, allowing quick intervention by medical staff.

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- *Expansion of application scenarios.* Life support products are evolving towards portability, enhancing their use across diverse scenarios. Portable monitors, for example, are easy to transport and use, boosting efficiency in hospitals and extending to community and emergency services. Portable infusion pumps offer the freedom of mobility during treatment, reducing hospital stays and supporting recovery and pain management in various medical situations like post-surgery and chemotherapy. As populations age, the demand for home healthcare devices grows, playing a crucial role in supporting the elderly outside hospitals and easing the strain on healthcare systems.
- *Public hospital expansion focus.* Aligning with policies on ICU and public hospital development, the life support market sees substantial growth prospects. The 2020 “Program for Building Public Health Control and Treatment Capacity” mandates ICU enhancements and the provision of essential life support tools like monitoring systems and ventilators. Currently, China’s per capita ICU bed ratio significantly trails behind developed nations, indicating vast potential for expansion. For instance, while China reported only 12.8 ICU beds per 100,000 people in 2023, the United States boasted 29.4 beds. The concerted effort to bolster ICU capacities directly influences life support product demand. Furthermore, the 2021 approval of the “Opinions on Promoting the High-quality Development of Public Hospitals” by the Central Committee for Comprehensive Deepening of Reforms underlines the importance of public hospitals and advocates for “the acceleration of high-quality medical resource distribution and regional balance.” This initiative is set to further invigorate the medical infrastructure expansion and enhance public hospital capabilities.

MINIMALLY INVASIVE INTERVENTION

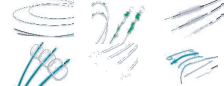
Minimally invasive interventional surgery is a procedure that utilizes interventional instruments to diagnose and treat patients through vascular or non-vascular channels according to different operating methods, causing minimal trauma and guided by imaging techniques. The non-vascular access is mainly performed through the natural orifice of the human body or into the interior of the human body through tiny incisions. The common medical devices used in these procedures include endoscopes, puncture needles, dilation balloons, guide wires, catheters, stents, and lithotomy baskets.

Endoscopes. Endoscope is a type of minimally invasive interventional inspection instrument composed of image sensor, optical lens, light source and mechanical device. A typical endoscope applies several modern technologies including optics, ergonomics, precision mechanics, electronics, and software engineering. It is used to examine the internal organs visually and diagnose or assist in surgery. Endoscopes have various classification methods: (i) according to the imaging principle of the endoscope, it can be divided into optical endoscopes, which use a traditional optical system for visualization, and electronic endoscopes, which use a digital camera at the tip to capture images; (ii) according to the allowable number of uses of endoscope, it can be classified into single-use endoscopes, designed for single use to prevent

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cross-contamination, and reusable endoscopes, which are sterilized and used multiple times; (iii) according to the rigidity of the endoscope, it is categorized into rigid endoscopes, which are prism-based optical systems offering clear imaging, multiple working channels, and varied viewpoints, and flexible endoscopes, which are optical fiber-based systems featuring lenses that can change directions but offer lower imaging quality. Furthermore, endoscopes can also be classified according to the detection areas they reach, such as cholangioscopes, duodenoscope, ureteroscopes and nasopharyngoscopes.

Consumables. Consumables for minimally invasive interventional surgery are tools designed to facilitate various surgical procedures while minimizing the need for large incisions. Consumables are typically single use to ensure sanitation and reduce the risk of infection. The following table sets forth the common types of consumables used in different minimally invasive interventional surgeries:

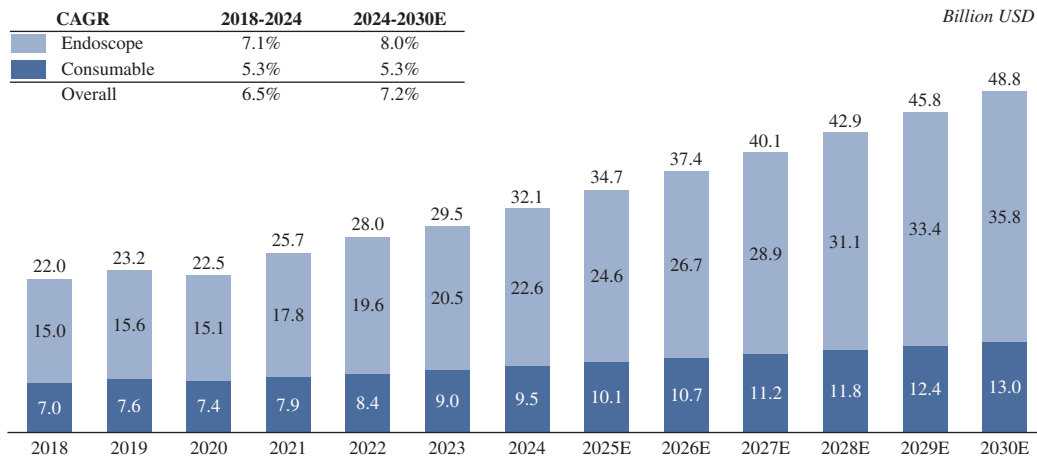
Departments	Consumables
Gastroenterology  	Guide wire, Clip, Electrosurgical knife, Retrieval basket, Polypectomy snare, Electrosurgical knife, Biopsy forcep, Grasping forcep, Injection needle, Clip fixing device, Coagrasper, Sphincterotome, Stone extraction balloon, Biliary balloon dilator, Stone extraction basket, mechanical lithotripter, Cytology brush, Biliary and pancreatic stent, Cannula, Guidesheath, Coagulation electrode, etc.
Hepatobiliary  	Sphincterotome, Stone extraction balloon, Biliary balloon dilator, Stone extraction basket, mechanical lithotripter, Cytology brush, Biliary and pancreatic stent, etc.
Urology  	Sheath, Guide wire, Renal dilators, Nephrostomy balloon catheter, Percutaneous access needle, Balloon catheter, Drainage bag, Inflator, Scope adapter, Pumping system, Stent, Laser fiber, Electrode, Retrieval basket, Occlusion device, etc.
Respiratory  	Pulmonary balloon dilatation catheter, Retrieval basket, Guide wire, Cytology brush, Biopsy forceps, Aspiration needle, Stent, Dilatation catheter, Occlusion catheter, etc.
General surgery  	Trocar, Ligation clip, Ultrasonic scalpel, Laparoscopic stapler, Forceps, Coagrasper, Scissors, Medical suture, etc.
Others  	Anchor, Bioabsorbable screw, Forceps, Grasper, Electrode, Scissors, Sealed cap, Brush, Cannula, etc.

Source: CIC

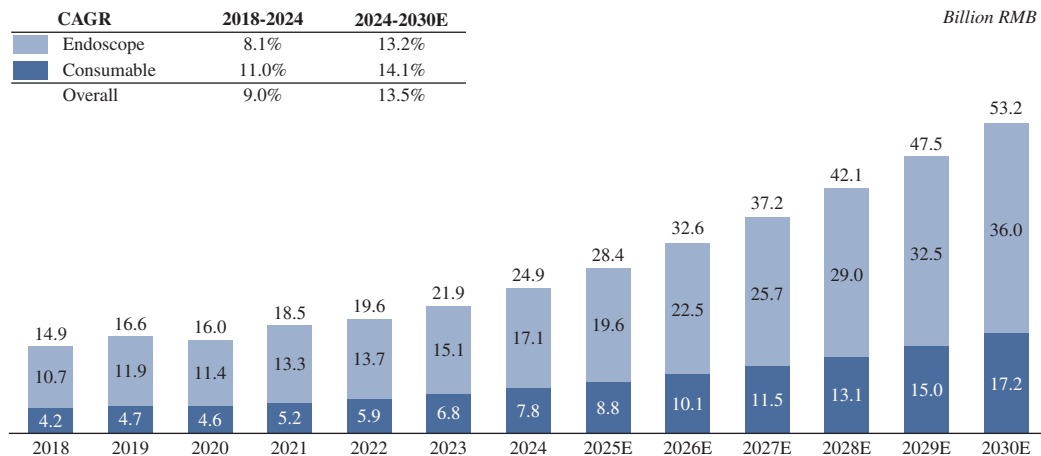
The global market for endoscopic minimally invasive intervention devices, including endoscopes and endoscopic consumables, has increased from US\$22.0 billion in 2018 to US\$32.1 billion in 2024, at a CAGR of 6.5%, and it is expected to further increase to US\$48.8 billion in 2030, at a CAGR of 7.2% from 2024. The market in China has increased from RMB14.9 billion in 2018 to RMB24.9 billion in 2024, at a CAGR of 9.0%, and it is expected to reach RMB53.2 billion in 2030, at a CAGR of 13.5% from 2024.

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Global Endoscopic Minimally Invasive Intervention Market, 2018 — 2030E



Endoscopic Minimally Invasive Intervention Market in China, 2018 — 2030E



Source: CIC

Note: * The market size is calculated based on ex-factory prices of the products.

Products Targeting Digestive Systems

The human digestive system consists of the GI tract plus the accessory organs of digestion, including gallbladder, biliary tract, pancreas and liver. Minimally invasive interventional surgeries commonly address digestive system diseases, including, among others, biliary and pancreatic cancers, GI cancers, biliary and pancreatic stone diseases, and intra-abdominal diseases. Commonly performed minimally invasive surgeries include, among others, (i) ERCP, a procedure that combines with endoscopy and fluoroscopic imaging to examine the pancreatic and biliary ducts, and is widely used for the treatment of biliary stricture, choledocholithiasis and pancreatic diseases; (ii) ESD, a procedure removes cancerous lesions from the GI tract without necessitating the removal of the affected organ; and (iii) EMR, a procedure for removal of sessile or flat neoplasms confined to the superficial layers (mucosa and submucosa) of the GI tract.

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The global market for minimally invasive interventional surgery targeting the digestive system has grown from US\$7.0 billion in 2018 to US\$10.1 billion in 2024, at a CAGR of 6.3%, and it is expected to reach US\$16.4 billion in 2030, at a CAGR of 8.4% from 2024. The market in China increased from RMB5.3 billion in 2018 to RMB9.6 billion in 2024, at a CAGR of 10.4%, and it is expected to increase to RMB19.5 billion in 2030, at a CAGR of 12.5% from 2024.

Specifically, the global market for minimally invasive interventional consumables targeting the digestive system has grown from US\$4.0 billion in 2018 to US\$5.2 billion in 2024, at a CAGR of 4.8%, and it is expected to reach US\$8.6 billion in 2030, at a CAGR of 8.6% from 2024. The market in China increased from RMB1.4 billion in 2018 to RMB2.5 billion in 2024, at a CAGR of 10.0%, and it is expected to increase to RMB5.5 billion in 2030, at a CAGR of 13.7% from 2024.

In 2024, the top five players in the market for minimally invasive interventional consumables targeting the digestive system in China collectively occupied over 95% of the market share in terms of the sales value, among which the Company ranked the second with a market share of 19.2%.

Competitive Landscape of Digestive System Minimally Invasive Interventional Consumables in China, 2024

Ranking	Company	Company Origin	Market Share by Sales Value*
1	Company V	China	46.4%
2	The Company	China	19.2%
3	Company W	Overseas	18.0%
4	Company X	China	8.0%
5	Company Y	China	5.6%

Source: CIC

Notes:

- * The sales values are calculated based on ex-factory prices of the minimally invasive interventional consumables targeting the digestive system.
- (1) Company V is a public company established in 2000 and headquartered in Nanjing, which was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, and primarily engages in the research, development, manufacturing, and sales of minimally invasive medical devices.
 - (2) Company W is a public company established in 1970s and headquartered in Massachusetts, USA, which was listed on the New York Stock Exchange and primarily engages in the research, development, production, and sales of medical devices, including interventional cardiology and oncology products.
 - (3) Company X is a public company established in 2010 and headquartered in Hangzhou, which was listed on the Shanghai Stock Exchange's Science and Technology Innovation Board and primarily engages in medical manufacturing of minimally invasive endoscopic diagnostic and therapeutic devices.
 - (4) Company Y is a private company established in 2000s and headquartered in Hangzhou, which primarily engages in the medical manufacturing of disposable minimally invasive gastrointestinal surgical instruments, endoscopy-related products and other medical devices.

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Single-use Cholangioscope

Cholangioscope is an ultra-thin endoscope used on the basis of duodenoscope. During the ERCP procedure, the cholangioscope is inserted into the biliary tract through the working channel of the duodenoscope for direct inspection and related treatments. This technology helps accurately diagnose bile duct strictures by obtaining tissue samples for analysis which prevents unnecessary surgery for benign conditions. It’s also effective for breaking up and removing large or multiple stones from the bile duct with laser lithotripsy, avoiding surgical risks. Additionally, it supports exploration of the bile and cystic ducts, as well as biopsy of tumors, enhancing success rates for treating complex lesions.

The cholangioscope can be categorized into single-use and reusable types. The global market for single-use cholangioscope has grown from US\$164.1 million in 2018 to US\$415.9 million in 2024 at a CAGR of 16.8%, and it is expected to increase to US\$935.1 million in 2030, at a CAGR of 14.5% from 2024. The market in China has grown from RMB11.7 million in 2018 to RMB87.6 million in 2024, at a CAGR of 39.9%, and it is expected to reach RMB469.5 million in 2030, at a CAGR of 32.3% from 2024.

The cholangioscope market of China is at its early development stage and the top five players of the single-use cholangioscope collectively held over 90% of the total market in China in 2024. The Company ranked the fourth with 7.5% market share.

Competitive Landscape of Single-Use Cholangioscope in China, 2024

Ranking	Company	Company Origin	Market share by sales value
1	Company W	Overseas	45.7%
2	Company V	China	24.0%
3	Company Z	China	9.7%
4	The Company	China	7.5%
5	Company AA	China	6.8%

Source: CIC

Notes:

* The sales values are calculated based on ex-factory prices of the minimally invasive interventional consumables targeting the digestive system.

- (1) Company Z is a private company established in 2000s and headquartered in Hangzhou, which primarily engages in gastrointestinal endoscopes, minimally invasive interventional devices, and imaging systems.
- (2) Company AA is a private company established in 2010s and headquartered in Jiaxing, which is a subsidiary of a listed company and primarily engages in the research, development, production, and sales of non-vascular interventional medical devices, primarily in the areas of gastrointestinal intervention, urology and gynecology, and respiratory intervention.

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Products Targeting Urological System

The urinary system, also known as the urinary tract or renal system, consists of the kidneys, ureters, bladder, and the urethra. Minimally invasive interventional surgeries commonly address digestive system diseases, including, among others, urology system stones, kidney cancer, urinary cancer, prostate cancer, testis cancer, benign prostatic hyperplasia, varicocele and urinary track obstruction. Commonly performed minimally invasive surgeries include: (i) ureterorenoscopy, a preferred method for the treatment of small-to-medium-sized kidney stones located in any part of the urinary tract; (ii) percutaneous nephrolithotomy or stone extraction, a procedure used to remove large stones in the kidney or upper ureter. There are other procedures including, retrograde intrarenal surgery, extracorporeal shock wave lithotripsy, cystoscopy and laparoscopy, and such procedures can be used in combination for the treatment of a broader indications.

The global market for minimally invasive intervention devices targeting the urological system has grown from US\$4.4 billion in 2018 to US\$6.7 billion in 2024, at a CAGR of 7.3%, and it is expected to reach US\$9.8 billion in 2030, at a CAGR of 6.5% from 2024. The market in China has grown from RMB2.2 billion in 2018 to RMB4.3 billion in 2024, at a CAGR of 11.8%, and it is expected to reach a size of RMB7.6 billion in 2030, representing a CAGR of 10.0% from 2024.

In particular, the global single-use ureteroscope market has grown from US\$62.7 million in 2018 to US\$301.3 million in 2024, at a CAGR of 29.9%, and it is expected to reach US\$783.2 million in 2030, at a CAGR of 17.3% from 2024. The market in China has grown from RMB45.8 million in 2020 to RMB475.8 million in 2024 at CAGR of 79.5% and it is expected to reach RMB1,267.6 million in 2030, representing a CAGR of 17.7% from 2024.

Growth Drivers and Future Trends of the Minimally Invasive Intervention Market

Driven by an increase in going population and chronic disease prevalence, an increase in the early diagnosis of digestive cancers and supporting policies, the future market trends for the minimally invasive intervention market include the following:

- *Increasing penetration of single-use endoscopes and consumables:* The demand for single-use endoscopes and consumables is rising, driven by their lower infection risks and increasing adoption in both tertiary and secondary hospitals, promising a future of expanded use in clinical diagnostics and treatments. Technological advancements in image processing and sensor technologies are enhancing the image quality of single-use endoscopes, the advancement of domestic endoscopic diagnosis and treatment and the growing acceptance among doctors, further fueling their market growth.

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- *Product innovation and application scenario expansion.* AI-assisted systems that can efficiently and accurately extract image information will gradually be integrated into the endoscopes and will work with other innovative technologies, such as 3D imaging. Moreover, high-definition imaging technology in endoscopy significantly improves the clarity and detail of organ and tissue images, aiding physicians in accurately identifying critical anatomical relationships and preventing potential damage during surgeries. The advancement of image sensing technology not only enhances surgical safety and quality but also broadens the scope of minimally invasive procedures by offering superior visualization capabilities.
- *Domestic Substitution to imported products.* Domestic products have captured a notable share of the market for low-value consumables, whereas high-value consumables remain largely dominated by multinational companies. However, with persistent investment in innovation by domestic manufacturers and supportive government policies, domestic non-vascular consumables are expected to increasingly replace international counterparts.

IN VITRO DIAGNOSTICS

In vitro diagnostics tests involve analyzing samples taken from the human body, such as blood, tissue, or urine, to detect diseases, conditions, and infections. The primary components of in vitro diagnostics testing are instruments, reagents, and consumables, which collectively facilitate the examination of biological samples. These tests play a critical role in diagnosing a wide range of medical conditions, guiding treatment decisions, and monitoring patient health. According to the classification of testing principles or testing methods, the in vitro diagnostics testing can generally be divided into following categories:

- *Blood Diagnosis.* Blood diagnostics is one of the most common testing methods used to monitor overall health or help diagnose medical conditions in patients. These tests analyze various indicators such as blood cells and platelets, electrolytes, proteins, hormones, and minerals within the blood. Blood grouping and coagulation are two types of commonly performed blood tests.
- *Immunoassays.* Immunoassays utilize immune responses between antigens and antibodies to test infectious diseases and cancers. Common detection techniques include enzyme-linked immunosorbent assay, collaurum and CLIA. CLIA combines a chemiluminescent system with immunoreaction to determine the concentration of analytes by chemical probes which generate light through a chemical reaction to label the antibody. Immunoassays now represent the largest market segment within the in vitro diagnostics industry and continue to experience rapid growth.

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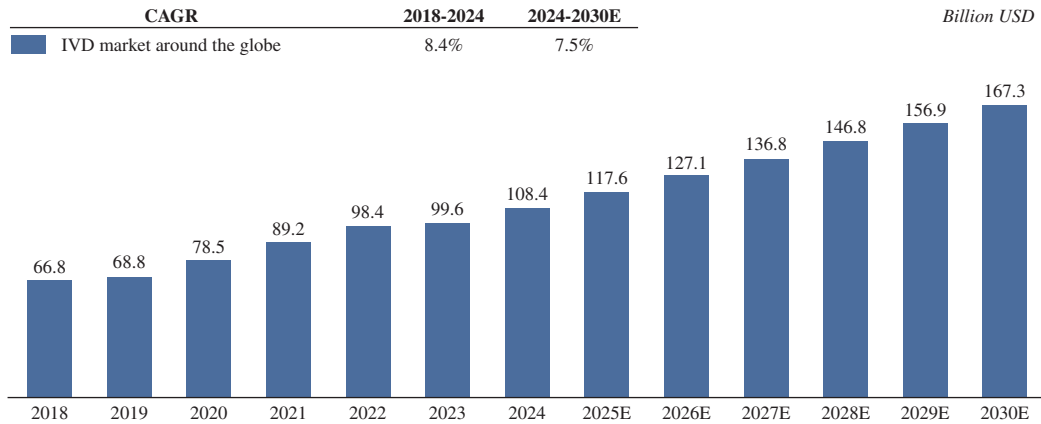
- *Molecular Diagnostics.* Molecular diagnostics involves taking DNA or RNA, the unique genetic code found in our cells, and analyzing the sequences for red flags that can pinpoint the potential emergence of a specific disease. Key technologies involved include polymerase chain reaction (“PCR”) and next-generation sequencing. Molecular diagnostics are mainly used to detect cancers, genetic diseases, and infectious diseases.
- *Biochemical Diagnosis.* Biochemical diagnosis primarily utilizes biochemical reactions to analyze various substances within the body, including enzymes, sugars, lipids, proteins, non-protein nitrogenous substances, and inorganic ions. It is mainly used to assess liver function, kidney function, and other vital indicators.
- *Microbiological Diagnosis.* Microbiological diagnosis involves using methods such as drug sensitivity tests, microorganism culture, morphological observation, and biochemical reactions to identify and analyze bacterial or fungal infections.
- *Morphological Detection.* Morphological detection observes the morphological features of objects under a microscope to identify and analyze various specimens, such as blood cells, body fluids, and feces.

In vitro diagnostics testing is categorized into two main types — laboratory-based diagnostics and POCT. Traditional laboratory testing encompasses a multi-step process that includes patient sample collection, transportation to a centralized laboratory, and subsequent processing steps. POCT is conducted near the site of patient care and uses portable, handheld devices to perform rapid tests directly on samples, and has numerous advantages such as convenience, efficiency, accuracy and relatively lower costs.

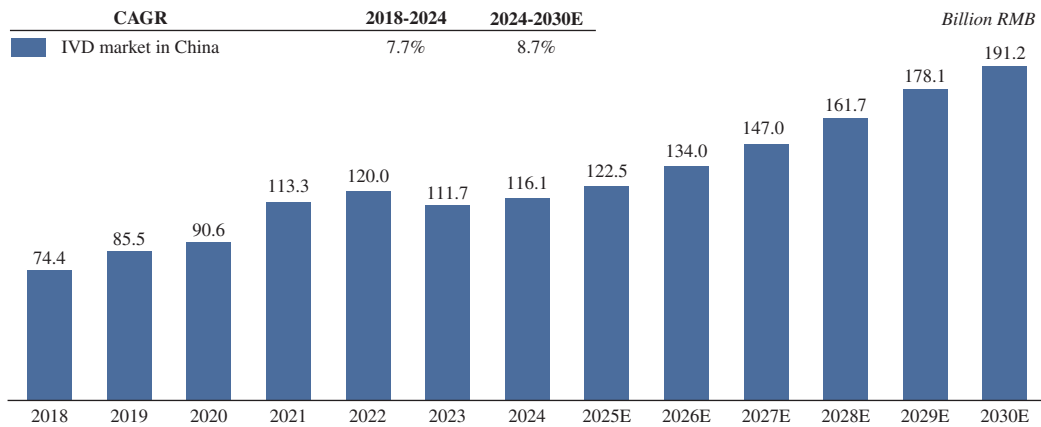
The global in vitro diagnostics market grew from US\$66.8 billion in 2018 to US\$108.4 billion in 2024, at a CAGR of 8.4%, and it is expected to further increase to US\$167.3 billion in 2030, at a CAGR of 7.5% from 2024. The in vitro diagnostics market in China increased from RMB74.4 billion in 2018 to RMB116.1 billion in 2024, at a CAGR of 7.7%, and it is expected to further increase to RMB191.2 billion in 2030, at a CAGR of 8.7% from 2024.

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Global In Vitro Diagnostics Market, 2018 — 2030E



In Vitro Diagnostics Market in China, 2018 — 2030E



Source: CIC

Note: * The market size is calculated based on the ex-factory prices of products.

Coagulation

Blood coagulation is the physiological process that leads to hemostasis, transforming blood from a liquid to a non-flowing gel state. The essence of this process is the conversion of soluble fibrinogen in plasma into insoluble fibrin. Coagulation testing measures a patient’s blood clotting ability through conventional indicators including plasma prothrombin time (“PT”), activated partial thromboplastin time (“APTT”), thrombin time (“TT”) and fibrinogen (“FIB”) levels. Furthermore, thromboelastography (“TEG”) as an emerging test, is gaining importance in this testing area. TEG assesses whole blood samples and offers a comprehensive approach to evaluating blood coagulation efficiency including platelet function, clot strength, fibrinolysis, dissolution state, clot solidity and elasticity. For patients with acute and critical conditions, such as myocardial infarction, stroke, as well as those undergoing procedures like

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stent placement or thrombolytic therapy, coagulation testing serves as a vital clinical indicator. It helps in assessing the progression of the patient’s condition and in deciding the subsequent course of treatment. The table below sets for the comparison between TEG and conventional blood coagulation tests:

Type	Routine Coagulation Test	TEG
Coagulation	Plasma samples were used in the 4 items of coagulation, and only part of the coagulation process was detected, without considering the contribution of platelets to the coagulation process, and the diagnosis of bleeding and thrombosis was incomplete.	 Using whole blood samples, platelet activity can be measured throughout the process from coagulation to fibrinolysis, in addition to vascular factors.
Heparin	APTT detection is not accurate enough to monitor high heparin levels. The correlation between ACT and low molecular weight heparin was poor. anti-Xa activity assay for the detection of low molecular weight heparin, no bedside test system available.	 The test range is wide and can detect very low concentrations (0.005U/mL) of UFH, LMWH, DPD, up to 6 IU/mL, with high sensitivity and specificity, which can be used as bedside monitoring.
Disseminated intravascular coagulation (DIC)	Routine tests for DIC diagnosis include prothrombin time (PT), partially activated thromboplastin time (APTT), platelet count (PLT), fibrinogen content (FIB), fibrin degradation product (FDP), thrombin time (TT), D2 dimer (D2D) determination, etc. There are many indicators, more complex, need doctors to judge comprehensively.	 DIC can be quickly diagnosed, primary and secondary hyperfibrinolysis can be distinguished, which is conducive to timely symptomatic treatment.
Platelet function analysis	The platelet aggregation function was detected by resistive method or transmission nephelometry, which had poor repeatability and was insensitive to agglutination, and could not reflect the overall platelet function.	 The overall function of platelets can be measured in combination or separately with TAX2 and ADP receptor pathway antiplatelet drugs.

Source: CIC

Leveraging its diagnostic advantages, TEG has gained widespread industry recognition and recommendation. TEG is recommended for (i) clotting function detection and transfusion management by authoritative clinical guidelines including the *British Guidelines for the Management of Major Bleeding by Blood Transfusion and Anesthesiologists* (2010), the *ACCF/AHA Guidelines for Cardiac Surgery* (2011), the *Chinese Medical Association Expert Consensus on Major Trauma Transfusion* (2013), and the *ESA Guidelines for the Management of Major Bleeding during Perioperative Period*; (ii) perioperative management as studies have proved that the use of TEG can predict intraoperative blood loss and detect coagulation abnormalities in advance to effectively avoid the potential follow-up complications; and (iii) guiding the antiplatelet therapy to prevent over treatment or ineffective treatment, which has become a clinical consensus of industry guidelines including the *2013 JACC International Expert Consensus*, the *2014 Expert Recommendation of the Cardiovascular Society of the Chinese Medical Association*, the *2019 JACC International Expert Consensus Update*, the *2014 Chinese Expert Recommendation of the Cardiovascular Society of the Chinese Medical Association*.

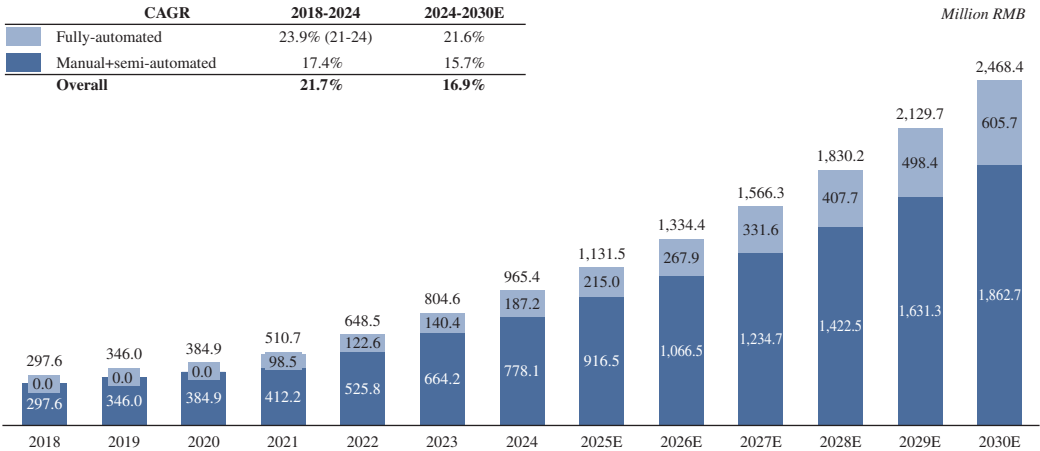
The global coagulation device market grew from US\$1.5 billion in 2018 to US\$3.2 billion in 2024, at a CAGR of 12.9%, and it is expected to further increase to US\$6.1 billion in 2030, at a CAGR of 11.5% from 2024. The coagulation device market in China has experienced steady growth, increasing from RMB3.7 billion in 2018 to RMB7.9 billion in 2024, at a CAGR of 13.4%, and it is expected to further increase to RMB15.5 billion in 2030, at a CAGR of 12.0% from 2024.

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Market for TEG Devices in China

TEG device market in China has rapidly grown from RMB297.6 million in 2018 to RMB965.4 million in 2024, at a CAGR of 21.7%, and it is expected to further increase to RMB2,468.4 million in 2030, at a CAGR of 16.9% from 2024. TEG devices can be categorized into fully-automated mode and semi-automated mode. The semi-automated mode, being introduced earlier, currently dominates the market. However, as fully-automated devices are progressively promoted, their market share is expected to gradually increase. The fully-automated TEG device market in China increased from RMB98.5 million in 2021 to RMB187.2 million in 2024, at a CAGR of 23.9%, and it is expected to increase to RMB605.7 million in 2030, at a CAGR of 21.6% from 2024.

TEG Device Market in China, 2018 — 2030E



Source: CIC

Note: * The market size is calculated based on the ex-factory prices of products.

Competitive Landscape of Fully-automated TEG Device Market in China

In 2024, the top five players of fully-automated TEG devices collectively occupied over 80% of the market share in China in terms of the sales value, among which the Company ranked first with a market share of 26.0%. The table below shows the competitive landscape of China’s fully-automated TEG market in 2024.

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Competitive Landscape of Fully-automated TEG Market in China, 2024

Ranking	Company	Company Origin	Market share by sales value
1	The Company	China	26.0%
2	Company BB	China	19.2%
3	Company CC	China	10.7%
4	Company DD	Overseas	9.1%
5	Company EE	China	8.5%

Source: CIC

Notes:

- * The sales values are calculated based on ex-factory prices of the fully-automated TEG devices.
- Company BB is a public company established in 1990s and headquartered in Beijing, which was listed on the Shenzhen Stock Exchange’s ChiNext board and primarily engages in cardiovascular interventional medical devices, pharmaceuticals, and medical services and health management.
 - Company CC is a public company established in 1990s and headquartered in Zhuhai, which was listed on the Shenzhen Stock Exchange’s ChiNext board and primarily engages in vacuum blood collection systems, in vitro diagnostic reagents, and medical information technology solutions.
 - Company DD is a public company established in 1970s and headquartered in Massachusetts, USA, which was listed on the New York Stock Exchange and primarily engages in blood and plasma component collection, surgical transfusion management, hospital transfusion services, vascular closure devices, and related software solutions.
 - Company EE is a private company established in 2010s and headquartered in Shenzhen, which primarily engages in the research and development, production and sales of IVD equipment and reagents, covering areas such as thromboelastometry, POCT immunoassays and microbiology.

Blood Grouping

Blood grouping classifies blood based on the presence of specific antigens and antibodies. The primary systems are the ABO and Rh blood groups. The ABO system categorizes blood into four types: A, B, AB, and O. The Rh system, specifically RhD antigen, classifies blood as either RhD positive or RhD negative based on the presence or absence of this specific antigen. These classifications are crucial for determining compatibility in blood transfusions, collecting donor blood, diagnosing neonatal hemolytic diseases, and conducting pre-transplant tests. Additionally, blood grouping is employed in paternity testing, forensic identification, and the investigation of certain diseases, making it an essential tool in both medical and legal fields.

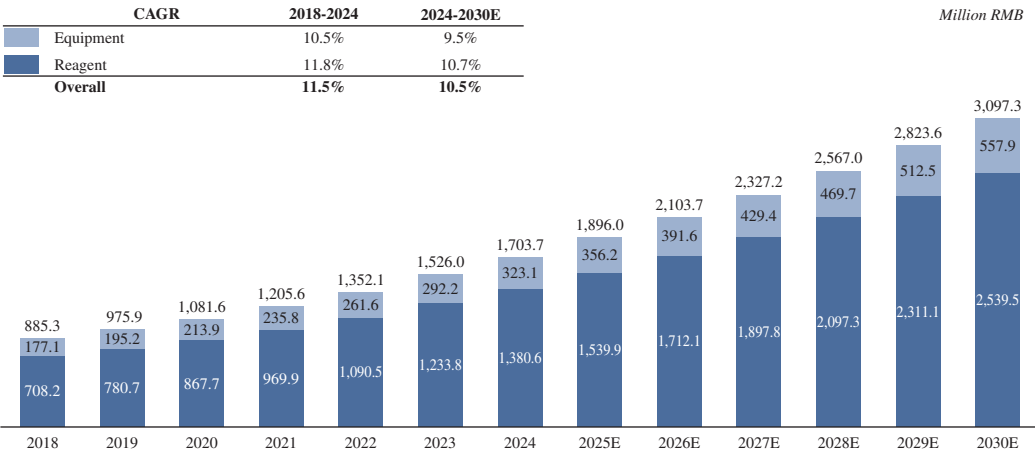
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Currently, the main testing methods for blood grouping are microcolumn gel method and hemagglutination test. The microcolumn gel method innovates in immunological detection. By adjusting gel concentration and selecting specific gel types, it fine-tunes the pore size of molecular sieve. This ensures only free red blood cells can pass through, effectively distinguishing between agglutinated and non-agglutinated red blood cells. Hemagglutination test identifies the agglutination reaction between antibodies and red blood cells in a liquid medium by introducing blood typing reagents, and it is primarily based on three test methods, namely the slide method, the test tube method and the microplate method.

Market for Blood Grouping Devices in China

The blood grouping market in China increased from RMB885.3 million in 2018 to RMB1,703.7 million in 2024, at a CAGR of 11.5%, and it is expected to further increase to RMB3,097.3 million in 2030, at a CAGR of 10.5% from 2024. Due to its testing characteristics and high consumption of disposables, the blood grouping market is primarily driven by sales of reagents and test kits, accounting for about 80% of the total market, with the remainder attributed to equipment sales.

Blood Grouping Device Market in China, 2018 — 2030E



Source: CIC

Note: * The market size is calculated based on the ex-factory prices of products.

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Competitive Landscape of Blood Grouping Device Market in China

In 2024, the top ten players of blood grouping devices collectively occupied approximately 75% of the market share in China in terms of sales value, among which the Company ranked the fifth with a market share of 3.9%. Among the top ten market players, there are four domestic companies including Changchun Boxun, Aikang Bio, Bi-Rad and the Company. The six overseas market players are ORTHO, Diagnostic Grifols, Beckman Coulter, Immucor, Diamed and Hamilton.

Competitive Landscape of Blood Grouping Device Market in China, 2024

Ranking	Company	Company Origin	Market share by sales value ⁽¹⁾
1	Company FF	China	21.0%
2	Company GG	Overseas	18.5%
3	Company HH	Overseas	10.5%
4	Company II	Overseas	8.0%
5	The Company	China	3.9%

Source: CIC

Notes:

* The sales values are calculated based on ex-factory prices of the blood grouping devices.

- (1) Company FF is a private company established in 2000s and headquartered in Changchun, which primarily engaged in the research, development, production, and sales of in vitro diagnostic reagents, including microcolumn gel immunoassay technology, monoclonal antibodies, and molecular detection technology.
- (2) Company GG is a public company established in 1930s and headquartered in New Jersey, USA, which was listed on the Nasdaq and primarily engages in in vitro diagnostics of laboratory testing and blood typing solutions.
- (3) Company HH is a private company established in 2010s and headquartered in Spain, which is a part of a listed company and primarily engages in transfusion medicine and clinical diagnostics-related products and services.
- (4) Company II is a private company established in 1930s and headquartered in California, USA, which is a part of a listed company and primarily engages in clinical diagnostics and life sciences-related products and services.

Chemiluminescence

CLIA has become a crucial routine immunoassay technique in clinical laboratories, spanning various fields including cancer, cardiovascular diseases, infectious diseases, and endocrinology. It encompasses virtually all immunodiagnostic tests. Based on the chemiluminescence method employed, it can be further categorized into direct chemiluminescence, enzyme chemiluminescence, electrochemiluminescence, and luminescent oxygen channel immunoassays. The chemiluminescence market in China has seen rapid growth from RMB19.2 billion in 2018 to RMB39.3 billion in 2024, at a CAGR of 12.7% and it is expected to further increase to RMB58.2 billion in 2030, at a CAGR of 6.7% from 2024.

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Chemiluminescence POCT, by developing fully-automated detection equipment of smaller size, has enabled rapid and timely detection. It offers advantages over traditional detection methods regarding testing volume, variety of sample types, reagent usability, and ease of operation. It streamlines the testing process and saves time consumed in sample transportation, pre-processing, organization, labeling and distribution. The chemiluminescence POCT market in China has grown from RMB3.9 billion in 2018 to RMB10.3 billion in 2024, at a CAGR of 17.7%, and it is expected to reach RMB24.4 billion in 2030, at a CAGR of 15.5% from 2024.

Molecular Diagnostics

PCR is a laboratory technique to amplify DNA sequences through replication process of DNA, and it consists of three key reaction steps, namely denaturation, annealing and extension. PCR is widely used as a standalone molecular diagnostic technique and serves as a crucial amplification step in next-generation sequencing. By facilitating high-throughput sequencing, it enhances testing accuracy, providing a more detailed analysis of genetic sequences. This dual functionality makes PCR indispensable in both direct diagnostics and as a preparatory step for more complex genomic studies. When PCR is directly used as a molecular diagnostic technique, it can generally be categorized by three types: (i) Qualitative PCR technology, which employs agarose gel electrophoresis for analysis, is primarily utilized in scientific research. This method focuses on detecting the presence or absence of a target sequence. (ii) Quantitative PCR technology, also known as real-time quantitative PCR (“qPCR”), represents the most mature and widely adopted form of PCR diagnostics, offering rapid results, high precision, and the ability to quantify the amount of target nucleic acid in a sample. (iii) Digital PCR (“dPCR”) distinguishes itself by enabling absolute quantification of nucleic acids without the need for standard curves, offering enhanced sensitivity, precision, and reproducibility, particularly useful for detecting low-abundance targets, precise gene expression analysis, and variations in genetic sequences. The PCR market in China has grown from RMB4.5 billion in 2018 to RMB11.4 billion in 2024, at a CAGR of 16.8%, and it is expected to reach RMB21.8 billion in 2030, at a CAGR of 11.4% from 2024.

Growth Drivers and Trends of the In Vitro Diagnostics Industry

Driven by an increase in chronic disease prevalence, heightened awareness for disease diagnosis, recommendations from authoritative medical guidelines and consensus, expanded in vitro diagnostics application scenarios, and broader insurance coverage, the in vitro diagnostics market is expected to further develop. Future trends are anticipated to include the following:

- *Global health initiatives and collaborations.* Increasing global health initiatives and international collaborations are driving the development of the in vitro diagnostics industry to address global health challenges. These partnerships are crucial for pooling resources, facilitating the development, and ensuring the global distribution of innovative in vitro diagnostics solutions.

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- *Domestic substitution to imported in vitro diagnostics products.* Historically, the in vitro diagnostics market has been dominated by multinational medical device companies. However, as domestic brands continue to evolve and benefit from technological advancements and favorable policy support, these brands are not only gaining market share but are also expected to further increase their presence and expand into upstream markets. This shift reflects the growing competitiveness and capabilities of local manufacturers in the global in vitro diagnostics landscape.
- *Easier access to in vitro diagnostics with supportive regulation and policy.* As the in vitro diagnostics industry advances, regulatory bodies around the world are refining their frameworks to ensure patient safety while encouraging innovation. This has led to an increasing standardization of regulatory requirements across different regions, simplifying the approval process for new in vitro diagnostics products. Such standardization accelerates the global rollout of new diagnostic technologies and supports innovation by easing market access for novel developments.
- *More consumer-friendly testing process.* The deepening patient education is fostering a demand for direct-to-consumer diagnostic tests and wellness assessments. This trend is prompting in vitro diagnostics companies to design more user-friendly testing kits and digital health tools, making it easier for consumers to engage with and benefit from advanced diagnostic processes.
- *The rise of preconception and prenatal testing.* Preconception and prenatal testing, commonly referred to as reproductive genetic testing, is gaining prominence. As awareness of health diagnostics grows and technological advancements continue, an increasing number of individuals and couples are opting for genetic tests to assess the risk of passing genetic conditions to their offspring or to make informed decisions about pregnancy management. This growing interest is driving up the demand for associated in vitro diagnostics products and services.
- *The expansion of in vitro diagnostics applications in primary healthcare settings.* The expansion of primary-level maternal and child health centers, particularly in underserved areas, is improving access to healthcare services for expectant mothers and infants. As more of these primary healthcare facilities are established or upgraded to deliver comprehensive care, the demand for diagnostic equipment and consumables will grow. This demand extends to tools for biochemical analysis, molecular diagnostics, and imaging techniques — key components of in vitro diagnostics essential for effective healthcare delivery in these settings.

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SOURCE OF INFORMATION

This section contains information extracted from the CIC Report prepared by China Insights Consultancy independently, which is commissioned by us in connection with the [REDACTED]. We expect to pay China Insights Consultancy a total of RMB1.2 million for the CIC Report and our use of the report. China Insights Consultancy is a consulting company which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the CIC Report. We have extracted certain information from the CIC Report in this section, as well as in the sections headed “Summary,” “Risk Factors,” “Business,” “Financial Information” and elsewhere in this document to provide our potential [REDACTED] with a more comprehensive presentation of the industry in which we operate.

During the preparation of the CIC Report, China Insights Consultancy performed both primary and secondary research, and obtained knowledge, statistics, information on and industry insights into the medical device market in China and globally. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. Exchange rate used in the CIC Report are set out as following: The translations between Renminbi and U.S. dollar are made at the rate of RMB7.1 to US\$1.0. The CIC Report was compiled based on the following assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) Global and China’s economic and industrial development is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the medical device market, in particular the markets for life support, minimally invasive intervention and in vitro diagnostics; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. Our Directors have confirmed, after making reasonable inquiries and exercising reasonable care, that there is no adverse change in the market information since the date of the CIC Report which may qualify, contradict or impact the information disclosed in this section.

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PRC REGULATORY OVERVIEW

Our business operations in the PRC are subject to a large number of laws and regulations, as well as extensive government supervision. This section sets out a summary of the major laws, regulations, rules and policies that may have a significant impact on our business operations in the PRC.

LAWS AND REGULATIONS RELATING TO THE ADMINISTRATION OF MEDICAL DEVICES

Our business operations in the PRC are subject to a number of laws and regulations relating to the administration of medical devices. The principal regulator of the medical device industry of the PRC is the National Medical Products Administration (the “NMPA”) and its local branches, formerly known as the State Food and Drug Administration (the “former SFDA”) and its local branches.

Classification, Registration and Filing of Medical Devices

Pursuant to the Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) promulgated by the State Council on January 4, 2000, last amended on December 6, 2024, and effective on January 20, 2025, medical devices are subject to classified management in the PRC and are classified into three categories by their degree of risk. Class I refers to low-risk medical devices with their safety and effectiveness ensured through routine administration. Class II refers to medium-risk medical devices with their safety and effectiveness under strict control and administration. Class III refers to high-risk medical devices which require special measures for strict control and administration to ensure their safety and effectiveness. Class I medical devices are subject to filing-based product administration, while Class II and Class III devices are subject to registration-based product administration. Drug supervision and administration authorities under the State Council formulate the rules and catalogs for medical device classification, timely analyze and assess the changes of risks concerning medical devices, and adjust their classification rules and catalogs based on their production, operation and use.

Pursuant to the Regulations on Supervision and Administration of Medical Devices and the Measures for the Administration of Registration of Medical Devices (《醫療器械註冊管理辦法》) promulgated by the former SFDA on July 30, 2014 and effective on October 1, 2014 (repealed after the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) became effective on October 1, 2021), for filing domestic Class I medical devices, filing materials shall be submitted to the local drug supervision and administration authorities of the municipal people’s government, with any amendment to the record matters to be filed with the original filing authorities. Domestic Class II and Class III medical devices are subject to registration-based administration, under which Class II medical devices shall be examined by the drug supervision and administration authorities of a people’s government at the provincial, autonomous region and municipal level; and Class III medical devices shall be examined by the drug supervision and administration authorities of the State Council, with a medical device registration certificate (醫療器械註冊登記證) to be issued upon approval.

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Pursuant to the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》), which came into effect on October 1, 2021 and replaced the Measures for the Administration of Registration of Medical Devices at the same time, the registrant of medical devices shall actively conduct post-launch studies on the devices to further confirm their safety, effectiveness and quality controllability and strengthen the continuous management of the launched medical devices. For registered Class II or Class III medical devices, the registrant shall apply to the original registration authorities for registering any substantive changes to the design, raw material, production technology, scope and methodology of application of such devices which may affect their safety and effectiveness; other changes shall be filed with the original registration authorities within 30 days from the date of such changes. In addition, for any expansion of the scope of the application, the registrant shall apply for an update on the relevant part of the registration certificate with the original registration authorities. The medical device registration certificate is valid for five years, and the registrant shall apply to the original registration authorities for registration renewal at least 6 months prior to the expiration date.

Pursuant to the notice issued by the NMPA on September 29, 2021, for such registration applications that were accepted but not yet approved prior to the implementation of the Measures for the Administration of Registration and Filing of Medical Devices, drug supervision and administration authorities shall continue with their assessment in accordance with the original regulations and issue medical device registration certificates if the conditions are met for launch on the market.

In addition, the Measures for the Administration of Registration and Filing of Medical Devices sets out the details of product development, clinical evaluation, registration system verification, product registration, registration of changes, renewal registration and product filing, as well as special registration procedures such as innovative product registration procedures, priority registration procedures and emergency registration procedures.

Clinical Trials for Medical Devices

According to the Measures for the Administration of Registration and Filing of Medical Devices, clinical trials are not required for the filing of Class I medical devices but are required for the application for registering Class II and Class III medical devices. Medical devices may be exempt from a clinical trial under any of the following circumstances: (i) with a clear working mechanism, established design, mature manufacturing processes, years of application of similar medical devices on the market with no record of material adverse events, and no change to the general purpose of the device; (ii) safety and effectiveness of the medical device proven through non-clinical evaluation; (iii) safety and effectiveness of the medical device proven through the analysis and evaluation of the data obtained from the clinical trial or application of similar medical devices.

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The NMPA shall prepare, adjust, and release the catalog of medical devices exempt from a clinical trial. For products not included in such catalog, the applicant may specify in the registration application and submit relevant proofs in relation to the safety and effectiveness of the medical device proven through the analysis and evaluation of the data obtained from the clinical trial or application of similar medical devices. For certain Class III medical devices subject to clinical trials with high risk to human bodies, approval from the NMPA is required before clinical trials. The original catalog of Class III medical devices subject to clinical trial approval was amended under the Notice of the Catalog of Class III Medical Devices Requiring Clinical Trial Approval (2020 Amendment) (《需進行臨床試驗審批的第三類醫療器械目錄(2020年修訂版)的通告》) promulgated by the NMPA on September 14, 2020, which came into effect on September 14, 2020.

The Measures for the Administration of Registration and Filing of Medical Devices stipulates that, except for the circumstances exempt from clinical evaluation, clinical evaluation shall take place for the registration and filing of medical device products. On September 16, 2021, the NMPA issued the Notice on the Issuing the Catalog of Medical Devices Exempt from Clinical Evaluation (《關於發佈免於進行臨床評價醫療器械目錄的通告》), which came into effect on October 1, 2021, and last amended on May 12, 2025.

Jointly promulgated by the former SFDA and the former National Health Commission on March 24, 2022, and effective from May 1, 2022, the Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》) covers the entire process of a clinical trial of medical devices, including, among others, the protocol design, execution, monitoring, verification and inspection, as well as data collection, recording, analysis and conclusion and reporting procedure of a clinical trial. To carry out clinical trials of medical devices, the applicant shall organize to prepare a scientific and reasonable clinical trial protocol based on the categories, risks and intended uses of the medical devices for clinical experiments. The applicant shall be responsible for (i) organizing the preparation and modification of the researcher’s manual, clinical trial protocol, informed consent form, case report form, relevant standard operating procedures and other relevant documents, and (ii) organizing necessary training for the clinical trials. The applicant shall select a clinical trial institution and its researchers from qualified clinical trial institutions for medical devices based on the characteristics of such medical devices to be used in the experiment. Applicants for the clinical trials of medical devices are responsible for initiating, applying for, organizing and monitoring such clinical trials, and shall be responsible for the authenticity and reliability of the clinical trials.

Special Examination Procedures for Innovative Medical Devices (“Green Path”)

On October 8, 2017, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Medicine and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the “Innovation Opinions”), which aims to encourage the innovation of medical devices. Pursuant to the Innovation Opinions, priority review and approval will be granted to innovative medical

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devices supported by the National Key Science and Technology Projects and the National Key Research and Development Program of the PRC, clinically trialed by the National Clinical Research Center, and approved by the management department of the National Clinical Research Center.

Pursuant to the Special Examination Procedures for Innovative Medical Devices (《創新醫療器械特別審查程序》) promulgated by the NMPA on November 2, 2018, and effective from December 1, 2018, special procedures are applicable to the examination of medical devices in the following circumstances:

- (i) the applicant legally owns the invention patent of the core technology of the product through its technological innovation activities in the PRC, or legally obtains the invention patent or the right of use thereof through transfer in the PRC, and the interval shall not exceed five years from the date of application for the special examination and approval of innovative medical devices to the date of announcement of patent license, or the patent administration authorities of the State Council has disclosed the application for the invention patent of the core technology and the Patent Search and Consultation Center of China National Intellectual Property Administration (國家知識產權局專利檢索諮詢中心) has issued a patent search report setting out the novelty and innovation of the core technology solution of the product;
- (ii) the applicant has completed preliminary research and developed a preliminary product through a true and controlled research process with complete and traceable research data;
- (iii) the product has (a) pioneering major working mechanism or mechanism of action domestically, (b) fundamental improvement in performance or safety compared with similar products, (c) internationally leading technology and significant value for clinical application.

The Center for Medical Device Evaluation of the NMPA (國家藥監局醫療器械技術審評中心) shall prioritize innovative medical devices in their technical review of the registration applications received, after which the NMPA shall prioritize such products in their administrative approval.

According to the Measures for the Administration of Registration and Filing of Medical Devices effective from October 1, 2021, an applicant for innovative product registration procedures shall submit an application for review of the innovative medical device to the NMPA after the preliminary product is developed. The NMPA will organize experts to review the application and, if the requirements are met, will include it in the registration procedures for innovative products. For medical device registration applications subject to the innovative product registration procedures, the NMPA and the institutions that undertake relevant technical work will designate special personnel for timely communication and guidance according to their respective responsibilities. For medical devices included in the innovative

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product registration procedures, the Center for Medical Device Evaluation of the NMPA can communicate with the applicant on major technical issues in product development, major safety issues, clinical trial protocols, summaries and evaluations of phased clinical trial results, etc. before the registration application is accepted and during the technical review process.

Production Permit of Medical Devices

Pursuant to the Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》) promulgated by the former SFDA on July 20, 2004, and last amended on March 10, 2022 and effective on May 1, 2022, a medical device manufacturer shall have all the following conditions:

- (i) production sites, environmental conditions, production equipment and professional technicians suitable for such medical devices produced;
- (ii) organizations or professional examination staff and examination equipment to carry out quality examinations for such medical devices produced;
- (iii) management systems to ensure the quality of such medical devices;
- (iv) after-sale services capabilities suitable for such medical devices produced; and
- (v) requirements in line with the provisions of the product research and development and production technique documents.

An enterprise engaged in the production of Class I medical devices shall file for the production of such devices with the municipal food and drug supervision and administration authorities in the district where the enterprise is located and submit proofs of qualifications for the production of such medical devices. Any changes to the contents of such filing proofs shall be filed. Enterprises engaged in the production of Class II and Class III medical devices shall apply for a Medical Device Production Permit (《醫療器械生產許可證》) with the drug supervision and administration authorities of the province, autonomous region or municipality where the enterprise is located, and submit proofs of qualifications for production of such medical devices and the registration certificates for such medical devices produced. For any changes to the contents of the Medical Device Production Permit, an application shall be made to the original issuing authorities to register such changes. The Medical Device Production Permit is valid for five years, and the registrant shall apply to the original issuing authorities for renewal within 90 to 30 working days prior to the expiration date.

Medical Device Production and Quality Management Standards

Pursuant to the Quality Management Standards for Medical Device Production (《醫療器械生產質量管理規範》) (the “Production Quality Management Standards”) promulgated by the former SFDA on December 29, 2014, and effective on March 1, 2015, an enterprise engaged in medical device production shall establish a sound quality management system as

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required under the Production Quality Management Standards and shall ensure its effective operation. The enterprise shall establish procurement control procedures and a supplier audit system to evaluate its suppliers and ensure that the products purchased meet statutory requirements. The enterprise shall keep a true, accurate, complete and traceable record of the purchase, production and inspection of raw materials. The enterprise shall manage its risks throughout the process of design and development, production, sales and after-sales services. The measures taken shall be appropriate to the risks associated with the product.

According to the Notice on Issuing On-site Inspection Guidelines of Medical Device Production Quality Management Standards and Three Other Guidelines (《關於印發<醫療器械生產質量管理規範現場檢查指導原則>等四個指導原則的通知》) promulgated by the former SFDA on September 25, 2015, and effective on the same date, during the on-site verification of medical device registration and the on-site inspection of production licensing (including changes), the inspection team shall issue conclusive recommendations for on-site inspection according to such guidelines. The recommendations are divided into three categories, namely “pass”, “fail” or “review after rectification”. During supervision and inspection, the enterprise shall be required to suspend production for rectification if found to breach the requirements on key items or on general items which may have a direct impact on product quality; the enterprise shall be required to rectify within a prescribed period if only found to breach the requirements on general items which have no direct impact on product quality. Regulators shall issue the final inspection results upon reviewing the conclusive recommendations and on-site inspection information submitted by the inspection team.

Management of Medical Device Operations

Pursuant to the Measures for the Supervision and Administration of Medical Devices Operation (《醫療器械經營監督管理辦法》) promulgated by the former SFDA on July 30, 2014, and respectively amended on November 17, 2017, and March 10, 2022, an enterprise engaged in medical devices operation shall align its operation and storage premises with the scope and scale of operation, and engage quality management agencies or personnel in line with medical devices operation. An enterprise engaged in the operation of Class II medical devices shall file with the municipal drug supervision and administration authorities in the district where the enterprise is located and submit proof that the enterprise has met the conditions on the operation of such medical devices and an enterprise engaged in the operation of Class III medical devices shall apply for a Medical Device Operation Permit (《醫療器械經營許可證》) with the municipal drug supervision and administration authorities in the district where the enterprise is located, and submit proofs that the enterprise has met the conditions on the operation of such medical devices.

The drug supervision and administration authorities that have received the application for an operation permit shall issue the Medical Device Operation Permit to the enterprise which has met the requirements. The Medical Device Operation Permit is valid for five years and renewable in accordance with relevant provisions. Enterprise engaged in medical device operation shall not operate or use medical devices that are not registered or filed, or without qualification proofs, or have expired or become invalid or eliminated.

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Medical device registrants, filers or manufacturers who sell medical devices at their residential or production address do not need to apply for an operation permit or undergo filing; those who store and conduct spot sales of medical devices at other venues shall apply for an operation permit or undergo filing in accordance with the regulations.

Pursuant to the Quality Management Standards for Medical Device Operation (《醫療器械經營質量管理規範》) promulgated by the former SFDA, effective on December 12, 2014, last amended on December 4, 2023 and would come effective from July 1, 2024, an enterprise engaged in the operation of medical devices shall take effective quality control measures in procurement, inspection and acceptance, storage, sales, transportation, after-sales service and other aspects, to ensure product quality and safety.

Pursuant to the Regulations on Supervision and Administration of Medical Devices, an enterprise engaged in medical device operation shall check the qualifications of the supplier and the qualification proofs of the medical devices, as well as establish an inspection record system for goods when it purchases medical devices. An enterprise engaged in the wholesale business of Class II and Class III medical devices and the retail business of Class III medical devices shall also establish a sales record system. Matters on the record shall include: (1) the name, model, specification and quantity of medical devices; (2) the production batch number, expiration date and date of sale of medical devices; (3) the name of the manufacturer; (4) the name, address and contact information of the supplier or purchaser; (5) the serial numbers of relevant license proofs. The inspection records of goods purchased and sales records shall be true and kept for a period of time as prescribed by the food and drug supervision and management authorities of the State Council.

Tender Management for Medical Device Procurement

Pursuant to the Notice of the Ministry of Health on Further Strengthening the Administration of Centralized Procurement of Medical Devices (《衛生部關於進一步加強醫療器械集中採購管理的通知》) promulgated on June 21, 2007, all non-profit medical institutions organized by governments, industries and state-owned enterprises at all levels shall participate in the centralized procurement of medical devices.

Pursuant to the Notice of Opinions on Reform of Pricing System of Pharmaceuticals and Medical Services (《關於印發改革藥品和醫療服務價格形成機制的意見的通知》) issued on November 9, 2009, the State shall strengthen the regulation on the pricing of medical devices. For high-value medical devices, especially implantable (interventional) medical devices, efforts shall be made to result in reasonable pricing by such measures as limiting the price difference rate during circulation and publishing market price information. High-value medical devices usually refer to medical devices that act directly on the human body with strict safety requirements, considerable clinical consumption and relatively high prices.

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According to the Work Standards on Centralized Procurement of High-Value Medical Supplies (Trial) (《高值醫用耗材集中採購工作規範(試行)》) issued on December 17, 2012, online centralized procurement of high-value medical supplies (the “Centralized Procurement”) shall be led by the government and carried out in provinces (autonomous regions and municipalities). Medical institutions, medical supplies manufacturers and operators shall engage in such procurement through the centralized procurement work platform established by provinces (autonomous regions and municipalities). The centralized procurement authorities of each province (region or municipality) are responsible for preparing a catalog of high-value medical devices for centralized procurement in their respective administrative region. The high-value medical supplies listed in the centralized procurement catalog can be procured through open bidding, an invitation for tendering or other means prescribed by state laws and regulations. After the purchase price is determined, the public medical institutions in the region concerned shall engage in procurement strictly at public bidding prices.

On July 19, 2019, the General Office of the State Council issued the Notice on Issuing the Reform Plan for the Management of High-value Medical Supplies (《關於印發<治理高值醫用耗材改革方案>的通知》) (the “High-Value Medical Supplies Notice”). Pursuant to the High-Value Medical Supplies Notice, high-value medical supplies are medical supplies that act directly on the human body, with strict safety requirements, high clinical use, relatively high prices and heavy financial burden on the public. The High-value Medical Supplies Notice sets out reform plans for regulating high-value medical supplies, including: (i) the National Healthcare Security Bureau, the National Medical Products Administration and the National Health Commission will gradually unify the classification and numbering of high-value medical supplies for national medical insurance by the end of 2020, and explore the application for connecting the registration, procurement and use of high-value medical supplies; (ii) an access system will be established for the high-value medical supplies under basic medical insurance, with management based on the high-value medical supplies catalog and improvement of the dynamic adjustment mechanism for the catalog. The National Health Commission and the Ministry of Finance (the “MOF”) shall introduce access management measures by the end of June 2020; (iii) the mark-ups of medical supplies in public medical institutions shall be abolished by the end of 2019, with procurement prices applied to all medical supplies (including high-value medical supplies) in public medical institutions; and (iv) the National Healthcare Security Bureau, the MOF and the National Health Commission shall prepare and implement policies on the medical insurance payment. Meanwhile, efforts shall be made to prepare the standards for medical insurance payment regarding high-value medical supplies and establish a dynamic adjustment mechanism. Medical insurance funds and patients shall bear their respective expenses for high-value medical supplies under medical insurance payment standards. Medical institutions shall be guided to further reduce procurement prices according to the guidelines in the High-Value Medical Supplies Notice.

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“Two Invoice System” (兩票制) for Medical Devices

Pursuant to the Notice on Opinions on the Implementation of the “Two Invoice System” in Pharmaceutical Procurement by Public Medical Institutions (for Trial Implementation) (《印發關於在公立醫療機構藥品採購中推行兩票制的實施意見(試行)》) issued on December 26, 2016, the “Two Invoice System” refers to one invoice from the pharmaceutical manufacturer to the distribution enterprise and one invoice from the distribution enterprise to the medical institution. Wholly-owned or holding commercial company (limited to one commercial company nationwide) and domestic general agent of foreign pharmaceutical products (limited to one domestic general agent nationwide) set up by a drug manufacturer or an integrated science, industry and trade group-type enterprise that only sells the pharmaceutical products of the enterprise (group) can be treated as a production enterprise. The transfer of pharmaceutical products between a pharmaceutical distribution group-type enterprise and its wholly-owned (holding) subsidiaries or between its wholly-owned (holding) subsidiaries can be considered not as one invoice, but is allowed to be issued one invoice at most.

Pursuant to the Notice on Consolidating the Achievements of Cancelling Pharmaceutical Markups and Deepening Comprehensive Reforms in Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》) issued on March 5, 2018, the classified centralized procurement of high-value medical supplies shall be implemented, and the “Two Invoice System” for the purchase and sale of high-value medical supplies shall be gradually implemented.

Pursuant to the High-Value Medical Supplies Notice, local authorities are encouraged to reduce the processes for the circulation of high-value medical supplies and promote open and transparent purchase and sale through means such as the “Two Invoice System” after considering the actual situation.

At present, some provinces in the PRC have issued relevant regulations on the “Two Invoice System” for medical supplies. Nevertheless, there is no clear regulation and exact implementation timeline for the “Two Invoice System” for medical devices, with the reform still in progress. Going forward, the implementation of the “Two Invoice System” for medical devices in the PRC will bring uncertainties to the Company’s business development and operations.

Advertising Supervision of Medical Devices

The State Administration for Market Regulation (SAMR) promulgated the Interim Administrative Review Measures for the Advertisements of Pharmaceutical Products, Medical Devices, Dietary Supplements and Formulated Foods for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) (the “Interim Review Measures”) on December 24, 2019, which became effective on March 1, 2020. The Interim Review Measures and Regulations on Supervision and Administration of Medical Devices stipulate that medical device advertising shall not be released without review, with the content of medical device advertising subject to the registration certificate or filing proof or the

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product description of registered or filed products approved by pharmaceutical supervision and administrative authorities. Medical device advertising involving medical device name, scope of application, mechanism of action or structure and composition, etc., shall not exceed the scope of the registration certificate or filing proof or the product description of registered or filed products. The validity period of advertising approval number of pharmaceutical products, medical devices, dietary supplements, and formulated foods for special medical purposes shall be consistent with the shortest validity period prescribed in product registration documents, filing proofs or production license documents. If the product registration documents, filing proofs or production license documents do not specify the validity period, the advertising approval number shall be valid for two years.

Medical Device Recall, Monitoring and Re-evaluation of Adverse Events

Pursuant to the Administrative Regulations for Medical Device Recall (《醫療器械召回管理辦法》) promulgated by the former SFDA on January 25, 2017, and effective on May 1, 2017, medical device recalls shall be classified, according to the severity of medical device defects, as: (i) Class I recall: where the use of the medical device is likely to cause or has caused serious health hazards; (ii) Class II recall: where the use of the medical device may or has caused temporary or reversible health hazards; or (iii) Class III recall: where the use of the medical device is less likely to cause harm but still need to be recalled. Medical device manufacturers should determine the class of recall according to the circumstances, and design and implement the recall plan scientifically according to the sales and use of medical devices. If Class I recall is implemented, a medical device recall announcement shall be published on the website of the State Drug Administration and the main media. If Class II or Class III recall is implemented, a medical device recall announcement shall be published on the website of the pharmaceutical supervision and administrative authorities of the province, autonomous region or municipality.

Pursuant to the Administrative Measures for the Monitoring and Re-evaluation of the Adverse Events on Medical Devices (《醫療器械不良事件監測和再評價管理辦法》) issued by the SAMR and the National Health Commission on August 13, 2018 and effective on January 1, 2019, a medical device marketing licensee (the “Licensee”) shall be capable of quality management and assuming corresponding responsibilities to ensure the safety and effectiveness of medical devices, establish a monitoring system of medical device adverse events, and report such events directly to the monitoring technical institution for such events (the “Monitoring Institution”).

The enterprises in operation authorized by the Licensee to sell and the units that use medical devices should report the adverse events of medical devices to the Licensee and monitoring agencies. The Licensee shall evaluate the adverse events identified, improve product quality according to the evaluation results and report such results and quality improvement measures to the monitoring body; if approval from the original registration authority is required, an application shall be submitted in accordance with regulations.

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NMPA has established a national monitoring information system for medical device adverse events, to strengthen the monitoring information network and database construction on medical device adverse events. A monitoring agency designated by NMPA is responsible for the unified management of information collected on medical device adverse events and providing feedback information on the monitoring of such events to relevant monitoring agencies, the Licensee, enterprises in operation or the units that use such devices.

Export of Medical Device Products

According to Pursuant to the Regulations on Supervision and Administration of Medical Devices, manufacturers of medical devices for export shall ensure that such medical devices meet the requirements of the importing country (region).

According to the Regulations on the Application and Issuance of Medical Device Exporting Certificates (《醫療器械產品出口證明申辦規定》) promulgated on January 6, 1996, the former SFDA examines the safety and legality of medical device products manufactured by enterprises in the PRC, and issues export certificates in accordance with international practices to certify that the products have been legally manufactured in the PRC.

Pursuant to the Regulations on the Administration of Export Sales Certificates of Medical Devices (《醫療器械產品出口銷售證明管理規定》) promulgated on June 1, 2015 and effective on September 1, 2015, if the registration certificate and production permit for a medical device have been obtained in the PRC, or the medical device registration and production filing have been completed, the drug supervision and administration authorities may issue an Export Sales Certificate for Medical Device Product (醫療器械產品出口銷售證明) to the relevant manufacturing enterprise. The validity term of the Export Sales Certificate for Medical Device Product shall not exceed the earliest deadline for the various documents submitted by the enterprise in the application materials, with the maximum validity term not to exceed two years.

Registration and Recordation of Imported Medical Devices

In accordance with the Regulations on Supervision and Administration of Medical Devices, a registration and recordation system is applied for imported medical devices. To file imported Class I medical devices for record, an overseas medical device manufacturer shall, through its representative office established in the PRC or the corporate enterprise designated as its agent in the PRC, submit record filing documents and documents supporting the market launch of such medical devices approved by the competent department of the country (region) where the overseas medical device manufacturer is located to the State Drug Administration for record filing.

To export Class II and/or Class III medical devices to the PRC, an overseas medical device manufacturer shall, through its representative office established in the PRC or the corporate enterprise designated as its agent in the PRC, submit to the State Drug Administration the registration documents and the documents supporting market launch of such

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medical devices approved by the competent department of the country (region) where the overseas medical device manufacturer is located. The imported medical devices of Class II and Class III that meet the safety and effectiveness requirements shall receive approval for issuance of registration certificates, and a medical device registration certificate shall be valid for five years. If the medical device registration certificate needs to be renewed upon the expiration of its validity period, an application for registration renewal shall be filed with the original registration authority six months before the validity period expires.

OTHER LAWS AND REGULATIONS

Laws and Regulations on Corporation and Foreign Investment

Pursuant to the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “Company Law”) promulgated by the Standing Committee of the National People’s Congress (the “NPC”) on December 29, 1993, and came into effect on July 1, 1994 and last amended on December 29, 2023 and came into effect on July 1, 2024, a company established in the PRC may be in the form of a limited company with liability and joint stock limited companies. Both shall have the status of legal persons. The liability of shareholders of a limited company with liability and a joint stock limited company is limited to the amount of registered capital they have contributed or shares they have subscribed for. The Company Law shall also apply to foreign-invested companies. Where laws and implementation regulations on foreign investment have other stipulations, such stipulations shall apply.

On March 15, 2019, the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) (the “Foreign Investment Law”) was promulgated by the NPC and came to effect on January 1, 2020, which superseded the Sino-foreign Equity Joint Venture Enterprise Law of the People’s Republic of China (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the People’s Republic of China (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprises Law of the People’s Republic of China (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law is formulated to further expand and open-up, proactively promote foreign investment and protect the legitimate rights and interests of foreign investors.

According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to the negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that the PRC implements special management measures for the access of foreign investment in specific fields. Foreign investors shall not invest in any prohibited areas stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted areas.

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Foreign investors’ investment, earnings and other legitimate rights and interests in the PRC shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises. The PRC guarantees that foreign-invested enterprises shall have an equal chance to participate in the formulation of standards. The PRC guarantees that foreign-invested enterprises shall participate in government procurement activities through fair competition in accordance with the law. The PRC shall not levy on any foreign investment except under special circumstances. Under special circumstances, the PRC may levy or expropriate the investment of foreign investors in accordance with the law for public interest. The expropriation and requisition shall be conducted in accordance with legal procedures, and reasonable compensation shall be given in a timely manner. In carrying out business activities, foreign-invested enterprises shall comply with relevant provisions on labor protection, social insurance, tax, accounting, foreign exchange and other matters stipulated in the PRC laws and regulations.

On December 26, 2019, the Regulations on Implementing the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》) (the “Implementation Regulations”) was promulgated by the State Council and came into effect on January 1, 2020, which superseded the Regulations of the People’s Republic of China on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業合營期限暫行規定》), the Regulations of the People’s Republic of China on Implementing the Wholly Foreign-Owned Enterprise Law (《中華人民共和國外資企業法實施細則》) and the Regulations of the People’s Republic of China on Implementing the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法實施細則》). The Implementation Regulations further clarify that the PRC encourages and promotes foreign investment, protects the legitimate rights and interests of foreign investors, regulates the management of foreign investment, continues to optimize the foreign investment environment, and promotes a higher level of openness to the outside world.

The Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (“2022 Encouragement Catalogue”) was promulgated by the National Development and Reform Commission of the People’s Republic of China (the “NDRC”) and the Ministry of Commerce of the People’s Republic of China (the “MOFCOM”) on October 26, 2022, and came into effect on January 1, 2023. The Special Management Measures (Negative List) for the Access of Foreign Investment 2024 (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “2024 Negative List”) was promulgated by NDRC and MOFCOM on September 6, 2024, and came into effect on November 1, 2024. The 2022 Encouragement Catalogue and the 2024 Negative List set out the entry restrictions for foreign investment in different industries in the PRC. Industries for foreign investment are classified into “encouraged”, “restricted”, and “prohibited”. Industries not listed in the 2022 Encouragement Catalogue and the 2024 Negative List are generally regarded as “permitted”, except for those restricted by other laws in the PRC.

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The Interim Administrative Measures on the Record-filing of the Incorporation and Changes of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) (the “Interim Administrative Measures”) promulgated by the MOFCOM on June 29, 2018 and came into effect on June 30, 2018 specifies the establishment and changes of procedures for foreign-invested enterprises which are not subject to the special management measures for the access of foreign investment implemented by the PRC. Foreign-invested enterprises or their investors shall provide true, accurate and complete information for filing purposes, and complete the undertakings for filing and reporting purposes in accordance with these measures. No false statement, misleading representation or material omission is allowed.

On December 30, 2019, the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was jointly promulgated by the MOFCOM and the SAMR, which came into effect on January 1, 2020 and superseded the Interim Administrative Measures. Since January 1, 2020, to carry out investment activities directly or indirectly in the PRC, foreign investors or foreign-invested enterprises shall submit investment information to competent commerce authorities.

Laws and Regulations on Overseas Investment

The Measures for the Administration of Overseas Investment (《境外投資管理辦法》) was promulgated by the MOFCOM on March 16, 2009, last amended on September 6, 2014, and came into effect on October 6, 2014. As defined under the Measures for the Administration of Overseas Investment, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control, operation and management rights and other rights of the existing non-financial enterprises in foreign countries through incorporation, merger, and acquisition and other means. The MOFCOM and competent authorities of its provincial branches implement filing and approval management respectively, according to the different overseas investments by enterprises. If the overseas investments involve sensitive countries and regions or sensitive industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration. Local enterprises shall conduct filing with a provincial commercial administration authority where they are located. Qualified enterprises will be documented by a competent provincial commercial administration authority and granted the Overseas Investment Certificate for Enterprise.

The Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017, and came into effect on March 1, 2018. Pursuant to this, overseas investment refers to the investment activities of an enterprise in the PRC to acquire the ownership, control, operation and management rights, and other relevant interests outside the PRC, either directly or through a foreign enterprise under its control, by means of investing in assets, equity, or providing financing and/or guarantees. Overseas investment shall be carried out in accordance with certain procedures, including approval, filing, reporting, and supervision and inspection of overseas investment projects. The List of Sensitive Sectors for Outbound Investment (2018 Version) (《境外投資敏感行業目錄(2018年版)》) promulgated by the NDRC on January 31, 2018 and came into effect on March 1, 2018 sets out the current sensitive industries.

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Laws and Regulations on Customs

According to the Customs Law of the People’s Republic of China (《中華人民共和國海關法》) promulgated by the Standing Committee of the NPC on January 22, 1987, last amended and came into effect on April 29, 2021, the Customs of the People’s Republic of China is the PRC’s entry and exit customs supervision and administration authority and is responsible for the supervision of the transport vehicles, goods, freight items, postal items and other items entering into and departing from the PRC, and collecting tariff and other duties and charges. When a consignee or consignor of import or export goods or a customs clearing enterprise handles customs declaration procedures, they shall register with the customs in accordance with law.

According to the Provisions of the Customs of the People’s Republic of China on the Administration of Recordation of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021, and implemented from January 1, 2022, the term “customs declaration entities” pertains to consignees and consignors of import and export goods, as well as customs declaration enterprises officially registered with the customs authorities. Entities seeking recordation are required to hold valid market entity qualifications. Specifically, importers and exporters must also possess records as foreign trade operators. The recordation status of customs declaration entities is of a permanent nature, while temporary recordation holds a validity period of one year. Upon expiration, entities are entitled to reapply for recordation.

Laws and Regulations on Environmental Protection

Pursuant to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) promulgated by the Standing Committee of the NPC on December 26, 1989, and last amended on April 24, 2014, and came into effect on January 1, 2015, the waste discharge licensing system has been implemented in the PRC and entities that discharge medical sewage to water directly or indirectly shall obtain a waste discharge license. Furthermore, installations for the prevention and control of pollution at a construction project must be designed, built and commissioned simultaneously with the principal part of the project.

Pursuant to the Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》) promulgated by the Standing Committee of the NPC on October 28, 2002, and last amended and came into effect on December 29, 2018, the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) amended by the State Council on July 16, 2017, and came into effect on October 1, 2017, and the Interim Measures for the Acceptance of Environmental Protection on Completion of Construction Project (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the Ministry of Environmental Protection and came into effect on November 20, 2017, the PRC implements classification administration on the environmental impact assessment of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report, or an environmental impact form or complete an environmental impact registration form (the “EIA Documents”) for

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reporting and filing purposes. If the EIA Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works. Unless otherwise stipulated by laws and regulations, enterprises which are required to provide an environmental impact report and an environmental impact form shall undertake the responsibility of acceptance of the environmental protection facilities by themselves upon the completion of the construction project. A construction project may be formally put into production or use only if the corresponding environmental protection facilities have passed the acceptance procedure. The competent authorities may carry out spot checks and supervision on the implementation of the environmental protection facilities.

Pursuant to the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) promulgated by the Standing Committee of the NPC on October 30, 1995 and last amended on April 29, 2020 and came into effect on September 1, 2020, the construction of projects which discharge solid wastes and the construction of projects for storage, use and treatment of solid wastes shall be carried out upon the appraisal regarding their effects on environment and in compliance with the relevant state regulations concerning the management of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes, as specified in the EIA Documents of the construction project shall be designed, constructed and put into operation simultaneously with the principal construction works of the construction project. No construction project shall be permitted to be put into operation or to use before its facilities for the prevention and control of environmental pollution caused by solid wastes have been inspected and accepted by the competent department of environmental protection that examined and accepted the EIA Documents.

Pursuant to the Law of the People’s Republic of China on Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》) promulgated by the Standing Committee of the NPC on May 11, 1984, and last amended on June 27, 2017, and came into effect on January 1, 2018, an environmental impact assessment shall be conducted on new construction, reconstruction and construction expansion projects or other installations on water which directly or indirectly discharge pollutants into the water. The water pollution prevention and treatment facilities of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the said construction project. The water pollution prevention and treatment facilities shall comply with the requirements of approved or filed EIA Documents.

According to the Implementation Plan for the Permit System for Controlling Pollutants Emission (《控制污染物排放許可制實施方案》) issued by the General Office of the State Council and came into effect on November 10, 2016, and the Catalogue of Permitted Management of Pollution Discharge from Stationary Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment and came into effect on December 20, 2019, the State implements focused, simplified and

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registered management of emission permits based on factors such as the amount of pollutants produced by enterprises and other production operators discharging pollutants, the amount of their emissions and the impact on the environment.

Laws and Regulations on Product Liability

Pursuant to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) last amended by the Standing Committee of the NPC and came into effect on December 29, 2018, manufacturers and sellers shall establish a sound internal product quality control system and strictly implement the quality standards of their positions, quality responsibilities and the corresponding assessment methods. Manufacturers and sellers shall assume responsibility for product quality in accordance with the said law.

The product quality supervision department under the State Council is in charge of product quality supervision nationwide. The relevant departments under the State Council shall supervise product quality within their respective areas of responsibility. The quality of products shall be inspected and qualified, and sub-standard products shall not be passed off as qualified products. Industrial products that may endanger human health and the safety of persons and property must comply with national and industry standards for the protection of human health and the safety of persons and property; if national or industry standards are not available, they must comply with the requirements for the protection of human health and the safety of persons and property. The production and sale of industrial products that do not meet the standards and requirements for the protection of human health and the safety of persons and property are prohibited. Manufacturers or sellers shall be liable for compensation for losses arising from their illegal acts (e.g. producing or selling defective, obsolete or invalid products, falsifying origin or quality marks, adulteration, using fake products as genuine products, sub-standard products as good products, sub-standard products as qualified products). Penalties include confiscation of sales proceeds, revocation of business license and imposition of a fine. In serious cases, criminal liability shall be applied in accordance with the law. Manufacturers or sellers shall be responsible for any damage to persons or property caused by a defective product.

Pursuant to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and came into effect on January 1, 2021, where a patient suffers damage due to defects in drugs, disinfection products, medical devices or transfusion of sub-standard blood, the patient may seek compensation from the drug marketing authorization holder, the manufacturer, the blood provider or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable drug marketing authorization holder, producer or blood provider.

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Laws and Regulations on Production Safety

Pursuant to the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) last amended by the Standing Committee of the NPC on June 10, 2021 and came into effect on September 1, 2021, the production and business operation entities shall (i) comply with this law and other laws and regulations on safety production, strengthen the management of safety production, establish a sound responsibility system for safety production for all employees and a system of rules and regulations on safety production; (ii) increase the investment and guarantee of safety production funds, materials, technologies, and personnel, improve safety production conditions, and boost safety production standardization and informatization; (iii) establish a dual prevention mechanism for safety risk classification and control, and for the investigation and treatment of hidden dangers, and improve the risk prevention and resolution mechanism to improve production safety standards and ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

The person-in-charge of an enterprise shall solely be responsible for the safety of the production of the enterprise. An enterprise having more than 100 employees shall establish a safety production management agency or appoint a designated safety production management personnel. The personnel responsible for the safety production management of an enterprise shall inspect the safety of production regularly based on the characteristics of production of the enterprise and shall deal with any safety issue identified during the inspection promptly. Any unsolved issue shall be reported to the person-in-charge in a timely manner who shall solve such issue immediately. The inspection and measures taken shall be duly documented. Enterprises and institutions shall provide their employees with training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and their positions, preventive measures and emergency measures. In addition, an enterprise shall provide its employees with personal protective equipment that meets national or industry standards, as well as supervise and train them to use such equipment.

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and recently amended on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and recently amended on August 21, 2023, special construction projects that have not passed the fire prevention inspection or the fire prevention inspection are prohibited from putting into use. Construction projects other than special construction projects shall go through the recordation and random inspection system. Any other construction project that fails to pass the random inspection conducted under the law shall cease to be used.

REGULATORY OVERVIEW

Laws and Regulations on Intellectual Property Rights

Trademarks

Pursuant to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) promulgated by the Standing Committee of the NPC on August 23, 1982, last amended on April 23, 2019, and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) passed by the State Council on August 3, 2002, last amended on April 29, 2014 and came into effect on May 1, 2014, registered trademarks in the PRC include goods marks, service marks, collective marks and certification marks. Registration of a trademark shall be made by the Trademark Office of the China National Intellectual Property Office and shall be valid for 10 years. Upon expiry, a trademark registration shall be valid for ten years for each renewal after completion of renewal procedures if it is necessary to be used continuously.

Patents

Pursuant to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) (the “Patent Law”) promulgated by the Standing Committee of the NPC on March 12, 1984, and last amended on October 17, 2020, and came into effect on June 1, 2021 and the Implementation Rules of The Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) last amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents in China are divided into invention patent, utility model patent or design patent. Invention patent refers to new technical solutions for a product, method or its improvement. Utility model patent refers to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use. Design patent refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, shape and pattern of a product with aesthetic feeling and industrial application value. The invention patent shall be valid for 20 years, the utility model patent shall be valid for 10 years, and the design patent shall be valid for 15 years, all commencing from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or properly authorized by the patent owner before he/she/it can use such patent. Otherwise, it shall constitute an infringement of the patent right.

According to the Patent Law, any entity or individual who exploits another person’s patent shall enter into a license contract with the patent owner and pay a royalty for the use of the patent. The licensee is not entitled to allow any entity or individual other than those stipulated in the contract to exploit such patent.

According to the Measures for the Filing of Patent Exploitation License Contracts (《專利實施許可合同備案辦法》) promulgated by China National Intellectual Property Administration (the “CNIPA”) on June 27, 2011 and came into effect on August 1, 2011, the CNIPA is in charge of the filing of patent exploitation license contracts nationwide, and other parties shall complete the filing procedures within three months from the date the patent implementation license contract coming into effect.

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Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation, and other rights shall be enjoyed by the copyright owners. Pursuant to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on February 20, 2002 and latest amended on June 18, 2004, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Laws and Regulations on Anti-Unfair Competition

According to the Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) (the “Anti-Unfair Competition Law”) amended by the Standing Committee of the NPC and came into effect on April 23, 2019, unfair competition refers to the conduct of an operator who, in the course of production and operation activities, violates the Anti-Unfair Competition Law, disrupts the order of market competition and harms the lawful rights and interests of other operators or consumers. According to the Anti-Unfair Competition Law, operators shall follow the principles of voluntariness, equality, fairness, and honesty in market transactions, and abide by laws and business ethics. Operators who violate the Anti-Unfair Competition Law shall bear civil, administrative, or criminal liabilities based on specific situations.

According to the Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery (《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》) (the “Provisions on Banning Commercial Bribery”) promulgated by the State Administration for Industry and Commerce on November 15, 1996, commercial bribery refers to the use of money or other means by a business operator to bribe an entity or individual for the sale or purchase of goods. The term “other means” refers to the provision of any kind of domestic and overseas trips, study tours, and other means of benefit other than the payment of money. According to the Anti-Unfair Competition Law and the Provisions on Banning Commercial Bribery, the supervisory and inspection department may impose a fine according to the severity of the case and confiscate any illegal proceeds.

REGULATORY OVERVIEW

Laws and Regulations on Employment and Social Security

The Labor Law of People’s Republic of China (《中華人民共和國勞動法》) promulgated by the Standing Committee of the NPC on July 5, 1994, and last amended on December 29, 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. Labor safety and health facilities must comply with relevant national standards. Workers engaging in special industries shall receive specialized training and obtain the specific qualification for that industry.

The Labor Contract Law of People’s Republic of China (《中華人民共和國勞動合同法》) promulgated by the Standing Committee of the NPC on June 29, 2007, last amended on December 28, 2012, and came into effect on July 1, 2013, and the Implementation Regulations on Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and came into effect on September 18, 2008, regulates the relationship between an employer and its employees, and contains specific provisions involving the terms of the labor contract.

According to the Provisional Regulations on the Collection and Payment of Social Insurance Premium (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), an enterprise in the PRC must provide a benefit plan for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and must pay or withhold relevant social insurance premiums for or on behalf of its employees.

The Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the NPC on October 28, 2010, last amended and came into effect on December 29, 2018, regulates basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance, and has elaborated in detail the legal obligations and liabilities of an employer who does not comply with relevant laws and regulations on social insurance.

The Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and last amended and came into effect on March 24, 2019, stipulates that an employer shall register with the Housing Provident Fund Management Centre for housing provident fund contributions and set up a housing provident fund account for its employees. The housing provident fund contributions paid by an individual employee and housing provident fund contributions paid by his/her employer shall vest to the individual employee.

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Laws and Regulations on Information Security and Data Privacy

According to the Civil Code of the PRC, the personal information of natural persons is protected by law. If any organization or individual needs to obtain other personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) promulgated by the Standing Committee of the NPC on August 20, 2021, and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests a higher level of protective measures on the processing of sensitive personal information. According to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) promulgated by the Standing Committee of the NPC on November 7, 2016, and effective on June 1, 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the data subject. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the data subject. However, this does not apply to cases where a specific individual cannot be identified, and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage or loss of information.

The National Health Commission released the Administrative Measures on the Standards, Security and Service of National Health and Medical Big Data (Trial) (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》) (the “Health and Medical Big Data Measures”) on July 12, 2018. The Health and Medical Big Data Measures stipulate the guidelines and principles for standard management, security management and service management of health and medical big data. According to the Health and Medical Big Data Measures, medical and health institutions at all levels and related enterprises and institutions should adopt data classification, important data backup, encryption authentication and other measures to ensure the security of health and medical big data. Health and medical big data should be used in accordance with laws and regulations. Secure channels for querying and copying data-related information shall be provided to ensure privacy protection and data security; data access and use permissions of users at different levels should be strictly regulated to ensure that data is used within the scope of authorization. No unit or individual may use or publish health and medical big data without authorization or beyond the scope of authorization, and it is prohibited to obtain data through illegal means. When various types of medical and health institutions at all levels and related service institutions disclose health and medical big data to the public, they must abide by relevant national regulations and must not disclose state secrets, business secrets and personal data, and must not infringe on national interests, public interests and legitimate rights and interests of citizens, legal persons and other organizations.

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The Standing Committee of the NPC promulgated the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) on June 10, 2021 (effective from September 1, 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

The Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “Measures (2021)”) was promulgated by the Cyberspace Administration of China (the “CAC”) on December 28, 2021, which provided that: (1) network platform operators holding personal information of more than one million users shall be subject to cybersecurity review by the Cybersecurity Review Office prior to listing abroad; (2) critical information infrastructure operators (the “CIIO”) procuring network products and services that affect or may affect national security shall be subject to cybersecurity review; and (3) network platform operators carrying out data processing activities that affect or may affect national security shall be subject to cybersecurity review.

On September 24, 2024, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) (the “Network Data Security Management Regulations”) was promulgated by the State Council and will become effective as of January 1, 2025. The Network Data Security Management Regulations apply to the network data handling activities conducted within the territory of the PRC and stipulates that if the network data handling activities affect or may affect national security, a national security review must be conducted in accordance with relevant regulations. The Network Data Security Management Regulations restate and further specify the legal requirements for personal information, cross-border transfer of important data and personal information, data handling activities in network platform services and also provides intensified requirements for important data handlers and large-scale Internet platform service providers. Any failure to comply with such requirements may subject the data processor to, among others, suspension of services, fines, revocation of relevant business permits or licenses, and other penalties.

According to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) issued by the Cyberspace Administration of China on July 7, 2022 and effective on September 1, 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (I) a data processor provides important data abroad; (II) the critical information infrastructure operator or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (III) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad; and (IV) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration. The Cyberspace

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Administration of China promulgated the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) on March 22, 2024, which further clarifies the implementation and convergence of the existing data exit security assessment, personal information exit standard contract, personal information protection certification and other data exit systems, relaxes the conditions for cross-border data flow, and narrows the scope of data exit security assessment.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of China on February 22, 2023, and effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (I) it is not a critical information infrastructure operator; (II) it has processed the personal information of less than one million individuals; (III) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (IV) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. In addition, the Measures for Standard Contract for Outbound Transfer of Personal Information require that all Outbound Transfers of personal information that have been carried out before June 1, 2023, and do not comply with the provisions of the Measures for Standard Contract for Outbound Transfer of Personal Information be rectified within 6 months.

Laws and Regulations on Leasing

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right. On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

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According to the Interpretation of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee’s possession in accordance with the terms of the lease contract, and the lessee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee’s realization of the mortgage right.

Laws and Regulations on Foreign Exchange and Taxation

Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996, and was amended on January 14, 1997, and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in the issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

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Taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“the EIT Law”), promulgated by the NPC on March 16, 2007, came into effect on January 1, 2008, and amended on February 24, 2017, and December 29, 2018, as well as the Implementation Rules of the EIT Law (《中華人民共和國企業所得稅法實施條例》) (the “Implementation Rules”), promulgated by the State Council on December 6, 2007, came into force on January 1, 2008 and amended on December 6, 2024, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its Implementation Rules, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

Value-Added Tax (the “VAT”)

The major PRC law and regulation governing value-added tax are the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) issued on December 13, 1993, by the State Council, came into effect on January 1, 1994, and revised on November 10, 2008, February 6, 2016, and November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) issued on December 25, 1993 by the Ministry of Finance (中華人民共和國財政部) (the “MOF”), came into effect on the same date and revised on December 15, 2008 and October 28, 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for the sale of goods is 17% unless otherwise specified, such as the rate of VAT for the sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the STA issued the Notice of on Adjusting VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) on April 4, 2018, to adjust the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on May 1, 2018. Subsequently, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《財政部、國家稅務總局關於深化增值稅改革有關政策的公告》) on March 20, 2019, to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

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Laws and Regulations on Overseas Securities Offering and Listing by Domestic Companies

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The Overseas Listing Trial Measures provide that the overseas securities offering and listing will be considered a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares registered and established in mainland China. In addition, the overseas securities offering and listing will be considered an indirect overseas offering by a PRC domestic company if the issuer meets both of the following criteria: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by a domestic company; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China.

Pursuant to the Overseas Listing Trial Measures, an issuer shall file with the CSRC within three business days after its application for initial public offering is submitted to competent overseas securities regulators.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “Provision on Confidentiality”), which came into effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

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H-share Full Circulation

“Full circulation” means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “Guidelines for the Full Circulation”), which was partly revised on August 10, 2023 by CSRC.

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures.

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Regulations on Medical Devices in the UK

The Medicines and Healthcare Products Regulatory Agency (“**MHRA**”) performs market surveillance of medical devices on the UK market and is able to take decisions over the marketing and supply of devices in the UK. The MHRA is responsible for the designation and monitoring of UK conformity assessment bodies.

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Summary of Key Requirements for Placing a Device on the Great Britain Market

Since 1 January 2021, there have been a number of changes, introduced through secondary legislation, to how medical devices are placed on the market in Great Britain (England, Wales and Scotland). These are:

- (1) a new route to market and product marking (the UKCA marking) is available for manufacturers wishing to place medical devices on the Great Britain market
- (2) all medical devices, including IVD medical devices (“**IVDs**”), custom-made devices and systems or procedure packs, need to be registered with the MHRA before they are placed on the Great Britain market
- (3) if you are a medical device manufacturer based outside the UK and wish to place a device on the Great Britain market, you need to appoint a single UK Responsible Person for all of your devices, who will act on your behalf to carry out specified tasks, such as registration.
- (4) A valid CE mark is a CE marking that enables the medical device to be placed on the EU market. The Government has introduced measures which provide that CE marked medical devices may be placed on the Great Britain market to the following timelines:
 - general medical devices compliant with the EU medical devices directive (“**EU MDD**”) or EU active implantable medical devices directive (“**AIMDD**”) with a valid declaration and CE marking can be placed on the Great Britain market up until the sooner of expiry of certificate or 30 June 2028;
 - IVDs compliant with the EU IVD medical devices directive (“**IVDD**”) can be placed on the Great Britain market up until the sooner of expiry of certificate or 30 June 2030;
 - general medical devices including custom-made devices, compliant with the EU medical devices regulation (“**EU MDR**”) and IVDs compliant with the EU IVD medical devices regulation (“**EU IVDR**”) can be placed on the Great Britain market up until 30 June 2030;
 - the EU no longer recognises UK Notified Bodies; and
 - UK Notified Bodies are not able to issue CE certificates — and have become UK Approved Bodies.

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Legislation that Applies in Great Britain

Devices are regulated under the Medical Devices Regulations 2002 (SI 2002 No 618, as amended) (“**UK MDR 2002**”) which, prior to the end of the transition period (following the UK’s departure from the EU), gave effect in UK law to the directives listed below:

- Directive 90/385/EEC on active implantable medical devices
- Directive 93/42/EEC on medical devices
- Directive 98/79/EC on in vitro diagnostic medical devices

This means that the current Great Britain route to market and UKCA marking requirements are based on the requirements derived from the above EU legislation.

The EU Medical Devices Regulation and EU in vitro Diagnostic Medical Devices Regulation

Since 26 May 2021, the EU Medical Devices Regulation (Regulation 2017/745) has applied in EU Member States and Northern Ireland. The in vitro Diagnostic Medical Devices Regulation (Regulation 2017/746) has applied in EU Member States and Northern Ireland since 26 May 2022. As these EU regulations did not take effect during the transition period, they were not EU law automatically retained by the EU (Withdrawal) Act 2018 and therefore do not apply in Great Britain.

Requirements for Manufacturing and Supplying Services in Great Britain

Manufacturers wishing to place a device on the Great Britain market need to register with the MHRA. Where a manufacturer is not established in the UK, they must appoint a UK Responsible Person to register and act on their behalf. Manufacturers must comply with relevant product marking and conformity assessment requirements for medical devices.

Registrations in Great Britain

The government has put in place legislation to extend acceptance of CE marked devices in Great Britain beyond 30 June 2023 as outlined in the summary above.

All medical devices, including IVDs, custom-made devices and systems or procedure packs must be registered with the MHRA before being placed on the Great Britain market. In Great Britain, devices will be required to conform to the UK MDR 2002, with transitional arrangements for acceptance of CE marked medical devices as set out above, in order to be registered with the MHRA.

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The MHRA will only accept registration of devices from manufacturers where the manufacturer is based in the UK. If the manufacturer is based outside the UK, they must appoint a UK Responsible Person. This UK Responsible Person will then assume certain responsibilities on behalf of the manufacturer as described below in the guidance for UK Responsible Persons, including registering the device with the MHRA.

Failure to register the devices will mean that manufacturers are unable to lawfully place the device on the Great Britain market.

If the manufacturer is a Northern Ireland-based manufacturer and has already registered the device with the MHRA for the purposes of the Northern Ireland market, it can then be placed on the Great Britain market and will not need to undergo any further registration in Great Britain.

UKCA Mark and Conformity Assessment Bodies

UKCA Marking

The UK Conformity Assessed (“UKCA”) marking is a UK product marking used for certain goods, including medical devices, being placed on the Great Britain market. The UKCA marking is not recognised in the EU, EEA or Northern Ireland markets, so relevant products require a CE marking for sale in these markets.

Manufacturers of medical devices can use either the UKCA marking or the CE marking on devices they place on the Great Britain market until 30 June 2023. The government has introduced measures to extend acceptance of CE marked devices in Great Britain beyond 30 June 2023 as outlined in the summary above.

Where third party conformity assessment is required for UKCA marking, a UK Approved Body is needed. However, manufacturers of non-sterile and non-measuring Class I devices and general IVDs can self-certify against the UKCA marking.

UKCA marking requirements are currently based on the requirements of the relevant Annexes to the Directives listed below, which have been modified by Schedule 2A to the UK MDR 2002:

- Directive 90/385/EEC on active implantable medical devices
- Directive 93/42/EEC on medical devices
- Directive 98/79/EC on in vitro diagnostic medical devices

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UK Approved Bodies

The MHRA can designate UK Approved Bodies to conduct conformity assessments against the relevant requirements for the purpose of the UKCA marking.

UK Notified Bodies that previously had designations under the EU MDD, EU IVDD or EU AIMDD have had their designations rolled over automatically, without having to undergo a new designation process.

For the purposes of the Great Britain market, UK Approved Bodies can conduct conformity assessments in relation to the UKCA marking, for medical devices, active implantable medical devices and in vitro diagnostic medical devices under Parts II, III, and IV of the UK MDR 2002. UK Approved Bodies are not able to conduct conformity assessments in relation to the CE marking.

The UK Market Conformity Assessment Bodies database serves as the UK’s database of conformity assessment bodies. It is the definitive source and a register of UK Government-appointed conformity assessment bodies who can certify goods for the Great Britain market.

The MHRA can designate UK Notified Bodies for the purposes of conducting conformity assessment for the combined CE and UKNI marking, which is valid on the Northern Ireland market.

Class I Medical Device and General IVD Manufacturers

Manufacturers of Class I medical devices and general IVDs can self-declare the conformity of their devices against the UK MDR 2002, before affixing a UKCA marking and placing the device on the Great Britain market.

Manufacturers of Class I medical devices that are sterile or have a measuring function must use a UK Approved Body to undertake third party conformity assessment in order to affix the UKCA marking and place their devices on the Great Britain market.

CE marking and Notified Bodies

CE Marking

The government will accept CE marked devices on the Great Britain market until, at the latest, 30 June 2030 depending on device type and classification. This applies to devices that have been CE marked under and fully conform with the following applicable EU legislation:

- Directive 90/385/EEC on active implantable medical devices (for devices with a valid certificate and/or declaration of conformity that was issued prior to 26 May 2021)

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- Directive 93/42/EEC on medical devices (for devices with a valid certificate and declaration of conformity that was issued to 26 May 2021)
- Directive 98/79/EC on in vitro diagnostic medical devices (for devices with a valid certificate and/or declaration of conformity that was issued prior to 26 May 2022)
- Regulation 2017/745 on medical devices
- Regulation 2017/746 on in vitro diagnostic medical devices

Please note that currently:

- The manufacturer can place a general medical device self-declared to comply with EU MDD requirements on the Great Britain market if the declaration of conformity was made before 26 May 2021 and the declaration for that device remains valid for placing it on the EU (and NI) market under EU MDR transitional arrangements.
- The manufacturer can place an IVD self-declared to comply with EU IVDD requirements on the Great Britain market if the declaration of conformity was made before 26 May 2022 and the declaration for that device remains valid for placing it on the EU (and NI) market under EU IVDR transitional arrangements.
- since 26 May 2021, the manufacturer need to meet EU MDR requirements (rather than EU MDD requirements) if self-declaring compliance with CE marking requirements for medical devices before placing them on the Great Britain market.
- since 26 May 2022, the manufacturer need to meet EU IVDR requirements if self-declaring compliance with CE marking requirements for IVDs before placing them on the Great Britain market.

For clarity, by ‘self-declarations’ in this section we are referring to cases where, in order to place a medical device on the Great Britain market, manufacturers can rely on self-declarations of compliance with relevant regulatory requirements without certification from a Notified Body. Such self-declarations include declarations made in relation to system or procedure packs.

The government has introduced measures that provide that CE marked medical devices may be placed on the Great Britain market to the following timelines:

- general medical devices compliant with the EU MDD or EU AIMDD can be placed on the Great Britain market up until the sooner of expiry of certificate or 30 June 2028
- IVDs compliant with the EU IVDD can be placed on the Great Britain market up until the sooner of expiry of certificate or 30 June 2030, and

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- general medical devices, including custom-made devices, compliant with the EU MDR and IVDs compliant with the EU IVDR can be placed on the Great Britain market up until 30 June 2030.

The above timelines will not apply to Class I medical devices and general IVDs under the EU directives, where the conformity assessment under the relevant directive and under the EU MDR or EU IVDR does not involve a notified body. Similarly, they will not include custom-made devices that are compliant with the EU MDD or EU AIMDD.

The manufacturer can place self-declared CE marked Class I medical devices on the GB market beyond 30 June 2023 if they are:

- self-declared against EU MDR requirements (until 30 June 2030), or
- self-declared against MDD requirements before 26 May 2021 where Notified Body involvement in their assessment is not required under MDD but is under EU MDR (until 30 June 2028). This includes up classified devices and reusable surgical instruments.

The manufacturer can place a Class I medical device which has a sterile or measuring function with a valid MDD certificate on the GB market until 30 June 2028.

Where medical devices are subject to the requirements of any of the medical devices legislation cited above and, in order to be CE marked, must also meet the relevant requirements of another piece of EU legislation (such as the Directive restricting the use of certain hazardous substances), the government intends that the manufacturer will be able to be placed on the Great Britain market carrying a CE mark to the above timelines — irrespective of whether the UK legislation governing the subject matter of that other piece of EU legislation would require a product to have a UKCA marking before that deadline. In order to maintain the use of the CE marking for a medical device in Great Britain, the manufacturer will need to meet all relevant EU legislation that governs their device.

Recognition of CE Certificates for the Great Britain Market

Currently, under the UK MDR 2002, a CE marked device with a valid certificate is viewed as meeting the UKCA marking requirements whilst the CE marking continues to be recognised in Great Britain — depending on the type of device and legislation it complies with this is until 30 June 2030 at the latest. This includes devices placed on the market that:

- were CE marked in accordance with the EU MDD or EU AIMDD (prior to 26 May 2021), or in accordance with the EU IVDD (prior to 26 May 2022);
- are CE marked in accordance with the EU MDR or EU IVDR

REGULATORY OVERVIEW

As set out above in more detail, the government has introduced measures to extend acceptance of CE marked medical devices in Great Britain beyond 30 June 2023.

Therefore, any enforcement or market surveillance powers available in respect of the UKCA marking also apply to CE marked devices placed on the Great Britain market.

Labelling Requirements

Medical devices placed on the Great Britain market must have a UKCA marking or a CE marking, depending on which legislation the device has been certified under.

Where relevant, the number of the Approved Body or Notified Body must also appear on the label.

Devices can have both the CE and UKCA markings present on the labelling. However, the name and address of the UK Responsible Person, where applicable, needs to be included on product labelling or the outer packaging, or the instructions for use in cases where the UKCA marking has been affixed (including when devices have been dual marked).

Post-market surveillance and vigilance

Once a medical device has been placed on the UK market, the manufacturer is required to submit vigilance reports to the MHRA when certain incidents occur in the UK that involve their device. They must also take appropriate safety action when required. The manufacturer must ensure their device meets appropriate standards of safety and performance for as long as it is in use.

The notification and evaluation of adverse incidents and field safety corrective actions involving medical devices is known as the medical device vigilance system.

Reporting Obligations

The requirement to report falls to the manufacturer, the UK Responsible Person, and the Authorised Representative based in Northern Ireland.

The manufacturer, UK Responsible Person or Authorised Representative shall notify the MHRA about incidents and FSCAs which meet the reporting criteria; this includes Periodic Summary Reports and Trend Reports.

The manufacturer has the responsibility for investigating incidents and for taking any corrective action necessary.

Where an incident occurs from the combined use of two or more separate devices (and/or accessories) that different manufacturers make, each manufacturer (or their UK Responsible Person or Authorised Representative) should submit a report to the MHRA.

REGULATORY OVERVIEW

The manufacturer should notify the MHRA immediately upon becoming aware that one of its devices may have caused or contributed to an event meeting the above criteria.

The maximum permitted time between the manufacturer first becoming aware of the incident and notifying the MHRA are given below:

- Serious public health threat: No later than 2 calendar days after the manufacturer becomes aware
- Death or unanticipated serious deterioration in state of health: No later than 10 calendar days after the manufacturer becomes aware
- Others: No later than 30 calendar days after the manufacturer became aware

If after becoming aware of a potentially reportable incident it is unclear whether the event meets the reporting criteria above, the manufacturer must submit a report within the relevant timeframe.

Waste Electrical and Electronic Equipment

Electrical and electronic equipment (“EEE”) is regulated to reduce the amount of waste electrical and electronic equipment (“WEEE”) incinerated or sent to landfill sites.

Reduction is achieved through various measures which encourage the recovery, reuse and recycling of products and components.

The Waste Electrical and Electronic Equipment Regulations 2013 (as amended) is the underpinning UK legislation.

Medical device manufacturing generally falls under the WEEE regime, with some specific exceptions. Penlon manufactures display equipment, which can be categorised as a producer.

Producer obligations

Register as a producer annually. How producers do this depends on how much EEE they have placed on the UK market in the previous calendar year (also known as a compliance year):

- if they place less than 5 tonnes of EEE on the UK market in a compliance year, they can register directly with their environmental regulator as a small producer
- if they place more than 5 tonnes of EEE on the market, they must join a producer compliance scheme (“PCS”)

The PCS takes on their obligations to finance the collection, treatment, recovery and environmentally sound disposal of household WEEE collected in the UK.

REGULATORY OVERVIEW

Patents, Trademarks and Designs

Patents

In the UK, patents are subject to the Patents Act 1977 (PA 1977). The Act came into force on 1 July 1978 and, as patents last for 20 years, it now governs all UK patents still in force.

Patents are available for most industrially applicable processes and devices. They may cover:

- Mechanical devices, for example, a mousetrap;
- Methods for doing things, such as methods for dyeing or bleaching fabrics;
- Chemical compounds, for example, a new drug; and
- Mixtures of compounds, for example, an improved hand cream.

Patents in the UK, as in the European Economic Area (“EEA”), have a duration of 20 years from their filing date, subject to payment of renewal fees and not being invalidated.

Patent law in the UK conforms to the standards imposed by the Paris Convention, TRIPS and the EPC. A patent may only be granted for an invention if that invention fulfils all the following criteria: (i) it is new; (ii) it involves an inventive step; (iii) it is capable of industrial application; and (iv) it is not specifically excluded from protection as a patent. (Section 1, PA 1977.)

Trademark

The law relating to UK registered trade marks is contained primarily in the Trade Marks Act 1994 (“TMA”), which implemented the 2008 Trade Marks Directive (2008/95/EC) and its successor, the 2015 Trade Marks Directive (2015/2436). The UK trade marks register is administered by the registrar of trademarks from within the UK Intellectual Property Office.

When manufacturers register its trade mark, they will be able to:

- take legal action against anyone who uses their brand without their permission, including counterfeiters;
- put the ® symbol next to their brand — to show that it’s owned and warn others against using it;
- sell and license their brand.

Trade mark can include words, sounds, logos, colors and a combination of any of these.

REGULATORY OVERVIEW

Trade mark cannot:

- be offensive, for example contain swear words or pornographic images;
- describe the goods or services it will relate to, for example the word ‘cotton’ cannot be a trade mark for a cotton textile company;
- be misleading, for example use the word ‘organic’ for goods that are not organic;
- be too common and non-distinctive, for example a statement like ‘we lead the way’;
- be just a generic shape associated with your business, for example if you sell apples you cannot trade mark the shape of an apple;
- make use of national flags you do not have permission to use; or
- make use of official emblems or hallmarks, for example coats of arms.

Design

The principal statute governing registered designs in the UK is the Registered Designs Act 1949 (“**RDA 1949**”). Following the end of the Brexit UK-EU transition period, further amendments were made to the RDA 1949 to accommodate the revised designs landscape. The principal change was the introduction of the re-registered design to compensate holders of rights in the unitary EU registered Community designs (“**RCDs**”) for the loss of the rights in the UK. Essentially, re-registered designs are treated like UK registered designs.

Essential Features

The essential features of registered designs are as follows:

- Registered designs can protect three-dimensional and possibly two-dimensional designs and can comprise a one-off design. The design is protected across all sectors and is not limited to the product to which it was originally applied. Examples are typefaces and designs for plates or cars.
- Parts of articles can be protected as designs if they are visible in normal use.
- The design must be new. An identical or very similar design must not have been disclosed anywhere in the world before the application. However, the designer has a 12-month grace period after disclosure in which to file their application for a design.
- The design must have “individual character”, that is, it must give a different overall impression from previous designs. However, it need not have artistic merit.

REGULATORY OVERVIEW

- Specific designs are excluded, most importantly computer programs, features that are solely dictated by the product’s technical function, and “must fit” features (that is, features that are necessary to allow an article to fit another article). However, modular systems are allowed.
- Protection can last for 25 years, and the procedure for registration is relatively low cost and quick, making it an attractive form of protection.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Established in April 2011 in the PRC, our Company has over the years evolved from a business engaging in the production and sales of infusion and injection devices into an integrated medical device solutions provider focusing on innovative and high-end products under the leadership of Mr. Liu and Mr. Zhong. Since 2016, our Company has received various rounds of financing from different institutional and sophisticated investors to support its continuous innovation and business expansion. We have also made various strategic acquisitions since 2017 to broaden our portfolio of products through synergizing our technological and platform advantages with the specialty product pipelines of these acquired businesses. We have become a global medical solution provider with innovative and comprehensive product offerings, serving clinical needs across a wide range of clinical departments, wards and offices within medical institutions, as well as community health centers, testing facilities and home care scenarios in more than 140 countries and regions, and achieving various leading positions in China’s and the global medical device markets.

KEY DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Key development milestone event
2011 . . .	Our Company was established in April 2011 in the PRC under its former name, Shenzhen Yusheng Medical Technology Co., Ltd. (深圳玉升醫療科技有限公司).
2013 . . .	Our Company was renamed as Medcaptain Medical Technology Co., Ltd. (深圳麥科田生物醫療技術有限公司) in July.
2016 . . .	We completed our Series A Financing in August.
2017 . . .	We completed our Series B Financing in May. We completed the acquisition of 65% equity interest of Runpu Biotech, a Shanghai-based medical device company primarily engaged in the manufacture and sales of blood gel cards and related blood typing consumables, in December.
2019 . . .	We completed our Series C Financing in May.
2020 . . .	We completed the acquisition of 51% equity interest of Mabsky, a company that focuses on the research and development of molecular diagnostic reagent products, in May.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Key development milestone event
	In November, our Company was converted into a joint stock limited company and changed its name into Medcaptain Medical Technology Co., Ltd. (深圳麥科田生物醫療技術股份有限公司).
2021 . . .	We completed the acquisitions of the remaining equity interests in Runpu Biotech and Mabsky from their respective then minority shareholders in March. We completed another round of [REDACTED] financing in May. We launched Haema TX, the world’s first fully-automated TEG analyzer.
2022 . . .	We completed the acquisition of the entire share capital of the holding company of Penlon, a globally renowned British medical device company specializing in anesthesia and respiratory solutions, in January, thereby deepening our global presence and providing closer proximity to European markets. We completed the acquisition of the entire share capital of Vedkang Medical, a Jiangsu-based medical device company specializing in the production and sale of endoscope consumables, in April, enabling us to enter the minimally invasive intervention field.
2023 . . .	We completed two rounds of [REDACTED] financing in June and September.
2025 . . .	As part of the Group’s strategy to expand its market share of vertical integration in Europe, we acquired the entire equity interests of Vedefar, a Belgium-based distributor of a range of medical devices in Europe. We entered into an agreement to acquire Suzhou Caring Medical Co., Ltd. (蘇州國科美潤達醫療技術有限公司) in August which further strengthens our presence in the endoscopic market by expanding our product offerings from flexible endoscopes to rigid endoscopes.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The following table summarizes our principal subsidiaries which are of strategic importance to us or made material contributions to our results of operations during the Track Record Period:

Name of subsidiary	Principal business activities	Date and jurisdiction of establishment
Shenzhen Medcaptain Life Science Co., Ltd. (深圳麥科田生命科學有限公司)	Research and development, production and sale of medical consumables for infusion, anesthetic and invasive products and solutions	May 2, 2018, the PRC
Medcaptain Medical Technology (Hong Kong) Limited (麥科田醫療技術有限公司).	Overseas sale of life support medical devices and solutions and IVD products	June 4, 2015, Hong Kong
Jiangsu Vedkang Medical Science and Technology Co., Ltd. (江蘇唯德康醫療科技有限公司)	Research and development, production and sale of minimally invasive interventional products	October 15, 2012, the PRC
Penlon Limited	Research and development, production and sale of life support medical devices and solutions, including anesthesia and respiratory solutions	July 23, 1996, England and Wales
Shanghai Runpu Biotechnology Co., Ltd. (上海潤普生物技術有限公司)	Research and development, production and sale of IVD products, including fully automated blood grouping analyzers and blood gel cards	November 16, 2010, the PRC
Mabsky Biotech Co., Ltd. (深圳生科原生物有限公司)	Research and development, production and sale of IVD products, including molecular diagnostic reagent products	September 13, 2004, the PRC

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Incorporation and Early History

Our Company was established on April 26, 2011 in the PRC by LI Dongcen (李冬岑) and QIAN Yunzhou (錢雲周) under its former name, Shenzhen Yusheng Medical Technology Co., Ltd. (深圳玉升醫療科技有限公司). Both LI Dongcen and QIAN Yunzhou are Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Mr. Zhong and Mr. Liu, directly or indirectly, entered into a series of equity transfers with our early Shareholders, LI Dongcen (李冬岑), ZHONG Tianran (鍾天然) and QIAN Yunzhou (錢雲周):

- In April 2014, ZHONG Tianran, the brother of Mr. Zhong, transferred RMB4 million of our registered capital (representing 40.00% of the equity interests in our Company) to Mr. Zhong at par value.
- In May 2014, Ms. Li (the spouse of Mr. Liu), through Mr. Zhong as a nominee shareholder, injected RMB7.5 million registered capital into our Company and became interested in 42.86% equity interests of our Company. Given Ms. Li is the spouse of Mr. Liu, such equity interests in our Company held by Ms. Li has been the “marital assets” and under the joint ownership of Mr. Liu and Ms. Li, and Mr. Liu and Ms. Li have viewed and managed their assets as jointly owned marital assets, consistent with the relevant PRC laws on marriage and family.
- The nominee shareholding relationship between Mr. Zhong (as nominee shareholder) and Mr. Liu and Ms. Li (as beneficial owners holding equity interests in our Company collectively as their jointly owned “marital assets”) ceased on December 7, 2015, when Mr. Zhong transferred the RMB7.5 million of our registered capital (representing 42.86% equity interests of our Company) to Ms. Li (who held such equity interests as “marital assets” jointly owned together with Mr. Liu) at par value. On even date, QIAN Yunzhou transferred all of his equity interests in our Company, being RMB1.352 million of our registered share capital (representing 7.73% equity interests of our Company), to Ms. Li (who held such equity interests as “marital assets” jointly owned together with Mr. Liu) for a consideration of approximately RMB2.97 million. Subsequently in the same month, Mr. Zhong, Ms. Li, LI Dongcen and Juxian Kangzhong LP successively completed subscriptions of additional RMB0.8 million, RMB1.5 million, RMB0.93 million and RMB14.27 million of our registered share capital, respectively.

Before undergoing the first round of [REDACTED] financing in 2016, the shareholding structure of our Company was as follows:

Shareholder	Registered capital	Equity Interest
	(RMB ‘000)	(%)
Juxian Kangzhong LP ⁽¹⁾⁽²⁾	14,270	40.77
Ms. Li ⁽²⁾	10,352	29.58
LI Dongcen	5,578	15.94
Mr. Zhong	4,800	13.71
	35,000	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Juxian Kangzhong LP is one of our Employees Incentive Platforms controlled by Ms. Li as its sole general partner.
- (2) Ms. Li has held such equity interests in our Company as “marital assets” jointly owned together with Mr. Liu.

Series A Financing and Transfer of Equity Interests to our Employees Incentive Platform

On February 19, 2016, our Company, Mr. Liu, Mr. Zhong, Ms. Li and LI Dongcen entered into a capital increase agreement with Shenzhen Guozhong SME Development Private Equity Investment Fund Partnership (limited partnership) (深圳國中中小企業發展私募股權投資基金合夥企業(有限合夥)) (previously known as SME Development Fund (Shenzhen Limited Partnership) (中小企業發展基金(深圳有限合夥))) (“**SME Fund**”), Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) (“**Shenzhen Capital Group**”) and its affiliated companies, namely Guangdong Hongtu Entrepreneurship Investment Limited Company (廣東紅土創業投資有限公司) (“**Guangdong Hongtu**”), Shenzhen Hongtu Peacock Entrepreneurship Investment Limited Company (深圳市紅土孔雀創業投資有限公司) (“**Hongtu Peacock**”) and Shenzhen Pingshan New Area Hongtu Entrepreneurship Investment Limited Company (深圳市坪山新區紅土創新發展創業投資有限公司) (currently known as Shenzhen Pingshan Area Hongtu Entrepreneurship Investment Limited Company (深圳市坪山區紅土創新發展創業投資有限公司)) (“**Shenzhen Pingshan Hongtu**”) (together, the “**Series A Investors**”), pursuant to which each Series A Investor agreed to subscribe an increased registered capital of RMB1 million for a consideration of RMB8 million, which, in aggregate, represents a subscription of increased registered capital of RMB5 million for a total consideration of RMB40 million (the “**Series A Financing**”). The Series A Financing was completed on August 25, 2016. The consideration was determined based on arm’s length negotiations between our Company and the Series A Investors after taking into consideration the timing of the investments and our business scale, development and future prospects.

After the Series A Financing, in October 2016, LI Dongcen entered into an equity transfer agreement with Ruisen Kangzhong LP, one of our Employees Incentive Platforms, pursuant to which LI Dongcen transferred RMB4 million of our Company’s registered capital to Ruisen Kangzhong LP, for a consideration of RMB22 million. The consideration was determined based on arm’s length negotiations between the aforesaid Shareholders, taking into account the fact that Ruisen Kangzhong LP is one of our Employees Incentive Platforms.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series B Financing and Subscription of Equity Interests by our Employees Incentive Platform

On March 20, 2017, our Company, Mr. Liu, Mr. Zhong, Ms. Li, LI Dongcen, Juxian Kangzhong LP, Ruisen Kangzhong LP and the Series A Investors entered into a capital increase agreement with Zhuhai Gao Ling Tiancheng Equity Investment Fund (Limited Partnership) (珠海高瓴天成股權投資基金(有限合夥)) (“**Zhuhai Gao Ling**” or the “**Series B Investor**”), pursuant to which the Series B Investor agreed to subscribe for an increased registered capital of RMB8.5 million for a total consideration of RMB102 million (the “**Series B Financing**”). The Series B Financing was completed on May 3, 2017. The consideration was determined based on arm’s length negotiations between our Company and the Series B Investor after taking into consideration the timing of the investments and our business scale, development and future prospects.

After the Series B Financing, on May 29, 2018, Ruisen Kangzhong LP entered into a capital increase agreement with the then Shareholders of our Company, pursuant to which Ruisen Kangzhong LP agreed to subscribe for an increased registered capital of RMB4.85 million for a total consideration of RMB26.675 million. The consideration was determined based on arm’s length negotiations between the aforesaid Shareholders, taking into account the fact that Ruisen Kangzhong LP is one of our Employees Incentive Platforms.

Series C Financing and Transfer of Equity Interests by our [REDACTED]

On March 28, 2019, our Company, Mr. Liu, Mr. Zhong, Ms. Li, LI Dongcen, Juxian Kangzhong LP, Ruisen Kangzhong LP, the Series A Investors and the Series B Investor entered into a capital increase and share transfer agreement with Tianjin Zhenying Enterprise Management Consultancy Limited Partnership (Limited Partnership) (天津振盈企業管理諮詢合夥企業(有限合夥)) (“**Tianjin Zhenying**”) (formerly known as Tianjin Gao Ling Zhenying Equity Investment Fund (Limited Partnership) (天津高瓴振盈投資合夥企業(有限合夥)), Shenzhen Capital Group and Suzhou Lirui Equity Investment Centre (Limited Partnership) (蘇州禮瑞股權投資中心(有限合夥)) (“**Suzhou Lirui**”) (together with Hongtu Healthcare (as defined below), the “**Series C Investors**”), pursuant to which:

- (i) Tianjin Zhenying, Shenzhen Capital Group and Suzhou Lirui agreed to subscribe for the increased registered capital of RMB6.6 million, RMB3.0 million and RMB2.5 million, respectively, for a consideration of RMB118.8 million, RMB54.0 million and RMB45.0 million, respectively; and
- (ii) Juxian Kangzhong LP agreed to transfer RMB1.8 million of registered capital to Tianjin Zhenying for a total consideration of RMB32.4 million

(the “**Series C Financing**”).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Furthermore, on July 10, 2019, our Company, Mr. Liu, Mr. Zhong, Ms. Li, the Series A Investors, the Series B Investor, the Series C Investors and Shenzhen Hongtu Healthcare Industry Equity Investment Partnership (Limited Partnership) (深圳紅土醫療健康產業股權投資基金合夥企業(有限合夥)) (“**Hongtu Healthcare**”) (an entity under common control as Shenzhen Capital Group) entered into an equity transfer agreement, pursuant to which Shenzhen Capital Group agreed to transfer RMB2.5 million of registered capital of our Company for a total consideration of RMB45 million, and Hongtu Healthcare agreed to be bound by the rights and obligations of the Series C Investors. The Series C Financing was completed on May 30, 2019 and the share capital transfer from Shenzhen Capital Group to Hongtu Healthcare was completed on September 12, 2019.

The consideration was determined based on arm’s length negotiations between our Company, the Series C Investors and/or the relevant Shareholders (as the case may be) after taking into consideration the timing of the investments and our business scale, development and future prospects.

2020 Equity Interests Transfers

In April and August 2020, a series of equity interests transfers (the “**2020 Equity Interests Transfers**”) were conducted, mainly in relation to (i) the investments of Shenzhen Linkway Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)) (“**Linkway Cornerstone**”) and Shenzhen Cowin Asset Management Co., Ltd. (深圳同創偉業資產管理股份有限公司) (“**Cowin Asset Management**”) into our Company and (ii) the optimization of shareholdings among our Employees Incentive Platforms and Mr. Liu, Mr. Zhong and/or Ms. Li (as our individual Controlling Shareholders). The consideration for the equity interests transfers was determined based on arm’s length negotiations between the relevant Shareholders after taking into consideration the timing of the investments and our business scale, development and future prospects. The 2020 Equity Interests Transfers were completed on November 13, 2020. The details of such equity transfers are set out below:

Date of agreement	Transferor	Transferee	Registered capital transferred (RMB ‘000)	Consideration (RMB ‘000)
[REDACTED] investments by Linkway Cornerstone and Cowin Asset Management				
April 28, 2020 . . .	Ruisen	Linkway	250	6,250
	Kangzhong LP	Cornerstone		
April 28, 2020 . . .	Ruisen	Cowin Asset	400	10,000
	Kangzhong LP	Management		

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

<u>Date of agreement</u>	<u>Transferor</u>	<u>Transferee</u>	<u>Registered capital transferred</u> (RMB ‘000)	<u>Consideration</u> (RMB ‘000)
<i>Transfer of registered capital between our Employees Incentive Platforms and/or our individual Controlling Shareholders</i>				
August 24, 2020..	Juxian Kangzhong LP	Jucui Kangzhong LP	800	800
August 24, 2020..	Ruisen Kangzhong LP	Ruiyu Kangzhong LP	600	3,300
August 24, 2020..	Ruisen Kangzhong LP	Ruiqian Kangzhong LP	800	4,400
August 24, 2020..	Ruisen Kangzhong LP	Ruikun Kangzhong LP	1,100	6,050
August 24, 2020..	Ruisen Kangzhong LP	Ms. Li	3,600	19,800
August 24, 2020..	Ruisen Kangzhong LP	Mr. Zhong	400	2,200
August 29, 2020..	Ms. Li	Mr. Liu	9,900	9,900

Joint Stock Company Reform and Establishment of the WVR Structure

Pursuant to the Shareholders’ resolutions and the promoters’ agreement dated November 2, 2020, the then Shareholders of our Company agreed to convert our Company into a joint stock limited liability company with a registered capital of RMB359,975,000. According to the audit report of our Company prepared by an Independent Third Party auditing firm, as at August 31, 2020, the audited net asset value of our Company amounted to RMB606,338,639.05, of which (i) RMB359,975,000 was converted into 359,975,000 Shares of RMB1.00 par value each issued to the then Shareholders of our Company in proportion to their capital contribution to our Company and (ii) the remaining RMB246,363,639.05 was converted into capital reserve. Upon the completion of registration with Shenzhen Administration for Market Regulation (深圳市市場監督管理局) on November 19, 2020, our Company was converted into a joint stock company with limited liability, and was renamed as Medcaptain Medical Technology Co., Ltd. (深圳麥科田生物醫療技術股份有限公司).

On November 17, 2020, a Shareholders’ resolution was passed to approve the establishment of the WVR structure and the relevant amendments to our Articles in accordance with the PRC Company Law and the Regulations of Shenzhen Special Economic Zone on Science, Technology and Innovation, pursuant to which (i) the Shares held by Mr. Liu, Mr. Zhong and Ms. Li were reclassified and re-designated as Class A Shares and (ii) the Shares held by all other Shareholders were reclassified and re-designated as Class B Shares. Under the WVR structure, our Company’s share capital comprised of two classes of Shares, Class A Shares and Class B Shares, with each Class A Share entitling its holder to ten votes and each Class B Share entitling its holder to one vote, except for a resolution in respect of (i) amendments to the Articles, (ii) amendments to the votes entitled to the Class A shares, (iii) appointment or removal of independent non-executive Directors, (iv) appointment or removal of auditors for our Company’s periodic reports and (v) merger, division, dissolution or change in the form of our Company, in respect of which one Share still carried one vote.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

2021 Share Subscription and 2021 Share Transfers

On March 1, 2021, our Company entered into a capital increase agreement with certain investors (together, the “**2021 Financing Investors**”), pursuant to which such investors subscribed, in aggregate, 40,037,300 Class B Shares at a price of RMB16 per Share, settled by way of (i) cash consideration or (ii) in respect of the minority shareholders of Runpu Biotech, Xinghaohui Biotech and Mabsky (collectively, the “**Acquired Subsidiaries**”), a share swap involving the shares or equity interests in the relevant Acquired Subsidiaries (the “**2021 Share Subscription**”). The 2021 Share Subscription was completed on May 24, 2021. Concurrently, Shenzhen Kanghong Consulting Management Enterprise (Limited Partnership) (深圳市康泓諮詢管理企業(有限合夥)) (“**Kanghong Consulting**”), an employee shareholding platform of our Company, agreed to subscribe for 1,500,000 Class B Shares at RMB16 per Share for a total cash consideration of RMB24 million.

(i) Share subscription

Set out below are the 2021 Financing Investors who subscribed an aggregate of 29,750,000 Class B Shares for cash consideration of RMB476.0 million:

2021 Financing Investors	Number of Class B Shares	Subscription Price
		(RMB million)
Zhuhai Aiheng Equity Investment Partnership (Limited Partnership) (珠海艾恒股權投資合夥企業(有限合夥)) (“ Zhuhai Aiheng ”)	5,000,000	80.0
Linkway Cornerstone	3,750,000	60.0
Xinyu Cowin Guosheng Science and Technology Innovation Industry Investment Partnership (Limited Partnership) (新餘市同創國盛科創產業 投資合夥企業(有限合夥)) (“ Xinyu Cowin ”)	3,750,000	60.0
Shenzhen Capital Group	2,500,000	40.0
Hongtu Healthcare	2,500,000	40.0
Shenzhen Boxin Shengke Venture Capital Partnership (Limited Partnership) (深圳博信生 科創業投資合夥企業(有限合夥)) (“ Boxin Shengke ”)	1,250,000	20.0
Shenzhen Share Zeshan Precision Medical Venture Capital Partnership (Limited Partnership) (深圳 市分享擇善精準醫療創業投資合夥企業(有限合 夥)) (“ Share Zeshan ”)	1,250,000	20.0
Shenzhen Nanshan SoftBank Equity Investment Fund Partnership (Limited Partnership) (深圳市 南山軟銀股權投資基金合夥企業(有限合夥)) (“ Nanshan SoftBank ”)	1,250,000	20.0

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

2021 Financing Investors	Number of Class B Shares	Subscription Price (RMB million)
Shenzhen Grandway Capital Management Co., Ltd. (深圳市嘉遠資本管理有限公司) (“ Grandway Capital ”)	1,250,000	20.0
Shenzhen Gaotejia Ruixin Investment Partnership (Limited Partnership) (深圳市高特佳睿信投資合 夥企業(有限合夥)) (“ Gaotejia Ruixin ”)	1,250,000	20.0
Ningbo Jiazhu Enterprise Management Partnership (Limited Partnership) (寧波嘉竹企業管理合夥企 業(有限合夥)) (“ Ningbo Jiazhu ”)	1,000,000	16.0
Dongguan Yueke Xintai No. 18 Equity Investment Partnership (Limited Partnership) (東莞粵科鑫 泰十八號股權投資合夥企業(有限合夥)) (“ Yueke Xintai No. 18 ”)	1,000,000	16.0
Gongqingcheng Jiayin Ruihe Investment Management Partnership (Limited Partnership) (共青城佳銀瑞禾投資管理合夥企業(有限合夥)) (“ Gongqingcheng Jiayin ”)	1,000,000	16.0
Shenzhen High-Tech Venture Capital Co., Ltd. (深 圳市高新投創業投資有限公司) (“ High-Tech VC ”)	875,000	14.0
Ningbo Zhixun Venture Capital Partnership (Limited Partnership) (寧波市智尋創業投資合夥 企業(有限合夥)) (“ Zhixun VC ”)	875,000	14.0
Gongqingcheng Daohe Venture Capital Partnership (Limited Partnership) (共青城道合創業投資合夥 企業(有限合夥)) (“ Gongqingcheng Daohe VC ”)	625,000	10.0
Shenzhen Talent Innovation and Entrepreneurship No. 2 Equity Investment Fund Partnership (Limited Partnership) (深圳市人才創新創業二號 股權投資基金合夥企業(有限合夥)) (“ Talent Innovation No. 2 Fund ”)	531,250	8.5
Shenzhen Xiaohe Venture Capital Partnership (Limited Partnership) (深圳市小禾創業投資合夥 企業(有限合夥)) (“ Xiaohe VC ”) (formerly known as Shenzhen Xiaohe Investment Partnership (Limited Partnership) (深圳市小禾 投資合夥企業(有限合夥))	93,750	1.5
	29,750,000	476.0

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(ii) *Share swap in respect of our Company’s acquisition of minority stake in the Acquired Subsidiaries*

In connection with our Company’s acquisition of the remaining minority stake in certain Acquired Subsidiaries, the following 2021 Financing Investors subscribed a total of 8,787,300 Class B Shares as consideration for selling their respective minority stakes in the relevant Acquired Subsidiaries to our Company:

<u>2021 Financing Investors</u>	<u>Number of Class B Shares subscribed in the share swap</u>	<u>Equity interests in Acquired Subsidiaries as consideration</u>
<i>Sellers of minority stake of Runpu Biotech</i>		
MAO Peihua (茅培華)	701,639 ⁽²⁾	19.94% equity interests in Runpu Biotech ⁽¹⁾
LI Ying (李穎)	526,405 ⁽²⁾	14.96% equity interests in Runpu Biotech ⁽¹⁾
<i>Sellers of minority stake of Xinghaohui Biotech</i>		
LV Caishu (呂才樹)	2,943,475	47.0956% equity interests in Xinghaohui Biotech ⁽³⁾
<i>Sellers of minority stake of Mabsky</i>		
Shenzhen Junji Management Consulting Partnership (Limited Partnership) (深圳市君濟管理諮詢合夥企業(有限合夥)) (“ Junji Consulting LP ”)	2,588,625	27.612% equity interests in Mabsky ⁽⁴⁾
Ruixin Kangzhong LP	1,928,812	20.574% equity interests in Mabsky ⁽⁴⁾
DOU Wenxiang (竇文祥)	98,344	1.049% equity interests in Mabsky ⁽⁴⁾
	<u>8,787,300</u>	

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Notes:

- (1) On November 23, 2017, our Company entered into a share transfer agreement with MAO Peihua, LI Ying, SHI Chunmei (史春梅), WANG Chaoqian (王朝乾) and YUAN Qingmei (袁青梅), who were all Independent Third Parties at the relevant time, to acquire 56.41% of the share capital in Runpu Biotech, a PRC-based medical device company primarily engaged in the manufacture and sales of blood gel cards and related blood typing consumables, at a cash consideration of RMB35.50 million. In parallel, our Company also entered into a capital increase agreement with Runpu Biotech and the remaining minority shareholders of Runpu Biotech, MAO Peihua and LI Ying, pursuant to which our Company agreed to subscribe for an increased registered capital of RMB5.6 million for a total consideration of RMB15.7 million. Following the aforesaid transactions, our Company held 65.10% of the share capital in Runpu Biotech.

On March 1, 2021, our Company further acquired the remaining share capital in Runpu Biotech from MAO Peihua and LI Ying. The valuation of Runpu Biotech at the time of such share swap was determined by the parties to be RMB56.3 million, with reference to the equity valuation of Runpu Biotech as of December 31, 2020 conducted by an Independent Third Party valuer adopting the income approach. Accordingly, MAO Peihua's 19.94% stake and LI Ying's 14.96% stake in Runpu Biotech was equivalent to RMB11,226,220 and RMB8,422,480 respectively, pursuant to which 701,639 and 526,405 Class B Shares shall be subscribed for by them respectively at a price of RMB16 per Share.

- (2) Prior to the subscription of 701,639 Class B Shares and 526,405 Class B Shares by MAO Peihua and LI Ying, respectively, in the share swap in respect of our Company's acquisition of minority stake of Runpu Biotech, 700,000 Class B Shares and 500,000 Class B Shares were issued to MAO Peihua and LI Ying, respectively, at RMB1 per Share as share awards on December 23, 2020 as approved by our Shareholders, in recognition of their respective contributions to Runpu Biotech since the latter became a non-wholly owned subsidiary of our Company in 2017.
- (3) Xinghaohui Biotech focused on the research and development of molecular diagnostic devices, and subsequent to its acquisition, we have integrated the business operations of Xinghaohui Biotech to establish our research and development platform of dPCR to better manage our Group's resources and operation costs through a streamlined corporate structure. Xinghaohui Biotech was de-registered in September 2023. The valuation of Xinghaohui Biotech at the time of such share swap was determined by the parties to be RMB100 million with reference to the equity valuation of Xinghaohui Biotech as of December 31, 2020 conducted by an Independent Third Party valuer adopting the market approach. Accordingly, LV Caishu's 47.0956% stake in Xinghaohui Biotech was equivalent to RMB47,095,600, pursuant to which 2,943,475 Class B Shares shall be subscribed by him at a price of RMB16 per Share.
- (4) On April 27, 2020, our Company entered into a share transfer agreement with each of the selling shareholders of Mabsky, who were all Independent Third Parties at the relevant time, to acquire RMB13.55 million of the registered capital in Mabsky, a PRC-based medical device company primarily engaged in the manufacture and sales of molecular diagnostic reagent products, at a cash consideration of RMB51.72 million. In parallel, our Company and Ruixin Kangzhong LP also entered into a capital increase agreement with (among others) the remaining minority shareholders of Mabsky, DOU Wenxiang and Junji Consulting LP, pursuant to which our Company agreed to subscribe for an increased registered capital of RMB5.49 million for a total consideration of RMB21.50 million. Following the aforesaid transactions, our Company held 50.77% of the share capital in Mabsky.

On March 1, 2021, our Company further acquired the remaining share capital in Mabsky from DOU Wenxiang and Junji Consulting LP. The valuation of Mabsky at the time of such share swap was determined by the parties to be RMB150 million with reference to the equity valuation of Mabsky as of December 31, 2020 conducted by an Independent Third Party valuer adopting the income approach. Accordingly, Junji Consulting LP's 27.612% stake, Ruixin Kangzhong LP's 20.574% stake and DOU Wenxiang's 1.049% stake in Mabsky was equivalent to RMB41,418,000, RMB30,861,000 and RMB1,573,500 respectively, pursuant to which 2,588,625, 1,928,812 and 98,344 Class B Shares shall be subscribed for by them at a price of RMB16 per Share.

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The consideration paid by each of the 2021 Financing Investors and Kanghong Consulting was determined based on arm’s length negotiations between our Company and the aforesaid Shareholders after taking into consideration the timing of the investments and our business scale, development and future prospects.

Following the 2021 Share Subscription, (i) on December 20, 2021, Hualong Kangzhong LP, one of our Employees Incentive Platforms, agreed to subscribe for 40,000,000 Class B Shares for a consideration of RMB160 million; and (ii) on December 29, 2021, Cowin Asset Management and Xinyu Cowin transferred all Class B Shares they held to Zhuhai Aiheng and Suzhou Gao Ling Qirui Medical Health Industry Investment Partnership Enterprise (Limited Partnership) (蘇州高瓴祈睿醫療健康產業投資合夥企業(有限合夥)) (“**Suzhou Gao Ling**”) (the “**2021 Share Transfers**”) in the following manner:

Transferor	Transferee	Number of Class B Shares	Consideration (RMB)
Cowin Asset Management	Zhuhai Aiheng	1,100,000	5,563,300
Cowin Asset Management	Suzhou Gao Ling	1,100,000	5,563,300
Xinyu Cowin	Zhuhai Aiheng	1,875,000	31,966,050
Xinyu Cowin	Suzhou Gao Ling	1,875,000	31,966,050
		5,950,000	75,058,700

The consideration of each of the aforesaid subscription and share transfers was determined based on arm’s length negotiations between the relevant Shareholders after taking into consideration the overall cost and rate of return of investments from Cowin Asset Management and Xinyu Cowin, and our business scale, development and future prospects.

Share Swap in connection with our Acquisition of Vedkang Medical

In connection with our Company’s acquisition of the entire equity interests of Vedkang Medical, pursuant to an equity transfer agreement dated April 12, 2022, the then shareholders of Vedkang Medical, namely ZHUANG Xiaojin (莊小金), MIAO Donglin (繆東林), Changzhou Zixi Venture Capital Partnership (Limited Partnership) (常州梓熙創業投資合夥企業(有限合夥)) (“**Changzhou Zixi**”) and Changzhou Zijing Venture Capital Partnership (Limited Partnership) (常州梓澗創業投資合夥企業(有限合夥)) (“**Changzhou Zijing**”), agreed to subscribe for 53,124,999 Class B Shares at RMB16 per Share, in exchange for the sale of 50% of the share capital in Vedkang Medical they collectively owned to our Company (“**Vedkang Medical Share Swap**”). The subscriptions involved in the Vedkang Medical Share Swap were completed on May 10, 2022. Changzhou Zixi and Changzhou Zijing are employee share incentive platforms of Vedkang Medical. The remaining 50% consideration for our acquisition of Vedkang Medical was satisfied in cash. See “Material Acquisitions — Acquisition of Vedkang Medical” in this section for further details.

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The details of the Vedkang Medical Share Swap are set out as follows:

Shareholder	Number of Class B Shares	% of share capital in Vedkang Medical as consideration ^(Note)
ZHUANG Xiaojin	34,664,062	32.62
MIAO Donglin	11,554,687	10.87
Changzhou Zixi	3,453,125	3.25
Changzhou Zijing	3,453,125	3.25
	53,124,999	50.00

Note: The consideration paid by the Company for acquisition of Vedkang Medical was determined by the parties with reference to the equity valuation of Vedkang Medical conducted by an independent Third Party valuer which was approximately RMB1.7 billion as of December 31, 2021. With respect to the Vedkang Medical Share Swap, the Class B Shares were issued at RMB16 per Share in exchange for the relevant sellers’ equity interests in Vedkang Medical, which was on par with the subscription price for the 2021 Share Subscription.

2023 Share Transfers and 2023 Share Subscriptions

On June 26, 2023, our Company entered into a capital increase agreement with Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產業併購股權投資基金合夥企業(有限合夥)) (“**Xinshi Xinxing**”), pursuant to which Xinshi Xinxing agreed to subscribe for 4,303,030 Class B Shares for a total consideration of RMB70,999,995. Subsequently, on September 20, 2023, our Company entered into a capital increase agreement with Wuhu Xinshi Xinyao Equity Investment Partnership (Limited Partnership) (蕪湖信石信耀股權投資合夥企業(有限合夥)) (“**Xinshi Xinyao**”) (together with Xinshi Xinxing, the “**2023 Financing Investors**”), pursuant to which Xinshi Xinyao subscribed for 1,075,757 Class B Shares for a total consideration of RMB17,749,990.5 (together with Xinshi Xinxing’s subscription in June 2023, the “**2023 Share Subscriptions**”).

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In parallel with the 2023 Share Subscriptions, the 2023 Financing Investors also agreed to acquire Class B Shares from the following Employees Incentive Platforms (the “**2023 Share Transfers**”):

Date of agreement	Transferor	Transferee	Number of Class B Shares	Consideration (RMB)
June 26, 2023 . .	Hualong Kangzhong LP	Xinshi Xinxing	7,596,552	110,150,004.00
June 26, 2023 . .	Juxian Kangzhong LP	Xinshi Xinxing	500,000	7,250,000.00
June 26, 2023 . .	Ruisen Kangzhong LP	Xinshi Xinxing	400,000	5,800,000.00
June 26, 2023 . .	Ruikun Kangzhong LP	Xinshi Xinxing	400,000	5,800,000.00
September 20, 2023	Hualong Kangzhong LP	Xinshi Xinyao	2,224,137	32,249,986.50
			11,120,689	161,249,990.50

The consideration of the 2023 Share Subscriptions and the 2023 Share Transfers was determined based on arm’s length negotiations between our Company, the relevant selling Shareholders and the 2023 Financing Investors (as the case may be) after taking into consideration the timing of the investments and our business scale, development and future prospects and the previous investment made by Xinshi Xinxing earlier in the year. The 2023 Share Subscriptions and the 2023 Share Transfers were completed on October 13, 2023.

2024 Share Transfers

Certain shareholders of the Company entered into a series of share transfers in 2024, namely:

- On June 28, 2024, Shenzhen Capital Group, Guangdong Hongtu, Hongtu Peacock, Shenzhen Pingshan Hongtu and Hongtu Healthcare (together, the “**Shenzhen Capital Group Entities**”) entered into an equity transfer agreement with Shenzhen Futian Taiping Medical and Health Private Equity Investment Fund Partnership (Limited Partnership) (深圳福田太平醫療健康私募股權投資基金合夥企業(有限合夥)) (“**Taiping Hetao Medical Fund**”), pursuant to which the Shenzhen Capital Group Entities agreed to transfer a total of 830,000 Class B Shares to Taiping Hetao Medical Fund for a total cash consideration of RMB9.96 million; and

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- On September 9, 2024, the Company, Hualong Kangzhong LP and the Concert Parties entered into an equity transfer agreement with Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership) (寧波康君仲元股權投資合夥企業(有限合夥)) (“**Kangjun Zhongyuan Fund**”), pursuant to which the Hualong Kangzhong LP agreed to transfer a total of 6,666,666 Class B Shares to Kangjun Zhongyuan Fund for a total cash consideration of RMB79,999,992,

together, the “**2024 Share Transfers**”.

The details of 2024 Share Transfers are set out as follows:

Date	Transferor	Transferee	Number of Class B Shares	Consideration (RMB)
June 28, 2024. . .	Shenzhen Capital Group	Taiping Hetao Medical Fund	205,115	2,461,380
June 28, 2024. . .	Guangdong Hongtu	Taiping Hetao Medical Fund	104,943	1,259,316
June 28, 2024. . .	Hongtu Peacock	Taiping Hetao Medical Fund	104,943	1,259,316
June 28, 2024. . .	Shenzhen Pingshan Hongtu	Taiping Hetao Medical Fund	104,943	1,259,316
June 28, 2024. . .	Hongtu Healthcare	Taiping Hetao Medical Fund	310,056	3,720,672
		<i>Sub-total</i>	830,000	9,960,000
September 9, 2024.	Hualong Kangzhong LP	Kangjun Zhongyuan Fund	6,666,666	79,999,992

The consideration of the 2024 Share Transfers was determined based on arm’s length negotiations between the aforementioned transferors and the aforementioned transferees after taking into consideration the initial acquisition price of the transferors’ respective investments in our Company and our business scale, development and future prospects at the time of the share transfers.

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Upon completion of the 2024 Share Transfers on September 9, 2024, the shareholding and voting rights structure of our Company was as follows:

Shareholder	Class A Shares	Class B Shares	Shareholding (%)	Voting Rights (%)
<i>Class A Shareholders</i>				
Mr. Liu	54,450,000	—	10.90	37.61
Mr. Zhong	28,600,000	—	5.72	19.75
Ms. Li	22,286,000	—	4.46	15.39
<i>Class B Shareholders</i>				
Juxian Kangzhong LP . . .	—	63,685,000	12.74	4.40
Zhuhai Gao Ling	—	46,750,000	9.36	3.23
Tianjin Zhenying	—	46,200,000	9.25	3.19
ZHUANG Xiaojin	—	34,664,062	6.94	2.39
Hualong Kangzhong LP . .	—	23,512,645	4.71	1.62
Hongtu Healthcare	—	15,939,944	3.19	1.10
Suzhou Lirui	—	13,750,000	2.75	0.95
Xinshi Xinxing	—	13,199,582	2.64	0.91
MIAO Donglin	—	11,554,687	2.31	0.80
Shenzhen Capital Group . .	—	10,544,885	2.11	0.73
Ruisen Kangzhong LP . . .	—	8,950,000	1.79	0.62
LI Dongcen	—	8,679,000	1.74	0.60
Zhuhai Aiheng	—	7,975,000	1.60	0.55
Kangjun Zhongyuan Fund	—	6,666,666	1.33	0.46
Ruikun Kangzhong LP . . .	—	5,650,000	1.13	0.39
SME Fund	—	5,500,000	1.10	0.38
Guangdong Hongtu	—	5,395,057	1.08	0.37
Hongtu Peacock	—	5,395,057	1.08	0.37
Shenzhen Pingshan Hongtu	—	5,395,057	1.08	0.37
Linkway Cornerstone	—	5,125,000	1.03	0.35
Jucai Kangzhong LP	—	4,400,000	0.88	0.30
Ruiqian Kangzhong LP . . .	—	4,400,000	0.88	0.30
Changzhou Zixi	—	3,453,125	0.69	0.24
Changzhou Zijing	—	3,453,125	0.69	0.24
Ruiyu Kangzhong LP	—	3,300,000	0.66	0.23
Xinshi Xinyao	—	3,299,894	0.66	0.23
Suzhou Gao Ling	—	2,975,000	0.60	0.21
LV Caishu	—	2,943,475	0.59	0.20
Junji Consulting LP	—	2,588,625	0.52	0.18
Ruixin Kangzhong LP	—	1,928,812	0.39	0.13
Kanghong Consulting	—	1,500,000	0.30	0.10
MAO Peihua	—	1,401,639	0.28	0.10

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Shareholder	Class A Shares	Class B Shares	Shareholding (%)	Voting Rights (%)
Boxin Shengke	—	1,250,000	0.25	0.09
Share Zeshan	—	1,250,000	0.25	0.09
Nanshan SoftBank	—	1,250,000	0.25	0.09
Grandway Capital	—	1,250,000	0.25	0.09
Gaotejia Ruixin	—	1,250,000	0.25	0.09
LI Ying	—	1,026,405	0.21	0.07
Ningbo Jiazhu	—	1,000,000	0.20	0.07
Dongguan Yueke	—	1,000,000	0.20	0.07
Gongqingcheng Jiayin . . .	—	1,000,000	0.20	0.07
High-Tech VC	—	875,000	0.18	0.06
Zhixun VC	—	875,000	0.18	0.06
Taiping Hetao Medical Fund	—	830,000	0.17	0.06
Gongqingcheng Daohe VC	—	625,000	0.13	0.04
Talent Innovation No. 2 . .	—	531,250	0.11	0.04
DOU Wenxiang	—	98,344	0.02	0.01
Xiaohe VC	—	93,750	0.02	0.01
	105,336,000	394,380,086	100.00	100.00

Our voting rights structure upon completion of the [REDACTED]

Pursuant to our existing Articles, as of the date of this Document, the Company has adopted a WVR voting structure, whereby holders of Class A Shares are entitled to ten votes at all general meetings of the Company saved for certain resolutions as described at the section headed “— Joint Stock Company Reform and Establishment of the WVR Structure” above, and holders of Class B Shares are entitled to one vote of Share.

With effect from the [REDACTED], our Company will unwind the WVR structure and each issued Class A Share and Class B Share will be re-designated to one H Share or Unlisted Share, as the case may be. After the re-designation, all the issued Shares of our Company will entitle their holders to one vote per Share at a general meeting of our Company. See “Share Capital” for further details. See also “— Capitalization of our Company” in this section below for further details on the beneficial interests and voting rights of our Controlling Shareholders upon the unwinding of the WVR structure immediately following the completion of the [REDACTED].

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[REDACTED]

Details and Principal Terms of the [REDACTED] and [REDACTED] Rights

Our Company has conducted several rounds of [REDACTED] from 2016 to 2024. The principal terms of each round of [REDACTED], including the total amount of investments made by the [REDACTED] (comprising the amount of investment received by our Company through subscription of new Shares in our Company and the amount of consideration for transfer of Shares by the then-existing shareholders of our Company to such relevant [REDACTED]) received by our Company, and the post-money valuation after each round of financing, are summarized below:

	Series A Financing	Series B Financing	Series C Financing	2020 Equity Interests Transfers	2021 Share Subscription	2021 Share Transfers	Vekang Medical Share Swap	2023 Share Subscriptions	2023 Share Transfers	2024 Share Transfers
Date of agreement(s)	February 19, 2016	March 20, 2017	March 28, 2019 and July 10, 2019	April 28, 2020	March 1, 2021	December 29, 2021	April 12, 2022	June 26, 2023 and September 20, 2023	June 26, 2023 and September 20, 2023	June 28, 2024 and September 9, 2024
Date on which the investments were fully settled	July 4, 2016	December 13, 2017	August 16, 2019	August 11, 2020	March 9, 2021	December 31, 2021	May 10, 2022 ⁽⁸⁾	September 27, 2023	September 27, 2023	September 9, 2024
Equivalent subscription/acquisition price of each RMB1 of registered share capital (approximately) ⁽¹⁾	RMB1.45	RMB2.18	RMB3.27	RMB4.55 ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A	N/A
Subscription/acquisition price of each Class B Share (approximately) ⁽¹⁾	N/A	N/A	N/A	N/A	RMB16.00	RMB12.61 ⁽⁷⁾	RMB16.00	RMB16.50	RMB14.50 ⁽⁹⁾	RMB12.00
Discount to the [REDACTED] (approximately) ⁽¹⁰⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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	Series A Financing	Series B Financing	Series C Financing	2020 Equity Interests Transfers	2021 Share Subscription	2021 Share Transfers	Vedkang Medical Share Swap	2023 Share Subscriptions	2023 Share Transfers	2024 Share Transfers
Total cash consideration received by our Company from subscription of new shares by the [REDACTED]	RMB40.00 million	RMB102.00 million	RMB217.80 million ⁽⁴⁾	N/A	RMB476.00 million	N/A	N/A	RMB88.75 million	N/A	N/A
Total amount of investments from the [REDACTED] ⁽²⁾	RMB40.00 million	RMB102.00 million	RMB250.20 million ⁽⁴⁾	RMB16.25 million	RMB585.74 million ⁽⁶⁾	RMB75.06 million	RMB850.00 million ⁽⁸⁾	RMB88.75 million	RMB161.25 million	RMB89.96 million
Post-money valuation of our Company (approximately) ⁽³⁾	RMB320.00 million	RMB582.00 million	RMB1,178.10 million	N/A	RMB6,419.40 million	N/A	RMB7,909.40 million	RMB8,245.32 million	N/A	N/A
Lock-up period.	As required under the applicable PRC law, all existing Shareholders (including all [REDACTED]) shall not dispose of any of the Shares held by them at the time of the proposed [REDACTED] within the 12 months following the date of the proposed [REDACTED].									
Use of Proceeds from the [REDACTED]	We utilized the proceeds we received from the [REDACTED] involving capital increase or share issuance to the [REDACTED] for the operations of our Company and in accordance with the business plan or budget as approved by the Board. As of June 30, 2025, the funds raised from the [REDACTED] had been fully utilized.									
Strategic benefits of the [REDACTED]	At the time of the [REDACTED], our Directors were of the view that our Company could benefit from the additional capital that would be provided by the [REDACTED] investments in our Company and their knowledge and experience. In particular, we believe that the investments from reputable and seasoned financial investors demonstrated their commitment and confidence in our Company's innovation and management methodology.									
	Further, certain of our non-executive Directors represent our [REDACTED] and they complement our executive Directors to support good corporate governance, financing reporting and internal control.									

Notes:

- Our Company was converted into a joint stock company on with limited liability in November 2020, pursuant to which every RMB1 of its original registered share capital was converted into 5.5 Class B Shares. Accordingly, the equivalent subscription price per RMB1 of registered share capital of Series A Financing, Series B Financing and Series C Financing was calculated based on the original subscription price of RMB8.00, RMB12.00 and RMB18.00, respectively, as adjusted after the aforesaid conversion.
- Apart from subscribing for new Shares from our Company, certain of our Company's [REDACTED] also acquired Shares from other existing Shareholders or our Employees Incentive Platforms. The considerations for both share subscriptions and acquisitions by the [REDACTED] have been taken into account for the purpose of calculating the total amount of investments by the [REDACTED], and the consideration for all subscriptions and acquisitions by our Controlling Shareholders and Employees Incentive Platforms have been excluded.

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- (3) Calculated by multiplying the post-money registered share capital or number of Shares of our Company (as the case may be), by the subscription price of each round of financing (before adjustments).
- (4) Excluding the consideration of the intra-group transfer of RMB2.5 million of registered capital of our Company between Shenzhen Capital Group and Hongtu Healthcare on July 10, 2019. In parallel with Tianjin Zhenying’s subscription of RMB6.6 million of our Company’s registered share capital in the Series C Financing, it also agreed to acquire RMB1.8 million of our Company’s registered share capital from one of our Employees Incentive Platforms. The aforesaid subscription and acquisition were both conducted at a price of RMB18.00 per RMB1 of registered share capital, being the same subscription price paid by all other investors in the Series C Financing.
- (5) Represents the equivalent acquisition price per RMB1 of registered share capital paid by Linkway Cornerstone and Cowin Asset Management. For details of their acquisitions, see “— Major Shareholding Changes of Our Company — 2020 Equity Interests Transfers” in this section.
- (6) Including (i) share subscription of 29,750,000 Class B Shares at RMB16 per Share amounting to RMB476 million from the 2021 Financing Investors and (ii) 6,858,488 Class B Shares issued at RMB16 per Share pursuant to the share swap in respect of our Company’s acquisitions of the minority stakes in Runpu Biotech, Mabsky and Xinghaohui Biotech which were worth approximately RMB109.74 million in total, but excluding 1,928,812 Class B Shares issued to Ruixin Kangzhong LP, one of our Employees Incentive Platforms, involved in our Company’s acquisition of Mabsky. For details, see “—Major Shareholding Changes of Our Company — 2021 Share Subscription and 2021 Share Transfers” in this section.
- (7) Represents the average transfer price per Class B Share at which each of Zhuhai Aiheng and Suzhou Gao Ling acquired Class B Shares from Xinyu Cowin and Cowin Asset Management in December 2021. For details of their acquisitions, see “— Major Shareholding Changes of Our Company — 2021 Share Subscription and 2021 Share Transfers” in this section. This per Class B Share acquisition price reflects the consideration for the transfer of existing Class B Shares, instead of new Class B Shares, upon arms’ length negotiation between the parties.
- (8) Represents the value of our acquisition of 50% equity interest in Vedkang Medical, in exchange of which 53,124,999 Class B Shares were issued to the sellers of Vedkang Medical at RMB16 per Share. The Vedkang Medical Share Swap was completed and registered with the relevant authority in the PRC on May 10, 2022. For details, see “— Major Shareholding Changes of Our Company — Share Swap in connection with our Acquisition of Vedkang Medical” and “— Material Acquisitions — Acquisition of Vedkang Medical” in this section.
- (9) Represents the average transfer price per Class B Share at which each of Xinshi Xinxing and Xinshi Xinyao acquired Class B Shares from the relevant Employees Incentive Platforms in June and September 2023. For details of their acquisitions, see “— Major Shareholding Changes of Our Company — 2023 Share Transfers and 2023 Share Subscriptions” in this section. This per Class B Share acquisition price reflects the consideration for the transfer of existing Class B Shares, instead of new Class B Shares, upon arms’ length negotiation between the parties.
- (10) Calculated on the basis of the [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range, and the exchange rate in this document.

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Special Rights of the [REDACTED]

All of our [REDACTED] are currently bound by the terms of (i) the respective [REDACTED] agreement(s) they have entered into with our Company and (ii) the currently effective articles of association of our Company, which will be replaced by our Articles effective upon the completion of the [REDACTED].

Pursuant to the relevant [REDACTED] agreements, the Series A Investors, Series B Investors, Series C Investors and the 2023 Financing Investors were granted special rights in relation to our Company. In anticipation of the [REDACTED], the [REDACTED] have entered into termination agreements with our Company, pursuant to which:

- the redemption rights granted to the Series A Investors, Series B Investors and Series C Investors by our Company, Ms. Li and/or Mr. Zhong have been terminated, provided that the redemption rights applicable to Ms. Li and Mr. Zhong shall resume automatically in certain circumstances where the listing application (i) has been withdrawn or (ii) has been terminated (including being rejected by the relevant authorities);
- the redemption rights granted to the 2023 Financing Investors by Mr. Liu have been terminated; and
- save for certain private arrangements between the Shareholders (including right of first refusal and tag-along right) which may survive the [REDACTED] pursuant Chapter 4.2 of the Guide, all other special rights under the [REDACTED], including, among others, (i) anti-dilution rights; (ii) information and inspection rights; (iii) pre-emptive rights; (iv) share transfer restrictions; (v) protective provisions granted to certain shareholders; (vi) liquidation preference rights; (vii) most favorable treatment right; (viii) prior consent for certain corporate actions (including amendment of articles and acquisitions and appointment of auditors); and (ix) certain corporate governance rights (including board nomination, veto rights at board meetings and shareholders’ meetings), shall cease to be effective and be discontinued upon the [REDACTED] in accordance with the Guide.

Compliance with the Guide for New Listing Applicants

On the basis that (i) the consideration for [REDACTED] was settled more than 28 clear days before the date of first submission of the [REDACTED] application to the Stock Exchange or no less than 120 clear days before the [REDACTED]; and (ii) the termination of the special rights granted to the [REDACTED] (save for the private arrangement between the Shareholders as described above) as disclosed in “— Special Rights of the [REDACTED]” above, the Joint Sponsors confirm that the [REDACTED] are in compliance with Chapter 4.2 of the Guide.

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Information about the [REDACTED]

The following sets forth background information of our [REDACTED]:

Gao Ling

Each of Zhuhai Gao Ling and Suzhou Gao Ling are private equity funds managed by Zhuhai Gao Ling Private Fund Management Co., Ltd. (珠海高瓴私募基金管理有限公司) (“**Zhuhai Gao Ling Fund Management**”). Tianjin Zhenying and Zhuhai Aiheng are limited partnerships established in the PRC, the limited partner investors of which are all private equity funds managed by Zhuhai Gao Ling Fund Management.

Shenzhen Capital Group

Shenzhen Capital Group, through itself and its affiliated entities, namely Guangdong Hongtu, Hongtu Peacock, Shenzhen Pingshan Hongtu and Hongtu Healthcare, participated in multiple rounds of [REDACTED] financing of our Company. Established in 1999, Shenzhen Capital Group has developed into a leading investment group with assets under management (AUM) in excess of RMB450 billion and primarily focuses on venture capital investments to nurture and cultivate entrepreneurship and innovation, and mainly invests in companies in information technology, biotech and healthcare, intelligent manufacturing, new energy, new materials, etc. during their emerging phases. It is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People’s Government (深圳市人民政府國有資產監督管理委員會). Its investment portfolio includes Shenzhen Mindray Bio-Medical Electronics Co., Ltd. (“**Mindray**”) (a company listed on the Shenzhen Stock Exchange (stock code: 300760.SZ)), BGI Genomics Co., Ltd (a company listed on the Shenzhen Stock Exchange (stock code: 300676.SZ)), RemeGen Co., Ltd (a company listed on the Stock Exchange (stock code: 9995)) and Akeso, Inc (a company listed on the Stock Exchange (stock code: 9926)).

Sino-Rock

Xinshi Xinxing is an investment fund managed by Cinda Kunpeng (Shenzhen) Equity Investment Management Company Limited (信達鯤鵬(深圳)股權投資管理有限公司), which is ultimately controlled by Sino-Rock Investment Management Company Limited (漢石投資管理有限公司) (“**Sino-Rock**”). Sino-Rock is incorporated in Hong Kong and is primarily engaged in investment. Xinshi Xinyao is an investment fund managed by Sino-Rock (Ningbo) Investment Management Company Limited (寧波信達漢石投資管理有限公司), which is ultimately controlled by Sino-Rock.

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Suzhou Lirui

Suzhou Lirui is a limited partnership established in the PRC. Its general partner is Shanghai Liyi Investment Management Partnership (Limited Partnership) (上海禮貽投資管理合夥企業(有限合夥)) (“**Shanghai Liyi**”). The general partner of Shanghai Liyi is Shanghai Liyao Investment Management Co., Ltd. (上海禮曜投資管理有限公司), which is in turn wholly owned by Dr. CHEN Fei.

SME Fund

SME Fund is a limited partnership established in the PRC and is managed by its general partner, Shenzhen Guozhong Venture Capital Management Co., Ltd. (深圳國中創業投資管理有限公司), which is in turn controlled by SHI Anping (施安平). As of the Latest Practicable Date, all eight limited partners of SME Fund were Independent Third Parties, of which National SME Development Fund Co., Ltd. (國家中小企業發展基金有限公司) and Shenzhen Guidance Fund Investment Co., Ltd. (深圳市引導基金投資有限公司), being the two largest limited partners, each held 25.0% and 24.98% partnership interest in SME Fund, respectively.

Linkway Cornerstone

Linkway Cornerstone is a limited partnership established under the laws of the PRC. Shenzhen City Lingxin Cornerstone Equity Investment Fund Management Partnership (Limited Partnership) (深圳市領信基石股權投資基金管理合夥企業(有限合夥)) (“**Lingxin Cornerstone**”) is a limited partnership established under the laws of the PRC and is the general partner of Linkway Cornerstone. The general partner of Lingxin Cornerstone is Urumqi Kunlun Cornerstone Venture Capital Co., Ltd. (烏魯木齊昆崙基石創業投資有限公司), which is ultimately controlled by Zhang Wei (張維). As of the Latest Practicable Date, Linkway Cornerstone had 21 limited partners amongst which, Shenzhen City Guidance Fund Investment Co., Ltd. (深圳市引導基金投資有限公司), Ma’anshan Link Cornerstone Equity Investment Partnership (Limited Partnership) (馬鞍山領澤基石股權投資合夥企業(有限合夥)), Shenzhen Huitong Jinkong Fund Investment Co., Ltd. (深圳市匯通金控基金投資有限公司), Shanghai Jiangong Group Investment Co., Ltd. (上海建工集團投資有限公司), Shenzhen City Kunpeng Equity Investment Co., Ltd. (深圳市鯤鵬股權投資有限公司) and Guangdong Yuecai Industry Investment Fund Partnership (Limited Partnership) (廣東粵財產業投資基金合夥企業(有限合夥)) each held 25%, 12.5%, 9%, 5%, 5% and 5% of the interests in Linkway Cornerstone. The remaining 37.5% of interests in Linkway Cornerstone were held by 15 limited partners, each holding less than 5% interests in Linkway Cornerstone. To the best knowledge, information and belief of our Directors, all the limited partners of Linkway Cornerstone are qualified investors and independent from each other.

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Boxin Shengke

Boxin Shengke is a limited partnership registered under the laws of the PRC. Its general partner is Shenzhen Bozhong Xinhe Private Equity Management Partnership (Limited Partnership) (深圳市博眾信合私募股權投資基金管理合夥企業(有限合夥)), which is ultimately jointly owned by Mr. Yan Xiong (顏雄) and Mr. Gong Jiankun (龔建坤).

Share Zeshan

Share Zeshan is a limited partnership registered under the laws of the PRC. The general partner of Share Zeshan is Shenzhen Share Growth Investment Management Co., Ltd. (深圳市分享成長投資管理有限公司), which is in turn owned as to 62.08% by Bai Wentao (白文濤). Bai Wentao is the founding partner of Share Capital (分享投資). Founded in 2007, Share Capital focuses on venture capitals in the PRC and its assets under management amount to approximately RMB10 billion. It specializes in financial investments in early-to-mid stage start-ups, and has an extensive investment portfolio in the healthcare and technology sectors.

Nanshan Softbank

Nanshan Softbank is a limited partnership registered under the laws of the PRC. The general partner of Nanshan Softbank is Shenzhen Softbank Xinchuang Venture Capital Management Enterprise (Limited Partnership) (深圳市軟銀欣創創業投資管理企業(有限合夥)) (“**Softbank Xinchuang**”), which is controlled by Zhang Xu and is affiliated with SB China Venture Capital. Founded in 2000, SB China Venture Capital is a leading venture capital and private equity firm that manages both USD and RMB funds, with a focus on companies in technology, media, and telecom (TMT), clean technology, healthcare, consumer/retail and other high growth sectors.

Grandway Capital

Grandway Capital was a limited liability company established in the PRC in 2015 and is headquartered in Shenzhen. Grandway Capital’s main business includes equity investment funds, equity investment fund management, investment management and entrusted asset management, focusing on investment in technological innovation and biopharmaceutical fields. As of the Latest Practicable Date, Grandway Capital was ultimately controlled by Mr. Rao Yuan (饒遠) as to 51%.

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Gaotejia Ruixin

Gaotejia Ruixin is a limited partnership established in the PRC and is controlled by Shenzhen Gaotejia Investment Group Co., Ltd.* (深圳市高特佳投資集團有限公司) (“**Gaotejia Group**”). Gaotejia Group is a company established in Shenzhen with assets under management of over RMB23 billion and more than 30 funds devoted to the healthcare industry. Gaotejia Group is a sophisticated investor and has invested in more than 140 companies, among which, more than 100 companies are principally engaged in the healthcare industry. BIAN Zhuang (卞莊) is the ultimate beneficial owner of Gaotejia Group.

Ningbo Jiazhu

Ningbo Jiazhu is a limited partnership registered under the laws of the PRC. The general partner and largest limited partner of Ningbo Jiazhu is HE Guoqiang (何國強).

Yueke Xintai No. 18

Yueke Xintai No. 18 is a limited partnership established under the laws of the PRC on December 17, 2021 and is principally engaged in equity investment. As of the Latest Practicable Date, Yueke Xintai No. 18 was owned as to 99.93% by its 13 limited partners and 0.07% by Shenzhen Yueke Xintai Equity Investment Fund Management Company Limited* (深圳粵科鑫泰股權投資基金管理有限公司) (“**Shenzhen Yueke**”), which was ultimately controlled by Wu Andong (吳安東).

Based on the information provided by Yueke Xintai No. 18, none of its limited partners held more than one-third of partnership interest therein and all the above entities and individuals are Independent Third Parties.

Gongqingcheng Jiayin

Gongqingcheng Jiayin is a limited partnership registered under the laws of the PRC. The general partner of Gongqingcheng Jiayin is Shenzhen Jiayin Private Equity Fund Management Co., Ltd. (深圳市佳銀私募股權基金管理有限公司) (“**Shenzhen Jiayin**”), an investment company focusing on investment in innovative enterprises in new energy, new materials, biomedicine, high-end manufacturing, semiconductors and other fields with high technology, high value-added and high growth. Shenzhen Jiayin is ultimately controlled by WANG Siqi (汪斯奇).

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High-Tech Group

High-Tech VC is a limited liability company established in the PRC, which is principally engaged in venture capital investment. It is a wholly-owned subsidiary of Shenzhen High-tech Investment Group Co., Ltd. (深圳市高新投集團有限公司) (“**High-Tech Group**”) which is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會).

Talent Innovation No. 2 Fund is a limited partnership established in the PRC, whose general partner is Shenzhen High-Tech Talent Equity Investment Management Co., Ltd. (深圳市高新投人才股權投資基金管理有限公司), a company incorporated in the PRC controlled by High-Tech Group.

Since its establishment in December 1994, High-Tech Group has been focusing on providing diverse financial services including financing guarantee, venture capital and commercial factoring to small and medium size technology companies.

Bridgeone Capital

Zhixun VC and Gongqingcheng Daohe VC are limited partnerships registered under the laws of the PRC. The general partner of both Zhixun VC and Gongqingcheng Daohe VC is Shenzhen Bridgeone Capital Management Co., Ltd. (深圳市道合科技投資管理有限公司) (“**Bridgeone Capital**”), which is ultimately controlled by Wang Chunyan (王春燕). Founded in 2016, Bridgeone Capital focuses on investment in artificial intelligence, new and renewable energy, healthcare and hardware sectors.

Xiaohe VC

Xiaohe VC is a limited partnership registered under the laws of the PRC. The general partner and largest limited partner of Xiaohe VC is LIU Lili (劉麗麗).

Taiping Hetao Medical Fund

Taiping Hetao Medical Fund is a limited partnership registered under the laws of the PRC, whose general partner is Taiping Poly Investment Management Company Limited (太平保利投資管理有限公司), which is in turn an entity controlled by China Taiping Insurance Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0966). Founded in 2023, Taiping Hetao Medical Fund focuses on investment in healthcare, medical technology and medical device sectors in the Greater Bay Area of the PRC.

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Kangjun Zhongyuan Fund

Kangjun Zhongyuan Fund is a limited partnership registered under the laws of the PRC, whose general partner is Bayland Capital (Beijing) Co., Ltd. (康君投資管理(北京)有限公司) (“**Kangjun Investment**”). Kangjun Investment is owned by Ningbo Kangwan Enterprise Management Consulting Partnership (Limited Partnership) (寧波康灣企業管理諮詢合夥企業(有限合夥)), Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300759) and the Stock Exchange (stock code: 3759), “**Pharmaron**”), Xiamen Kangwan Enterprise Management Consulting Partnership (Limited Partnership) (廈門康灣企業管理諮詢合夥企業(有限合夥)) and Beijing Kangwan Enterprise Management Consulting Partnership (Limited Partnership) (北京康灣企業管理諮詢合夥企業(有限合夥)) as to 40%, 30%, 20% and 10%, respectively. Kangjun Investment is ultimately owned by Mr. Lou Xiaoqiang (樓小強), one of the substantial shareholders, an executive director and the chief operating officer of Pharmaron. Founded in 2019, Kangjun Investment engages in equity investment for the purposes of equity investment in companies with innovative technologies or innovative service platforms in the biomedical industry.

Junji Consulting LP

Junji Consulting LP is a limited partnership registered under the laws of the PRC. LIU Yu (劉裕), its general partner and the largest limited partner, and Yan Jianhua (閻建華), a limited partner, are former directors of Mabsky. Two other limited partners of Junji Consulting LP are Independent Third Parties.

Junji Consulting LP was a shareholder of Mabsky and became our Shareholder after our acquisition of Mabsky in 2021. For details, please refer to “— Major Shareholding Changes of our Company — 2021 Share Subscription and 2021 Share Transfers” in this section.

DOU Wenxiang (竇文祥)

DOU Wenxiang is currently the general manager of Mabsky. He became our Shareholder after our acquisition of Mabsky in March 2021 through a share swap involving his shares at Mabsky which he originally acquired during his employment at Mabsky. For details, please refer to “— Major Shareholding Changes of our Company — 2021 Share Subscription and 2021 Share Transfers” in this section.

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MAO Peihua (茅培華) and LI Ying (李穎)

MAO Peihua and LI Ying are currently the general manager and the supervisor of Runpu Biotech, respectively. They became our Shareholders after our acquisition of Runpu Biotech in March 2021 through a share swap involving their shares at Runpu Biotech which they originally acquired during their employment at Rinpu Biotech. For details, please refer to “— Major Shareholding Changes of our Company — 2021 Share Subscription and 2021 Share Transfers” in this section.

LV Caishu (呂才樹)

LV Caishu last served as the general manager of Xinghaohui Biotech and became our Shareholder after our acquisition of Xinghaohui Biotech in March 2021. For details, please refer to “— Major Shareholding Changes — 2021 Share Subscription and 2021 Share Transfers” in this section.

ZHUANG Xiaojin (莊小金) and MIAO Donglin (繆東林)

ZHUANG Xiaojin was the general manager and the executive director of Vedkang Medical prior to our acquisition. MIAO Donglin was a supervisor of Vedkang Medical. Both of them became our Shareholders after our acquisition of Vedkang Medical in April 2022 through a share swap involving their shares at Vedkang Medical which they originally acquired during their employment at Vedkang Medical. For details, please refer to “— Major Shareholding Changes of our Company — Share Swap in connection with our Acquisition of Vedkang Medical” and “— Material Acquisitions — Acquisition of Vedkang Medical” in this section.

To the best knowledge of our Directors having made due and careful enquiries, save for any past or present employment with our Company disclosed above, our [REDACTED], including their respective general partners and/or limited partners (if applicable), and their ultimate beneficial owners are Independent Third Parties.

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OUR EMPLOYEES INCENTIVE PLATFORMS AND [REDACTED] SHARE OPTION SCHEME

Juxian Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Jucai Kangzhong LP, Ruiqian Kangzhong LP, Ruiyu Kangzhong LP, Ruixin Kangzhong LP, Hualong Kangzhong LP, Changzhou Zixi and Changzhou Zijing (together, “**Employees Incentive Platforms**”) are our employee share incentive platforms. Mr. Zhong is the general partner of Ruixin Kangzhong LP, while Ms. Li is the general partner of Juxian Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Jucai Kangzhong LP, Ruiqian Kangzhong LP, Ruiyu Kangzhong LP. Changzhou Zixi and Changzhou Zijing are employee share incentive platforms of Vedkang Medical. Apart from Changzhou Zixi and Changzhou Zijing which acquired our Class B Shares in the course of our acquisition of Vedkang Medical, other entities have subscribed our Class B Shares from time to time.

Our Company has adopted the [REDACTED] Share Option Scheme by a resolution of our Shareholders on December 16, 2024 to attract and retain our talents and to provide incentives that align the interests of our Shareholders, our Company and personnel having a direct impact on our business and operations for the benefit of our long-term development. For details, see section headed “Appendix IV — Statutory and General Information — 5. [REDACTED] Share Option Scheme.”

MATERIAL ACQUISITIONS

During the Track Record Period, we completed the following material acquisitions:

Acquisition of Intermed & Penlon

On November 5, 2021, Medcaptain UK, an indirect wholly-owned subsidiary of our Company, entered into a share purchase agreement with BPL Medical Technologies Private Limited, an Independent Third Party, pursuant to which Medcaptain UK acquired the entire share capital of Intermed and its subsidiaries (including Penlon) for a cash consideration of approximately GBP16.55 million, subject to price adjustments. The consideration for the acquisition was determined after arm’s length negotiation among the parties, taking into account the business operations and assets of Intermed and Penlon. The acquisition was completed on January 19, 2022.

Penlon is a British medical device company specializing in anesthesia and respiratory solutions. It offers a wide range of anesthesia machines and core components, including vaporizers. The Directors were of the view that the acquisition of Intermed and Penlon has enabled our Company to achieve synergies by (i) capturing market opportunities and branching into new life support markets with a view to complementing our existing business lines; (ii) deepening our global presence and providing closer proximity to European markets with deeper understanding of the market needs; and (iii) provides a solid foundation for efficiently performing iterative upgrades on the anesthesia machines.

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Our Directors have confirmed that as of the Latest Practicable Date, we have obtained all necessary approvals from relevant authorities for our acquisition of Intermed and Penlon and such acquisition has been properly and legally completed and settled.

Acquisition of Vedkang Medical

On April 12, 2022, our Company entered into a share transfer agreement with Vedkang Medical and its selling shareholders, namely ZHUANG Xiaojin, MIAO Donglin, SONG Yinping (宋銀萍), Changzhou Beiruishi Corporate Management Co., Ltd. (常州倍瑞詩企業管理有限公司), Changzhou Yisiyuan Corporate Management Co., Ltd. (常州伊斯源企業管理有限公司), Changzhou Zixi and Changzhou Zijing, pursuant to which our Company agreed to acquire the entire share capital in Vedkang Medical for RMB1.7 billion. Half of the consideration was settled by issuing a total of 53,124,999 Class B Shares to ZHUANG Xiaojin, MIAO Donglin, Changzhou Zixi and Changzhou Zijing collectively at a price of RMB16 per Share, while the other half was settled in cash to the selling shareholders. Such consideration was determined based on arms-length negotiation with reference to the business scale, development and future prospects of Vedkang Medical. Upon completion of the acquisition on April 12, 2022, Vedkang Medical became a wholly-owned subsidiary of our Company.

Vedkang Medical is a Jiangsu-based medical device company specializing in the production and sale of endoscope consumables. The Directors were of the view that the acquisition of Vedkang Medical has enabled our Company to achieve synergies by diversifying our product offerings and furthering our product portfolio and pipeline products in the realm of minimally invasive intervention products.

Our PRC Legal Adviser has confirmed that as of the Latest Practicable Date, we have obtained all necessary approvals from relevant authorities for our acquisition of Vedkang Medical and such acquisition has been properly and legally completed and settled.

Save for our acquisition of Vedkang Medical under which one or more of the applicable percentage ratios exceeds 25%, none of the aforementioned acquisitions individually or collectively constitute a major acquisition under Rule 4.05A of the Listing Rules. For more information regarding the acquisition and the pre-acquisition financial information of Vedkang Medical in the year of 2022, see Note 36 to the Accountants’ Report in Appendix I to this document. During the Track Record Period and until the Latest Practicable Date, except as otherwise disclosed above and in this section, we did not conduct any other acquisitions, disposals or mergers that we consider to be material to us.

CONCERT PARTY ARRANGEMENT

Mr. Liu and Mr. Zhong are our executive Directors. Mr. Liu and Ms. Li are spouses. Mr. Liu, Mr. Zhong and Ms. Li have directly or indirectly held interests in our Company. Ms. Li is the general partner of certain of our Employees Incentive Platforms, namely Juxian Kangzhong LP, Ruisen Kangzhong LP, Jucai Kangzhong LP, Ruiyu Kangzhong LP, Ruiqian Kangzhong LP and Ruikun Kangzhong LP, on behalf of which Ms. Li will exercise their voting powers at Shareholders’ meetings. Mr. Liu, Mr. Zhong and Ms. Li have entered into the currently effective Concert Party Agreement on November 18, 2020, which superseded the

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previous agreement dated March 1, 2019. Pursuant to the Concert Party Agreement, they agreed that (i) they will act in concert when casting votes at the board meetings, Shareholders’ meetings and for all other major decisions of our Company, (ii) such arrangement is not terminable until 36 months after the [REDACTED]; and (iii) they will act in accordance with Mr. Liu’s instructions if a consensus cannot be reached.

PUBLIC FLOAT AND FREE FLOAT

Following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding):

- (i) a total of [REDACTED] Unlisted Shares held by our existing Shareholders that will not be converted into H Shares, representing approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED], will not be considered as part of the public float;
- (ii) a total of [REDACTED] H Shares held by our core connected persons will not be counted towards the public float, representing approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED], including (i) [REDACTED] H Shares in aggregate held by our Controlling Shareholders (i.e. Mr. Liu, Mr. Zhong, Ms. Li, Juxian Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Jucai Kangzhong LP, Ruiqian Kangzhong LP, Ruiyu Kangzhong LP and Ruixin Kangzhong LP) and (ii) [REDACTED] H Shares in aggregate held by entities held by Gao Ling, our substantial Shareholder, namely Tianjin Zhenying, Zhuhai Gao Ling, Zhuhai Aiheng and Suzhou Gao Ling;
- (iii) a total of [REDACTED] H Shares held by the other existing Shareholders as a result of the Conversion of Unlisted Shares into H Shares will be counted as part of the public float, representing approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED]. None of such remaining existing Shareholders is accustomed to take instructions from our Company (or any of its subsidiaries) or any of our core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and none of their acquisition of the Shares were financed directly or indirectly by our Company (or any of its subsidiaries) or our core connected person; and
- (iv) a total of [REDACTED] H Shares to be issued pursuant to the [REDACTED] will be counted as part of the public float, representing [REDACTED]% of our total issued Shares upon the completion of the [REDACTED].

Based on the above, it is expected that immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding), a total of [REDACTED] H Shares, representing approximately [REDACTED]%

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of our total issued Shares, will be counted as part of the public float, which is higher than the prescribed percentage of H Shares required to be held in public hands of [REDACTED]% under Rule 19A.13A(1) of the Listing Rules (on the basis of the low-end of the [REDACTED] range at HK\$[REDACTED] per H Share). Assuming the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding and based on the low-end of the [REDACTED] range at HK\$[REDACTED] per H Share, the Company is expected to satisfy the free float requirement under Rule 19A.13C(1)(b) of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Latest practicable Date and following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding):

Shareholder	As of the Latest Practicable Date			Immediately upon completion of the [REDACTED] ^(Note 3)		
	Number of Class A Shares	Number of Class B Shares	Ownership Percentage (%)	Number of Unlisted Shares	Number of H Shares	Ownership Percentage (%)
<i>Our Controlling Shareholders</i>						
Mr. Liu	54,450,000	–	10.90	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhong	28,600,000	–	5.72	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Li	22,286,000		4.46	[REDACTED]	[REDACTED]	[REDACTED]
Juxian Kangzhong LP ⁽¹⁾	–	63,685,000	12.74	[REDACTED]	[REDACTED]	[REDACTED]
Ruisen Kangzhong LP ⁽¹⁾	–	8,950,000	1.79	[REDACTED]	[REDACTED]	[REDACTED]
Ruikun Kangzhong LP ⁽¹⁾	–	5,650,000	1.13	[REDACTED]	[REDACTED]	[REDACTED]
Jucui Kangzhong LP ⁽¹⁾	–	4,400,000	0.88	[REDACTED]	[REDACTED]	[REDACTED]
Ruiqian Kangzhong LP ⁽¹⁾	–	4,400,000	0.88	[REDACTED]	[REDACTED]	[REDACTED]
Ruiyu Kangzhong LP ⁽¹⁾	–	3,300,000	0.66	[REDACTED]	[REDACTED]	[REDACTED]
Ruixin Kangzhong LP ⁽²⁾	–	1,928,812	0.39	[REDACTED]	[REDACTED]	[REDACTED]
<i>Sub-total</i>	105,336,000	92,313,812	39.55	[REDACTED]	[REDACTED]	[REDACTED]
<i>Gao Ling</i>						
Zhuhai Gao Ling	–	46,750,000	9.36	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Zhenying	–	46,200,000	9.25	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Aiheng	–	7,975,000	1.60	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Gao Ling	–	2,975,000	0.60	[REDACTED]	[REDACTED]	[REDACTED]
<i>Sub-total</i>	–	103,900,000	20.79	[REDACTED]	[REDACTED]	[REDACTED]
<i>Shenzhen Capital Group</i>						
Hongtu Healthcare	–	15,939,944	3.19	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Capital Group	–	10,544,885	2.11	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Hongtu	–	5,395,057	1.08	[REDACTED]	[REDACTED]	[REDACTED]
Hongtu Peacock	–	5,395,057	1.08	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Pingshan Hongtu . .	–	5,395,057	1.08	[REDACTED]	[REDACTED]	[REDACTED]
<i>Sub-total</i>	–	42,670,000	8.54	[REDACTED]	[REDACTED]	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

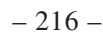
Shareholder	As of the Latest Practicable Date			Immediately upon completion of the [REDACTED] ^(Note 3)		
	Number of Class A Shares	Number of Class B Shares	Ownership Percentage	Number of Unlisted Shares	Number of H Shares	Ownership Percentage
			(%)			(%)
<i>Sino-Rock</i>						
Xinshi Xinyao	–	3,299,894	0.66	[REDACTED]	[REDACTED]	[REDACTED]
Xinshi Xinxing	–	13,199,582	2.64	[REDACTED]	[REDACTED]	[REDACTED]
<i>Sub-total</i>	–	16,499,476	3.30	[REDACTED]	[REDACTED]	[REDACTED]
<i>Others</i>						
ZHUANG Xiaojin	–	34,664,062	6.94	[REDACTED]	[REDACTED]	[REDACTED]
Hualong Kangzhong LP	–	23,512,645	4.71	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Lirui	–	13,750,000	2.75	[REDACTED]	[REDACTED]	[REDACTED]
MIAO Donglin	–	11,554,687	2.31	[REDACTED]	[REDACTED]	[REDACTED]
LI Dongcen	–	8,679,000	1.74	[REDACTED]	[REDACTED]	[REDACTED]
Kangjun Zhongyuan Fund	–	6,666,666	1.33	[REDACTED]	[REDACTED]	[REDACTED]
SME Fund	–	5,500,000	1.10	[REDACTED]	[REDACTED]	[REDACTED]
Linkway Cornerstone	–	5,125,000	1.03	[REDACTED]	[REDACTED]	[REDACTED]
Changzhou Zixi	–	3,453,125	0.69	[REDACTED]	[REDACTED]	[REDACTED]
Changzhou Zijing	–	3,453,125	0.69	[REDACTED]	[REDACTED]	[REDACTED]
LV Caishu	–	2,943,475	0.59	[REDACTED]	[REDACTED]	[REDACTED]
Junji Consulting LP	–	2,588,625	0.52	[REDACTED]	[REDACTED]	[REDACTED]
Kanghong Consulting	–	1,500,000	0.30	[REDACTED]	[REDACTED]	[REDACTED]
MAO Peihua	–	1,401,639	0.28	[REDACTED]	[REDACTED]	[REDACTED]
Boxin Shengke	–	1,250,000	0.25	[REDACTED]	[REDACTED]	[REDACTED]
Share Zeshan	–	1,250,000	0.25	[REDACTED]	[REDACTED]	[REDACTED]
Nanshan SoftBank	–	1,250,000	0.25	[REDACTED]	[REDACTED]	[REDACTED]
Grandway Capital	–	1,250,000	0.25	[REDACTED]	[REDACTED]	[REDACTED]
Gaotejia Ruixin	–	1,250,000	0.25	[REDACTED]	[REDACTED]	[REDACTED]
LI Ying	–	1,026,405	0.21	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Jiazhu	–	1,000,000	0.20	[REDACTED]	[REDACTED]	[REDACTED]
Yueke Xintai No. 18	–	1,000,000	0.20	[REDACTED]	[REDACTED]	[REDACTED]
Gongqingcheng Jiayin	–	1,000,000	0.20	[REDACTED]	[REDACTED]	[REDACTED]
High-Tech VC	–	875,000	0.18	[REDACTED]	[REDACTED]	[REDACTED]
Zhixun VC	–	875,000	0.18	[REDACTED]	[REDACTED]	[REDACTED]
Taiping Hetao Medical Fund	–	830,000	0.17	[REDACTED]	[REDACTED]	[REDACTED]
Gongqingcheng Daohe VC	–	625,000	0.13	[REDACTED]	[REDACTED]	[REDACTED]
Talent Innovation No. 2	–	531,250	0.11	[REDACTED]	[REDACTED]	[REDACTED]
DOU Wenxiang	–	98,344	0.02	[REDACTED]	[REDACTED]	[REDACTED]
Xiaohe VC	–	93,750	0.02	[REDACTED]	[REDACTED]	[REDACTED]
<i>Sub-total for all existing</i>						
<i>Shareholders</i>	105,336,000	394,380,086	100.00	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] taking part in the [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Notes:

- (1) Ms. Li is the general partner of certain of our Employees Incentive Platforms, namely Juxian Kangzhong LP, Ruisen Kangzhong LP, Jucai Kangzhong LP, Ruiyu Kangzhong LP, Ruiqian Kangzhong LP and Ruikun Kangzhong LP, on behalf of which Ms. Li exercises their voting powers at Shareholders’ meetings. Accordingly, such Employees Incentive Platforms are our Controlling Shareholders. For details, see “Relationship with our Controlling Shareholders”.
- (2) Mr. Zhong is the general partner of Ruixin Kangzhong LP, on behalf of which Mr. Zhong exercises its voting power at Shareholders’ meetings. Accordingly, Ruixin Kangzhong LP is deemed to be one of our Controlling Shareholders. For details, see “Relationship with our Controlling Shareholders”.
- (3) Assuming the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding.

The following chart sets forth our Group's simplified shareholding and corporate structure immediately prior to the completion of the [REDACTED] (assuming WVR structure has been unwound):



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

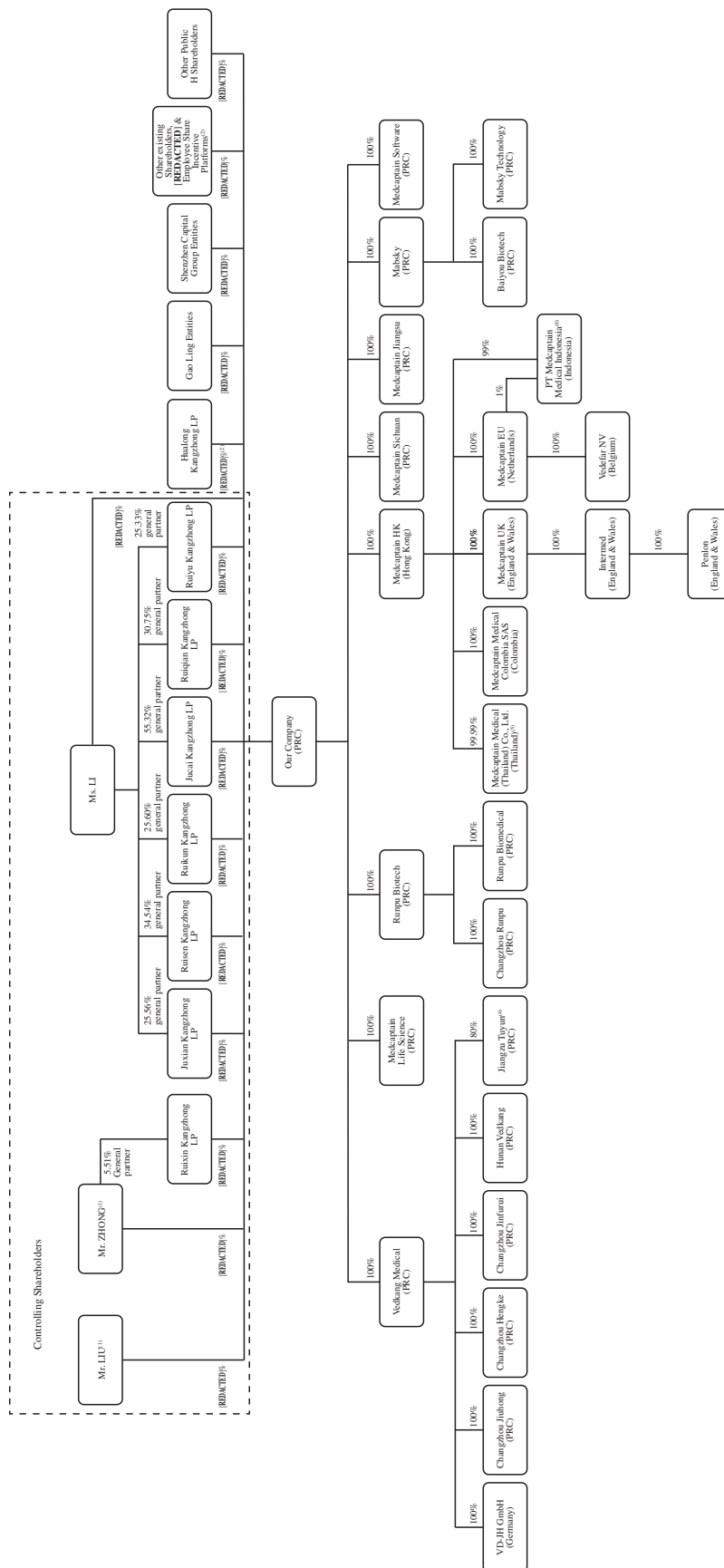
Notes:

- (1) Mr. Liu, Ms. Li and Mr. Zhong are acting in concert. See “— Concert Party Arrangement” in this section.
- (2) As of the Latest Practicable Date, the general partner of Hualong Kangzhong LP was an Independent Third Party and there were 26 limited partners in Hualong Kangzhong LP, amongst which Mr. Zhong directly held 42.53% limited partnership interests and Mr. Liu directly held and was indirectly interested in (through his limited partnership interests in Zhuhai Huachang LP, Zhuhai Huahong LP, Zhuhai Huaxing LP and Zhuhai Huasheng LP) 51.40% limited partnership interests in aggregate. According to the partnership agreement of Hualong Kangzhong LP (including exercise of the voting powers at Shareholders’ meetings of the Shares it held) shall be handled by its general partner, and its general partner can only be removed in specified circumstances on a majority vote of the 26 limited partners on a one-vote-per-limited-partner basis, regardless of the percentage partnership interests held. Accordingly, Mr. Zhong and Mr. Liu do not have control over 30% of the voting power of Hualong Kangzhong LP, and Hualong Kangzhong LP is therefore not a close associate nor an associate of Mr. Zhong and/or Mr. Liu under the Listing Rules.
- (3) For details of our existing Shareholders, see “— [REDACTED] — Information about the [REDACTED]” and “— Our Employees Incentive Platforms and [REDACTED] Share Option Scheme” in this section.
- (4) As at the Latest Practicable Date, Jiangsu Tuyun was owned as to 80% by Vedkang Medical and 20% by Changzhou Xinchuang Zhicheng Venture Capital Partnership (Limited Partnership) (常州信創智誠創業投資合夥企業(有限合夥)) (“Xinchuang Zhicheng LP”), a limited partnership established in the PRC. Mr. ZHUANG Xiaojin, one of our [REDACTED] and a substantial shareholder, is the general partner of Xinchuang Zhicheng LP and the largest limited partner holding more than 90% of the limited partnership interest in Xinchuang Zhicheng LP.
- (5) As at the Latest Practicable Date, Medcaptain HK owned 34,999 out of 35,000 shares in Medcaptain Medical (Thailand) Co., Ltd., with the remaining share held by Mr. Liu.
- (6) As at the Latest Practicable Date, PT Medcaptain Medical Indonesia was owned by Medcaptain HK and Medcaptain EU as to 99% and 1%, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR STRUCTURE UPON COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's simplified shareholding and corporate structure immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon the completion of the [REDACTED] (assuming the [REDACTED] has not been exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding):



Notes (1) — (6): see notes to the corporate chart in “— Our Structure Immediately Prior to the [REDACTED]”.

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OUR VISION

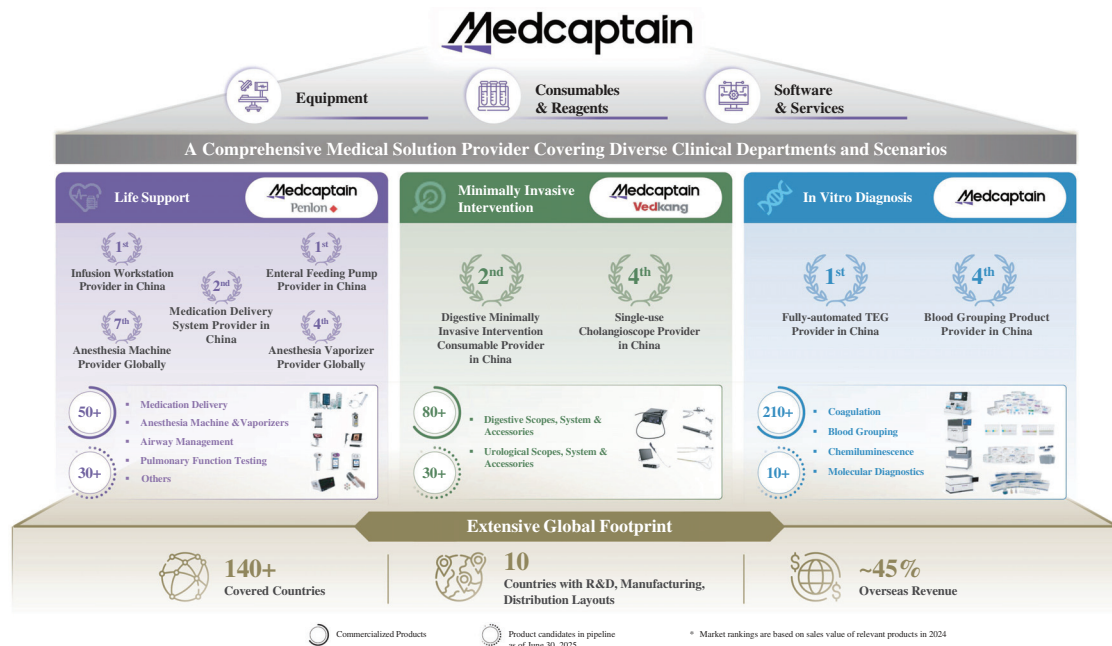
To be captain in the medical device industry (成為醫療健康領域領航者).

OUR MISSION

Be closer to healthcare needs, innovate medical technologies and provide high-quality services (貼近健康需求,創新醫療科技,提供優質服務).

OVERVIEW

We are a global medical solution provider with innovative and comprehensive product offerings, serving clinical needs across a wide range of clinical departments, wards and offices within medical institutions, as well as community health centers, testing facilities and home care scenarios. As of June 30, 2025, we had commercialized over (i) 50 life support products, (ii) 80 minimally invasive intervention products, and (iii) 210 in vitro diagnostics products, available in multiple models to accommodate diverse application needs. As of the Latest Practicable Date, our products had reached over 140 countries and regions globally. In China, our products have cumulatively reached over 6,000 hospitals, including approximately 90% Grade 3A (三級甲等) hospitals, covering 31 provinces, municipalities and autonomous regions.



Our success is rooted in our innovation R&D platform that spans the full cycle of product development. By leveraging this platform, we efficiently develop and upgrade products across business units. By absorbing cutting-edge clinical insights, we ensure our innovation products are inspired by and effectively address real-world healthcare needs. Building on this foundation, we have established competitive advantages in each of our medical domains. According to CIC, we have achieved the following:

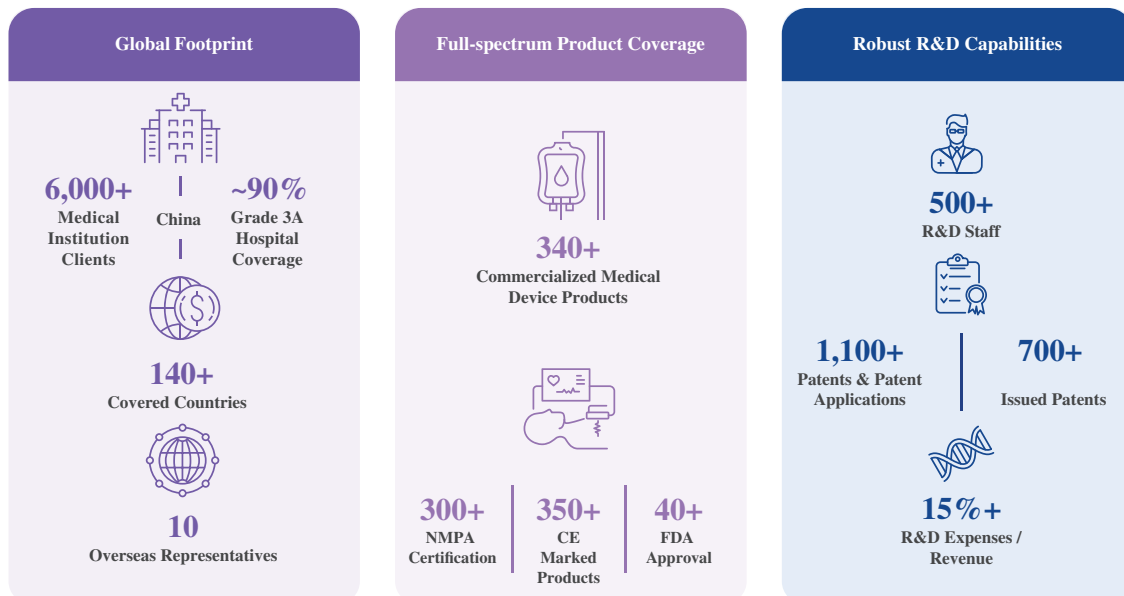
- **Life Support.** We have developed a series of innovative life support products, including among others, the world’s first remotely-controlled infusion system, and China’s first in-house developed multi-channel infusion workstation, infusion

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workstation compatible with MRI environments, touchscreen infusion pump, touchscreen syringe pump and touchscreen enteral feeding pump. These innovations have solidified our market position, as evidenced by our leading rankings — we (i) ranked first in China’s infusion workstation market in terms of sales value in each year from 2018 to 2024, and (ii) ranked first in the enteral feeding pump market in terms of sales value in each year from 2021 to 2024.

- Minimally Invasive Intervention.** We are one of the few domestic brands in China with a full-spectrum proprietary endoscopic product portfolio, encompassing reusable and single-use endoscope systems, as well as related consumables. Among these, we (i) ranked second in the market for minimally invasive intervention consumables targeting the digestive system in China in terms of the sales value in each year from 2022 to 2024; and (ii) ranked among top five in the single-use cholangioscope market of China in terms of sales value in each year from 2023 to 2024.
- In Vitro Diagnostics.** We launched the world’s first fully-automated TEG analyzer in 2021, and ranked first in the fully-automated TEG market of China in terms of sales value in each year from 2021 to 2024. In addition, we ranked among top five in the blood grouping device market of China in terms of sales value in 2024.

We have established an extensive global footprint, with our medical products distributed across APAC, EMEA and AMER regions. We have strategically positioned five R&D centers and six manufacturing centers across China and the UK. To enhance our international service capabilities, we operate local representatives in strategic markets, including the UK, the Netherlands, Belgium, Türkiye, India, Thailand, Indonesia, Mexico, Brazil and Colombia, enabling us to deliver timely and localized support to our global customer base. Backed by a strong global distribution network and regionally based service teams, we provide reliable sales and after-sales support across multiple time zones.



* R&D staff and expenses data during Track Record Period
Other data as of the Latest Practicable Date

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We have experienced overall growth during the Track Record Period as our revenue increased from RMB917.4 million in 2022 to RMB1,399.4 million in 2024, at a CAGR of 23.5%, and it increased by 15.3% from RMB682.1 million for the six months ended June 30, 2024 to RMB786.6 million for the same period in 2025. Furthermore, our gross profit margin expanded steadily throughout the Track Record Period, increasing from 43.7% in 2022 to 49.6% in 2023 and 49.7% in 2024, and it increased from 51.1% for the six months ended June 30, 2024 to 52.9% for the same period in 2025. Our adjusted EBITDA (non-IFRS measure) margin achieved a significant turnaround, improving from a negative 3.2% in 2022 to a positive 11.7% in 2023 and 10.0% in 2024. For the six months ended June 30, 2025, our adjusted EBITDA (non-IFRS measure) margin further increased to 18.9% as compared with 10.2% for the same period in 2024.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>(Unaudited)</i>				
Revenue (RMB'000)	917,369	1,313,297	1,399,361	682,148	786,567
Gross profit (RMB'000)	400,862	651,436	695,072	348,475	415,722
Gross profit margin (%) ⁽¹⁾	43.7	49.6	49.7	51.1	52.9
Adjusted profit/(loss) (non-IFRS measure) ⁽²⁾ (RMB'000)	(104,142)	46,500	20,430	9,332	92,259
Adjusted profit/(loss) margin (non-IFRS measure) (%) ⁽³⁾	(11.4)	3.5	1.5	1.4	11.7
Adjusted EBITDA (non-IFRS measure) ⁽⁴⁾ (RMB'000)	(29,726)	153,158	139,347	69,519	148,619
Adjusted EBITDA margin (non-IFRS measure) (%) ⁽⁵⁾	(3.2)	11.7	10.0	10.2	18.9

Notes:

- (1) Calculated by dividing the gross profit by total revenue.
- (2) Defined as profit/loss (non-IFRS measure) for the period excluding share-based payment expenses, [REDACTED] expenses and amortization of patents and customer relationship as a result of business acquisitions.
- (3) Calculated by dividing the adjusted profit/loss (non-IFRS measure) by total revenue.
- (4) Defined as adjusted profit/loss (non-IFRS measure) adding back finance costs and income tax expenses or subtracting income tax benefits, and further adding back depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets.
- (5) Calculated by dividing the adjusted EBITDA (non-IFRS measure) by total revenue.

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OUR COMPETITIVE STRENGTHS

A Leading Medical Solution Provider With Innovative and Comprehensive Product Offerings

We are a global medical solution provider with innovative and comprehensive product offerings, serving a wide range of clinical departments and application scenarios in across more than 140 countries and regions. As of June 30, 2025, our medical solutions comprised over 340 products for key departments including ICU, operating room, emergency, anesthesiology, respiratory department, transfusion, gastroenterology, urology and laboratory. According to CIC, our innovative and high-quality medical products, along with our extensive coverage across clinical departments, position us as one of the most comprehensive medical device companies in China. Currently, we primarily focus on three key business units, life support, minimally invasive intervention, and in vitro diagnostics, and have achieved notable competitive advantages in each of these areas, according to CIC:

- ***Life Support.*** We have developed a series of innovative life support products that have shaped our leadership in this field. We launched the world’s first remotely-controlled infusion system, and were the first domestic brand in China to introduce the in-house developed multi-channel infusion workstation, the infusion workstation compatible with MRI environments, the touchscreen infusion pump and the touchscreen enteral feeding pump. These innovations have solidified our market position, as evidenced by our leading rankings — we (i) ranked first in China’s infusion workstation market in terms of sales value in each year from 2018 to 2024, and (ii) ranked first in the enteral feeding pump market in terms of sales value in each year from 2021 to 2024.
- ***Minimally Invasive Intervention.*** We are one of the few domestic brands in China with a full-spectrum proprietary endoscopic product portfolio, encompassing reusable and single-use endoscope systems, as well as related consumables. Among these, we (i) ranked second in the market for minimally invasive intervention consumables targeting the digestive system in China in terms of the sales value in each year from 2022 to 2024; and (ii) ranked among top five in the single-use cholangioscope market of China in terms of sales value in each year from 2023 to 2024.
- ***In Vitro Diagnostics.*** We introduced the world’s first fully-automated TEG analyzer in 2021, and ranked first in the fully-automated TEG market of China in each year from 2021 to 2024. In addition, we ranked among top five in the blood grouping device market of China in terms of sales value in 2024.

Adhering to our “high-end positioning and top-down strategy (高舉高打自上而下策略)”, we are committed to establishing ourselves as a premium domestic medical device brand that delivers high-quality, innovative solutions across a broad spectrum of clinical scenarios. We focus on the evolving needs of medical institutions and aim to serve key clinical departments with advanced, domestically-developed technologies. Meanwhile, we continue to expand our product portfolio to deliver comprehensive cross-departmental solutions tailored to diverse clinical scenarios. Our consistent pursuit of excellence and innovation has been widely recognized — we have been honored with the China National Brand Gold Award for Medical Equipment for eight consecutive years from 2017 to 2024 and the No. 1 in Industry Customer Satisfaction for seven consecutive years from 2018 to 2024.

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Starting our journey with infusion systems, we capitalized on the shift from gravity infusion to precision infusion, and introduced domestic pumps and infusion workstations to high-standard departments such as ICU and operating rooms in Grade 3A hospitals. Building on this foundation, we have successively launched a wide range of life support products including enteral feeding pumps, video laryngoscopes, anesthesia machines, patient monitors, and ambulatory infusion pumps. We further broadened our departmental and scenario coverage and extended our reach into the minimally invasive intervention and in vitro diagnostics markets through a combination of in-house R&D and strategic acquisitions. The diversity of our product portfolio is reflected not only in the broad range of clinical applications and business units we serve, but also in the types of products we offer — spanning medical equipment, consumables, and intelligent systems. Our system products are designed to work synergistically with other product categories, forming integrated, end-to-end solutions that deliver greater efficiency, interoperability, and clinical value.

Comprehensive Global Value Chain Capabilities to Drive Sustainable Expansion

During the Track Record Period, our products were distributed to over 140 countries and regions worldwide, with overseas revenue accounting for around 40% or above of our total revenue for each period during the Track Record Period, placing us at the forefront of Chinese medical device companies in terms of international revenue contribution. According to CIC, we are one of the very few players in China that achieved this extensive global network in the market at scale, which offers significant advantages such as closer proximity to local customers worldwide and the diversification of regional and political risks. This global network of localized resources enables us to provide professional and culturally tailored services worldwide.

- ***Globally Recognized Brands.*** Our global footprint encompasses three major brands, namely, Medcaptain, Penlon and Vedkang Medical, each gaining extensive international recognition. Medcaptain originated from medication delivery products, with its infusion pumps gaining prominence in Europe. Our pumps are comparable to those of leading international brands and represent the only Chinese brand to receive a four-star rating in the product evaluation by Emergency Care Research Institute (“**ECRI**”). Penlon is a globally renowned British anesthesia equipment brand which has won Queen’s Awards for Enterprise for four times. Queen’s Awards for Enterprise is a UK’s national award to businesses for outstanding achievement in international trade, innovation, sustainable development and promoting opportunity. Furthermore, Vedkang Medical has opened up the Asian, European and American markets for our minimally invasive intervention products.
- ***Global Sales and Service Capabilities.*** By integrating the channel resources of Medcaptain, Penlon and Vedkang Medical, we have assembled an experienced sales team and developed a global sales network. As of June 30, 2025, we established (i) a sales team of over 400 employees with core members having an average of over eight years of sales experience; and (ii) a global network of over 2,500 distributors spanning APAC, EMEA and AMER regions. Moreover, with 30 domestic subsidiaries and branches and 10 overseas representatives, we provide around-the-clock rapid response services to our global clients, including regular equipment inspections, in-house MQT (“**Maintenance, Quality control, and Training**”) services, endoscopic surgery bedside guidance, and full life-cycle after-sales monitoring for each order through our CRM service platform. In addition, we have established international training centers in the Netherlands, the UK, Colombia and India, to offer tailored professional training for local customers and distributors.

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- ***Global R&D Strength.*** We operate five R&D centers across China and the UK, combining strong engineering expertise with a global perspective. Our R&D teams maintain longstanding collaboration with leading experts and scholars both domestically and internationally, enabling us to stay attuned to local clinical practices, user preferences, and unmet clinical needs across different markets. Drawing on these insights, we are able to rapidly translate clinical needs into product development and continuously upgrade our portfolio with competitive and technologically advanced offerings.
- ***Global Regulatory Registration Expertise.*** Our global regulatory registration team, has extensive experience in regulatory registration and compliance across China and major overseas markets, ensuring timely updates and continued adherence to evolving market access requirements. As of the Latest Practicable Date, we had secured over 300 NMPA medical device registration certificates, over 40 FDA approvals and over 350 CE marked products.
- ***Global Production Centers.*** Our six manufacturing centers in China and the UK uphold quality management systems compliant with the NMPA, CE and FDA standards. This infrastructure supports us to offer globally stable, timely supplied, and cost-efficient manufacturing capabilities.

Robust R&D Capabilities Empowered by an Integrated R&D Platform

Our R&D team possesses the capability to develop a diverse range of products, including equipment, consumables and reagents, and software systems across various business units. According to CIC, we are one of the very few medical device companies in China with comprehensive R&D capabilities. As of June 30, 2025, our in-house R&D team consisted of over 500 members, accounting for over 25% of our total workforce. Furthermore, we have established a comprehensive “Industry-Academia-Research-Application (產學研醫)” collaboration network, through which we maintain deep, long-term partnerships with leading medical universities and research institutes. This allows our R&D team to remain at the forefront of clinical innovation and to rapidly translate frontline medical needs into competitive product solutions.

We have established a dynamic and scalable R&D platform that serves as a key driver of our product innovation and business expansion. Led by our Innovation Center, this platform consists of 11 specialized sub-departments, each contributing technical expertise and support across different stages of the R&D process. Meanwhile, our R&D platform is supported by three technical committees — the Hardware, Mechanical, and Software Technical Committees — each providing specialized technical support within their respective domains. This mechanism not only facilitates cross-business unit collaboration and product development, but also lays a solid foundation for the expansion of new business units and the smooth integration of acquired businesses. For details, see “— Research and Development — Our Innovation R&D Platform.”

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With a strong commitment to independent innovation, we emphasize original product development over replication, which has allowed us to steadily accumulate technological know-how and build a solid portfolio of intellectual property assets. As of the Latest Practicable Date, we had 1,100 patents and patent applications in China, including 704 issued patents and 396 patent applications. Among our issued patents, there were 136 invention patents, 455 utility model patents and 113 design patents; and we had 59 overseas patents and patent applications, including eight patent applications under the Patent Cooperation Treaty (“PCT”).

Proven Commercialization Capabilities Evidenced by Expanding Regional Coverage and Customer Base

We have established a strong sales and marketing team to support both our domestic and international expansion. As of the June 30, 2025, our in-house team comprised over 400 professionals and was supported by a network of over 2,500 distributors. As of the Latest Practicable Date, our products had reached over 140 countries and regions globally. In China, our products have cumulatively reached over 6,000 hospitals, including approximately 90% Grade 3A (三級甲等) hospitals, covering 31 provinces, municipalities and autonomous regions. This extensive footprint reflects the strength of our commercial infrastructure and our ability to scale efficiently across markets.

We work closely with frontline medical professionals through regular site visits and academic collaborations, which enables us to stay attuned to evolving clinical needs and tailor our products accordingly. By integrating real-world feedback into product design and development, we are able to deliver practical, high-performance solutions that align with daily medical workflows. This close loop between field insights and product innovation enhances both our clinical relevance and customer loyalty. In addition, the widespread adoption of our products by top-tier hospitals — often following rigorous evaluation and admission processes — serves as strong validation of our quality and reliability, further accelerating adoption across primary and secondary healthcare institutions.

Internationally, we adapt our commercial strategies to the characteristics of each market, leveraging a flexible mix of distribution channels and direct sales models. In markets such as the UK, we engage in direct sales to hospitals through Penlon’s local team, while in other regions, we collaborate with leading global medical brands and distributors. This adaptive and integrated approach enables us to effectively serve top-tier healthcare institutions around the world and deepen our presence in key strategic markets.

We also actively participate in major industry exhibitions and academic forums to enhance our brand recognition and build thought leadership. Our innovative products have gained strong visibility at globally recognized events such as MEDICA, CMEF, and Arab Health. These platforms not only showcase our technological strengths to global customers but also reinforce our positioning as a trusted high-end brand in the international medical device community.

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Superior Track Record of Acquisitions and Integrations to Expand Product Portfolio and Drive Rapid Growth

According to CIC, strategic acquisitions have emerged as a key growth strategy in the medical device industry, particularly among global players seeking to broaden their capabilities across multiple specialties and geographic markets. In an increasingly competitive and innovation-driven landscape, M&A plays a critical role in accelerating product diversification, enhancing clinical solutions, and unlocking access to new markets. Yet realizing the full value of acquisitions hinges not only on deal execution, but also on the ability to achieve operational integration, generate meaningful synergies, and align with a long-term strategic vision — capabilities that few companies master consistently.

Our acquisition strategy has been instrumental in creating comprehensive solutions across multiple departments and scenarios. Oriented from clinical scenario and our technical capabilities, we strategically select high-quality acquisition targets that synergize with the technical capabilities or clinical scenarios of our existing products, gradually expanding our business boundaries under the premise of effective integration. Prior to the Track Record Period, we expanded our IVD business into the fields of blood grouping and molecular diagnostics through strategic acquisitions, thereby enhancing our capability to meet diversified diagnostic needs. During the Track Record Period, we further broadened our business scope through (i) the acquisition of Penlon in January 2022, extending our life support business into the field of anesthesia solutions, and (ii) the acquisition of Vedkang Medical in April 2022, enabling us to enter the minimally invasive intervention field. Furthermore, in August 2025, we entered into an equity transfer agreement to acquire Caring Medical, which is expected to extend our product offerings from flexible endoscopes to rigid endoscopes. Beyond product portfolio expansion, we also view strategic acquisitions as a way to build our operational infrastructure. To that end, we acquired a Belgian distributor in June 2025 to deepen our reach in international markets.

Following acquisitions, we leverage our technological and platform advantages to drive the continuous growth and innovation within the acquired entities:

- Prior to joining our portfolio, Penlon was recognized for its high-quality products, especially its vaporizers. Following the acquisition, we have leveraged our engineering expertise to support the modernization of its product portfolio, with current development focused on digital anesthesia machines and electronic vaporizers. As of the Latest Practicable Date, we have filed 10 patent applications related to anesthesia machines.
- Prior to joining our portfolio, Vedkang Medical was primarily engaged in the production of endoscopic procedure consumables. After the acquisition of Vedkang Medical, we have applied our strong engineering and technological capabilities, along with our experience in equipment development, to rapidly advance the development of endoscopic equipment to expand the portfolio of our minimally invasive intervention products. As of the Latest Practicable Date, we have achieved

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the following key progress in the development of endoscopic equipment products: (i) cholangioscope direct visualization system, for which the registration certificate was obtained in September 2022; (ii) bronchoscope system, for which the registration certificate was obtained in December 2023; (iii) ureterscope system, for which the registration certificate was obtained in December 2023; and (iv) reusable GI endoscopic system, for which the registration certificate was obtained in June 2025.

We manage the acquired business by adopting an approach of “progressive integration (漸進式融合).” Following each acquisition, we provide R&D and technical support through our innovation platform, and operational support through our group-level management, manufacturing, sales, and marketing functions. To promote R&D synergy, we retain R&D centers of acquired businesses, allowing for localized development under centralized coordination. Our Innovation Center offers comprehensive support across business lines, including safety and functional testing, mold management, industrial design, algorithm development, and the sharing of key know-how and technologies. We also emphasize the retention of core management and R&D talent of the acquired entities to preserve institutional knowledge and enhance integration effectiveness. For each acquisition, our management team tailors integration strategies based on the target’s business scale, domain focus, industry characteristics, and R&D capabilities. In addition to technological integration, we actively pursue sales channel integration across Medcaptain, Penlon, and Vedkang Medical, leveraging each brand’s strengths to facilitate cross-category sales and maximize the efficiency of our distributor network.

Visionary, Dedicated and Experienced Management Team and Strong Support from Shareholders

We are guided by a mature, fully functional executive team with comprehensive coverage across key business lines in the medical device industry, including strategy, mergers and acquisitions, R&D, sales, production, and quality control. Executives managing these business lines hail from renowned medical device companies, each boasting an average of over 20 years of professional experience, demonstrating both seasoned expertise and well-synchronized teamwork. Additionally, our robust talent development program ensures we possess extensive technical knowledge, strong execution capabilities, and a sense of ownership, crucial for achieving synergy and integration during ongoing organic growth and acquisitive expansions.

Our sustained success is anchored by our management with extensive industry experience and strategic acumen. Both Mr. LIU, our chairman and general manager, and Mr. ZHONG, our vice chairman and deputy general manager, are distinguished veterans in the medical device industry, bringing decades of leadership experience accumulated from domestic and international public medical device companies. Mr. LIU entered the medical device industry in 1994 and has since worked at multinational healthcare and medical device providers, gaining extensive leadership experience in the healthcare industry, in-depth global perspective, expertise in mergers and acquisitions, and comprehensive management experience covering R&D, production, sales and business operation. Mr. ZHONG, embarked on his career in the

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medical industry in 2000, has developed comprehensive leadership skills including product development, sales management, marketing strategy, cross-functional team leadership, cross-cultural management and business integration.

Moreover, since our inception, we have secured investments from industry-leading investors with deep insights in the biopharmaceutical sector. These esteemed shareholders not only validate our industry-leading position and growth potential, but also provide financial backing and industry resources to support our continuous growth.

OUR STRATEGIES

We are committed to our “in global for global” development philosophy, strategically allocating our R&D, production, and sales resources worldwide. We are continuously expanding the global footprint of our innovative products and solutions, striving to become the go-to partner for healthcare institutions worldwide. To achieve this target, we plan to continue to implement the following strategic measures:

Further Strengthening our Leadership as an Integrated Medical Solution Provider

We are committed to developing innovative products enhancing our solutions to meet diverse clinical and market demands. By maintaining a versatile platform that serves diverse departments and scenarios, we aim to drive sustainable growth and strengthen our leadership.

- ***Exploring Competitive Business Units.*** We will strategically explore and enter new business units that complement our existing ones, fully utilizing our established technological expertise and platform resources. By doing so, we aim to extend our business reach to more clinical departments and scenarios, ensuring a comprehensive and versatile market presence.
- ***Refining Digitalized and AI-driven Solutions.*** We will stay at the forefront of medical technology and concepts, continuously refining our solutions to offer more efficient and user-friendly experiences. So far, we have developed a series of information systems, such as iCMS, iHLive, iSpiro, and ELFensor, which enable centralized and real-time monitoring and management across various clinical application scenarios such as infusion and nursing care, in vitro diagnostic testing, respiratory chronic disease management and pain management. Building on this foundation, we plan to further enhance our digitalized solutions by embedding AI-driven technologies, enabling smarter functionalities, real-time adaptability and broader deployment across diverse clinical environment.

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- ***Advancing Integration Between Equipment and Consumables.*** We will emphasize the integration between equipment and consumable solutions to enhance our market presence, thereby reinforcing our leading position in both the equipment and consumable sectors. This approach will broaden our product offerings in each segment, deepen relationships with healthcare institutions, and establish new connections within the industry to ensure comprehensive market penetration.

We actively align our development strategy with national policy priorities across our core business units — life support, minimally invasive intervention, and in vitro diagnostics. In the life support segment, recent government efforts to strengthen critical care infrastructure in hospitals, particularly through the expansion of ICU bed capacity, are driving substantial demand for advanced infusion and monitoring equipment. In minimally invasive intervention, we are pursuing an integrated strategy that combines equipment and consumables to deliver comprehensive clinical solutions tailored to evolving surgical needs. In in vitro diagnostics, continued regulatory optimization has accelerated the approval process for diagnostic products, enabling us to respond swiftly to market demands and scale this business with greater efficiency.

Further Enhancing Our Globalized Brand Image with Localized Operational and International Sales Capabilities

We are committed to establishing a globalized brand image for Medcaptain, striving to become a go-to partner for healthcare institutions worldwide. To achieve this target, we will continuously introduce innovative products to the global market and refine our global service system. Furthermore, we plan to progressively integrate our acquired brands with the Medcaptain brand to build a cohesive international brand portfolio with global influence. For instance, we will actively participate in renowned international exhibitions with our brands, including Medcaptain, Penlon and Vedkang Medical, to expand our customer base and consolidate the influence of each brand, ultimately empowering our full product range with Medcaptain international brand image. In addition, by attuning to global healthcare needs and preemptively implementing cutting-edge medical concepts and superior services, we aim to enhance our Medcaptain brand’s recognition for innovation. We are building a commanding presence across industry, academia, research, and application fields, establishing a powerful call to action.

As of the Latest Practicable Date, our products had been distributed to over 140 countries and regions worldwide. Leveraging this established global footprint, we are dedicated to further practicing global collaboration and localized operations, creating a flexible and efficient sales network to support our international sales endeavors. We plan to establish a sales network that swiftly responds to global clinical demands, working in tandem with our R&D and production departments that support rapid product iteration. Through global collaboration in R&D, production, and sales, we commit to providing meticulous and high-quality services to our global customers. In addition, as we have developed a broad international sales channel network and established a European sales center, our future efforts will focus on expanding sales channels in Southeast Asia, the Middle East, and Latin America, and horizontally setting

BUSINESS

up regional sales centers to better serve local customers through localized operations. Ultimately, we will build a flexible and efficient matrix-style international sales structure, adeptly navigating the challenges of global operations. Moreover, we will also expand into developed markets with high entry barriers by leveraging our collaborative relationship with top international healthcare and medical stakeholders.

Further Enhancing Our R&D Capabilities to Rapidly Achieving Product Upgrade and Iteration

We will continue to increase our investment in technological innovation, such as investing in the development of AI-driven digitalized diagnosis technology. Additionally, we plan to boost our investment in R&D infrastructure, such as upgrading the MCI digital system to improve the work flow of product development, data analysis capabilities, and platform security. These improvements will support the enhancement of development efficiency and quality while saving costs. We will further utilize the complementary strengths across our business units to drive sustainable growth. By aligning the expertise of our professional teams with diverse product lines, we aim to foster synergies that enhance the development of cutting-edge technologies, strengthen our market position, and expand our influence in respective fields. This collaborative approach ensures that our solutions remain innovative and well-positioned to address evolving industry demands.

We will continue to advance the development and refinement of our product portfolio across all three business units. Leveraging the combined capabilities of our R&D teams in China and Europe, we are engaged in ongoing efforts to develop new products and enhance existing product series in the areas of life support, minimally invasive intervention, and in vitro diagnostics. These initiatives draw on our accumulated expertise in software, hardware, optics, and algorithms, and are intended to support the continuous evolution of our product lines.

Further Enhancing Our Production Capabilities and Efficiency

We established a new R&D and manufacturing center in Changzhou, with a gross floor area of 115,742 sq.m. As of September 2025, certain production lines of this site have been completed and commenced operation. To further unleash the production potential of the new center, we are actively advancing its construction, such as equipment procurement, intelligent production line planning, and construction of supporting facilities. This new center marks a significant step forward in our overall manufacturing capabilities, supporting higher sales targets and unlocking greater economies of scale. The new center is also expected to further streamline certain of our existing production facilities and resources, improve operational efficiency, and enhance synergies across our production lines. We also plan to continuously upgrade our production lines with a focus on automation and intelligent manufacturing, further improving both efficiency and product quality. In addition, we will seek opportunities to extend our layout upstream in the supply chain, achieving self-sufficiency in key raw materials for more stable product performance and more efficient cost control.

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Our overseas production capacity, primarily for anesthesia machines and vaporizers in the UK, will be refined through the upgrade of production testing equipment to enhance product consistency and quality, meeting stringent international standards and certification requirements. We will also balance production needs between overseas and domestic bases, considering production costs and supply chain logistics, embodying the philosophy of leveraging global advanced experiences to enhance “made in China” for the world.

Seeking Strategic Acquisition and Investment Opportunities to Further Expand Our Business Landscape

Leveraging our proven track record in mergers and acquisitions and unique foresight of our founders and management team, we will continue to identify and engage with innovative, product-focused, and like-minded medical device enterprises globally. Our objective is to select targets that synergize with our existing business operations, possess a strong brand image in niche markets, and have significant growth potential. Through strategic acquisitions, we aim to swiftly penetrate diverse areas, generate additional revenue streams, effectively consolidate bilateral resources to enhance profitability, and mitigate market volatility risks across various business units.

In addition, we plan to empower acquired businesses by our extensive experience in market demand analysis, product development, production management, and sales management, alongside relevant industrial and capital resources. Leveraging our R&D platform, which integrates general-purpose development capabilities and a mature product development workflow, together with our manufacturing base and global sales network, we are well-positioned to facilitate the integration and growth of our acquired businesses. Meanwhile, we keep striving to maintain the relative independence and stability of the original management teams and key personnel after acquisitions, ensuring their autonomy and flexibility in the management process, and the sustainable development of the acquired entities.

Attracting Talents and Optimizing Our Human Resource System

Upholding a management philosophy that respects talent and creativity, we will strengthen cooperation with top universities globally, offering exceptional graduates with opportunities to excel. We aim to continuously attract R&D talents in mechanics, optics, electronics, and computing to ensure a flourishing future in innovation. We also plan to attract global commercial talents to facilitate the global expansion of our products and solutions.

We will maintain incentive plans for outstanding employees to boost their enthusiasm. By cultivating a culture of excellence, we aim to enhance employees’ value alignment and collective pursuit of industry leadership, thereby attracting, developing, and retaining core talents and attracting new talents. In addition, we will design multi-dimensional training courses focused on industry insights, techniques, marketing promotion, and overall quality improvement to meet the diverse needs of new employees, existing employees, and management. This approach supports skill adaptation and maximizes individual contributions, aligning personal growth with the company’s development objectives. Meanwhile, we will establish an integrated talent and knowledge system that spans all business units and departments across our Group, to promote technical exchanges and sharing across different fields. This will facilitate mutual feedback among R&D, production, and sales, achieving more streamlined and efficient communication and enhancing overall operational efficiency.

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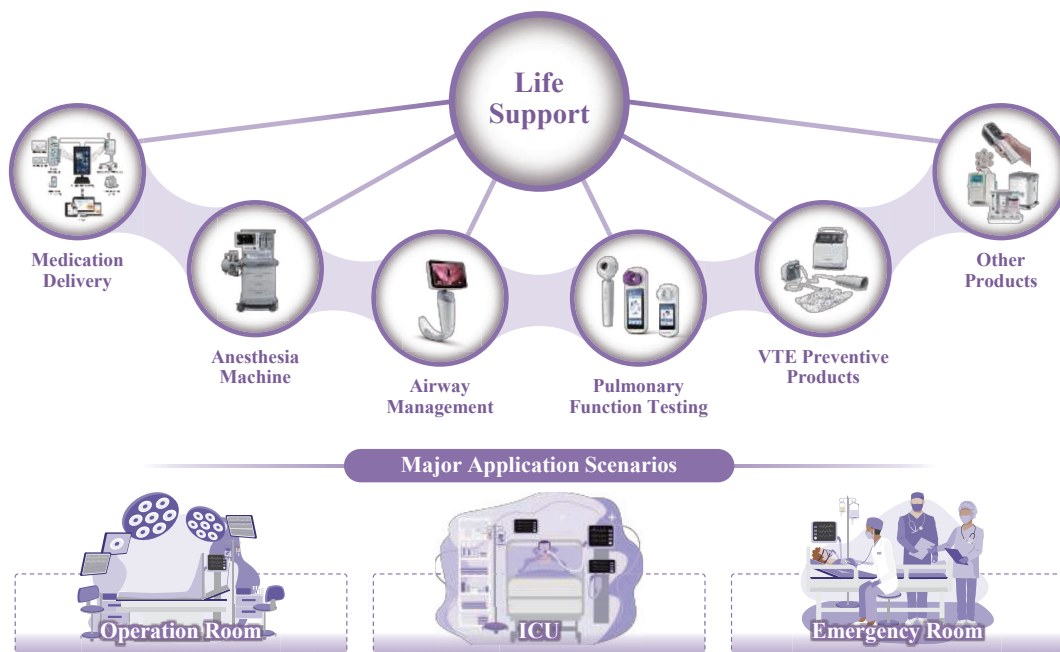
OUR BUSINESS UNITS

We offer high-end medical equipment and consumables across life support, minimally invasive intervention and in vitro diagnostics. The following table sets forth a breakdown of our revenue by business units for the respective periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)						(Unaudited)			
Life support	415,844	45.3	564,146	43.0	494,057	35.3	246,590	36.1	297,833	37.9
Minimally invasive intervention	385,997	42.1	586,545	44.6	721,327	51.6	344,472	50.5	402,518	51.1
In vitro diagnostics	115,528	12.6	162,606	12.4	183,977	13.1	91,086	13.4	86,216	11.0
Total	917,369	100.0	1,313,297	100.0	1,399,361	100.0	682,148	100.0	786,567	100.0

Life Support

Life support medical devices are chiefly used in ICUs, operating rooms, and emergency rooms to manage and care for critically ill patients. Life support medical devices primarily include medication delivery products, anesthesia product line, airway management products, pulmonary function testing products, VTE preventive products and other devices. These instruments are integral to maintaining vital functions and improving the chances of recovery for patients in critical condition, offering comprehensive support ranging from breathing assistance and life sustenance to continuous monitoring of vital signs. We have established a comprehensive life support product portfolio, offering over 50 life support products as of June 30, 2025. The following diagram illustrates the application of our life support products in the main application scenarios:



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The life support medical device market presents significant size and strong growth potential. According to CIC, the global market increased from US\$49.2 billion in 2018 to US\$75.1 billion in 2024, at a CAGR of 7.3%, and it is expected to reach US\$109.7 billion in 2030, at a CAGR of 6.5% from 2024. The China market increased from RMB31.1 billion in 2018 to RMB55.7 billion in 2024 at a CAGR of 10.2%, and it is expected to increase to RMB93.2 billion in 2030, at CAGR of 9.0% from 2024.

Medication Delivery

Our medication delivery product portfolio primarily consists of infusion and syringe pumps, infusion workstations, enteral feeding pumps, ambulatory pumps, intelligent centralized monitoring systems, remotely-controlled management systems and matching consumables. Our medication delivery products enhance the precision and efficiency of infusion processes, streamline the operational and management workflows of the infusion process, and improve the treatment experience across each stage of perioperative care.

Infusion Workstation, Syringe Pump and Infusion Pump

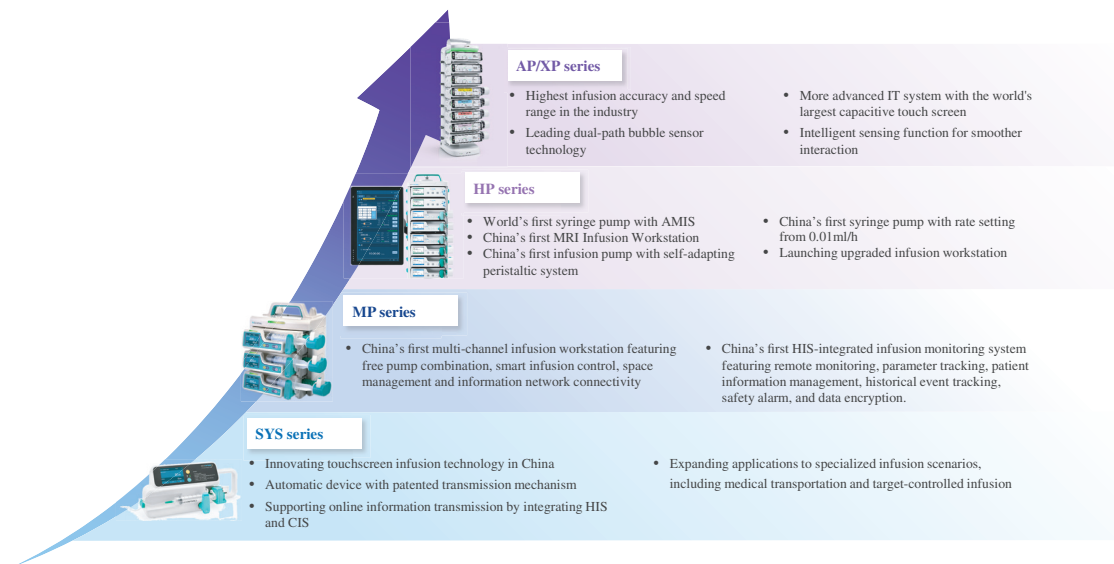
We offer a comprehensive intelligent infusion solution covering infusion workstations, infusion systems, infusion pumps and syringe pumps which provide a modern alternative to traditional gravity infusion methods. While conventional infusion methods rely on gravity to deliver fluids, our intelligent infusion solutions utilize electronic controls to regulate infusion rate and flow pressure, enhancing both infusion accuracy and the efficiency of medical personnel. To further enhance the convenience and accuracy of medication delivery, we have equipped our products with DoseControl, our proprietary Dose Error Reduction System (“**DEERS**”). This system features a drug library capable of storing up to 12,000 drugs, enabling the safe and precise administration of dosage rates tailored to individual patient conditions. We also offer intravenous (“**IV**”) administration sets that complement our infusion equipment products, providing our medical staff with a comprehensive infusion solution. As of the Latest Practicable Date, our portfolio includes four series of infusion solutions: SYS series, MP series, HP series and AP/XP series.

- **SYS Series:** This was the first series we launched, and we obtained registration certificate for the first series product in 2011. The SYS series products primarily consists of single-channel devices, featuring touchscreen technology for digitalized infusion management and supporting information interconnection. Notably, the products of the SYS series are certified to EN1789, the European Union standard for ambulances and medical transportation vehicles, ensuring their reliable performance during patient transport.

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- **MP Series:** We obtained the first registration certificate for our first MP series product in 2014. In this series, we introduced China’s first multi-channel infusion workstation, the MP-80 Infusion Workstation, enabling flexible combination of infusion and syringe pumps. This innovative feature meets the demands for auto-continuous infusion of various fluids simultaneously for critical patients. Additionally, this series consists of the MP-30 Syringe and MP-60 Infusion Pumps, both equipped with touchscreen interfaces and support internet connections for integration with information monitoring systems.
- **HP Series:** We obtained the registration certificate for our first HP series product in 2017. We had further upgraded and enriched our infusion workstation and pumps, offering all-in-one infusion solutions that support various application scenarios and different types of infusion.
- **AP/XP Series:** We obtained the registration certificate for our first AP/XP series product in 2024. The AP/XP series features enhanced functionality, with improved infusion accuracy, an expanded range of infusion rates, and upgraded intelligent control capabilities.

The diagrams below set forth an overview of the iteration of our four infusion solution series:



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By product type, our infusion products primarily include infusion workstations, syringe pumps, and infusion pumps:

- ***Infusion Workstations.*** In 2014, we obtained the registration certificate for China’s first multi-channel infusion workstation, MP-80 Infusion Workstation. We then obtained the certificate for its updated version, HP-80 Infusion Workstation in 2017, and the registration certificate for AP/XP Infusion Workstation in 2024. Our infusion workstation is characterized by its modular design, allowing up to dozens of infusion and syringe pumps to be effortlessly stacked, without the necessity for any tools during assembly. It comes equipped with the Relay Control module, which facilitates three types of relay models: the cascaded relay for sequential connection from top to bottom channels, the circular relay for up to three channels, and the customized relay, which permits operators to specify the sequence of channel operation. Furthermore, its capability for computer-controlled operation and network connectivity enables the centralized management of the infusion process. Our latest AP/XP series further enhances steady-state infusion management and automatic fluid management, upgrades the visual and operational experience, and advances the intelligence of the product.

Furthermore, in 2020 we obtained the registration certificate for HP-80 MRI Infusion Workstation, the first infusion workstation in China designed specifically for MRI environments. The workstation safeguards the pumps within it from magnetic fields up to 20 mT, ensuring that the infusion processes are shielded from magnetic field disturbances. It also prevents the administration process from interfering with the MRI imaging process, maintaining the quality and reliability of MRI scans. According to CIC, we ranked first in the infusion workstation market of China in 2024, with a market share of 26.8% in terms of sales value.

- ***Syringe Pumps.*** Our SYS series introduced the first touchscreen-equipped syringe pump to China’s market, according to CIC. Our MP series syringe pumps have been further upgraded to integrate seamlessly with the same series’ infusion workstations. They also support connection to the intelligent centralized monitoring system and other information systems, offering a more intelligent infusion solution. Our HP series Syringe Pumps have realized a comprehensive functional upgrade, including: (i) a double-position detection system that enables the real-time monitoring of the syringe’s plunger movement at two distinct points, thereby enhancing the accuracy and safety of infusions; (ii) a full-range syringe compatibility, accommodating 8 different models suitable for requirements ranging from 2 ml to 60 ml; and (iii) an auto-manual installation system (“**AMIS**”) as the manual mode saves the injection time during emergency treatment while the automatic mode ensures steady and accurate injection. The HP series has also developed syringe pumps tailored for various patients and therapies, including (i) the HP-30 Neo Syringe Pump designed for small dose injections by offering a rate setting starting from 0.01ml/h and ensuring a mechanical precision of $\leq \pm 0.5\%$; (ii) the HP TCI Syringe Pump equipped with multiple pharmacokinetic/pharmacodynamic (“**PK/PD**”) models allowing for

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accurate dosing of propofol during total intravenous anesthesia (“**TIVA**”) through Target-Controlled Infusion (“**TCI**”); (iii) the HP-30 Syringe Pump with the optional patient-controlled analgesia (“**PCA**”) function, allowing patients to manage their pain relief within prescribed limits by self-administering doses of medication. Our AP/XP series syringe pumps further improved the infusion precision rate and supports a broader range of infusion speeds, and this series has been updated with DoseControl with a drug library capable of accommodating up to 12,000 drugs.

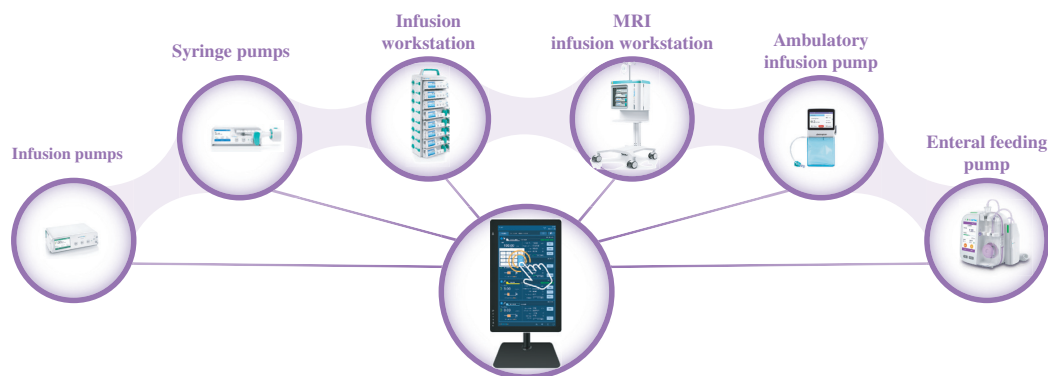
- **Infusion Pumps.** Our SYS series introduced the first touchscreen-equipped infusion pump to China’s market, according to CIC. Our MP series infusion pump is compatible with infusion workstations and supports the connection with the intelligent centralized monitoring system and the remote-control infusion system. Our HP-60 Infusion Pump is further updated with the following features: (i) a one-step IV set installation mechanism that automatically identifies the tub status facilitating a quick and secure tube installation; (ii) an anti-bolus system that limits any bolus after occlusion release at a maximum of 0.2 ml to prevent a sudden surge of medication delivery; and (iii) a self-adapting peristaltic system that allows for automatic adjustments of the pump head’s position and pressure suitable for a range of applications including fluid infusion, blood transfusion, total parenteral nutrition (“**TPN**”) feeding and oncology therapy. The AP/XP series infusion pumps further improved the infusion precision rate and supports a broader range of infusion speeds.
- **Ambulatory Infusion Pumps.** Our ELFensor P series ambulatory infusion pump is designed for post-operative analgesia, labor analgesia, cancer pain management, chemotherapy and other acute or non-acute care management. It is the world’s first portable infusion system supporting EtCO₂ and SpO₂ monitoring. It is versatile for use in hospital, home healthcare, and for patient transport during ambulatory infusions. By integrating our ambulatory infusion pumps with iCMS and hospital information management systems, we provide patients and healthcare workers with an intelligent pain management system. This system offers close-loop analgesia management across various settings, including in-hospital, external, and home care during the perioperative period.

Remotely-Controlled Infusion System

We developed and launched the world’s first remotely-controlled infusion system, the MS-100 Infusion System, according to CIC. Such infusion system is capable of monitoring and controlling medication infusion remotely when used in conjunction with infusion workstations and medication delivery pumps, and it is designed to address the special needs in application scenarios such as ICUs, digital subtraction angiography (“**DSA**”) operation rooms, hybrid operating rooms, and negative pressure isolation wards. It allows medical staff to remotely monitor and control the medication infusion status, addressing the critical need for safe operation in areas prone to radiation exposure and

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infection risk. This innovative feature not only minimizes the risk of cross-infection and radiation exposure for medical personnel but also enhances clinical workflow efficiency by ensuring precise and uninterrupted medication delivery, optimizing patient care.



The MS-100 Infusion System is primarily designed to pair with our MP and HP series pump products. With the launch of our AP/XP series, we developed a next-generation AP/XP Infusion System specifically designed to complement the syringe pumps and infusion pumps in this series. In September 2024, we obtained the registration certificate for a next-generation infusion information collection system for our AP/XP infusion series.

iCMS: Intelligent Central Monitoring System

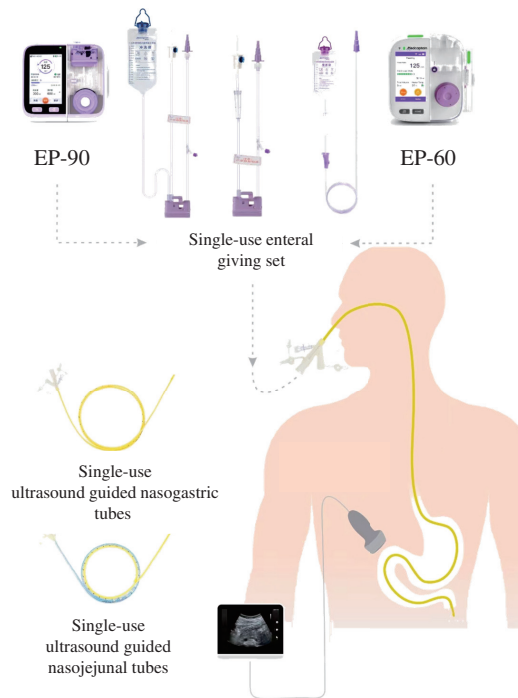
The iCMS is an intelligent central monitoring system to provide a comprehensive intelligent platform for hospital informatization management. It incorporates the following modules and functions: (i) the monitoring module centralizes the management of patient information, drug prescription, real-time infusion status and alarm information. It integrates with hospital HIS and CIS systems to access prescription data, enabling closed-loop management of patient infusion status; (ii) the DoseControl module enables medical staff to edit and upload the appropriate drug library dataset and its related profiles from iCMS into the pumps. It meets the requirements of different clinical care areas and facilitates intelligent medication management across various departments and wards; (iii) the continuous quality improvement (“CQI”) module aids in the collection and automatic evaluation of infusion data, identifies dose failures, and in turn, further refines the accuracy of the DoseControl module; and (iv) the connectivity function that supports connectivity and data transmission of iCMS with HIS, CIS and other information systems authorized by hospitals by either WIFI or LAN.

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Enteral Feeding System

We offer an integrated enteral feeding solution comprising the enteral feeding pump, the enteral syringe, the giving set, the nasogastric tubes and the feeding catheter, for patients who suffers from impaired digestion or various GI dysfunctions. We obtained the registration certificate for our first enteral feeding system, EP-60, in 2019, and obtained the registration certificate for an updated EP-90 enteral feeding system in 2024. According to CIC, we ranked first in the enteral feeding pump market of China in 2024, with a market share of 22.7% in terms of sales value.

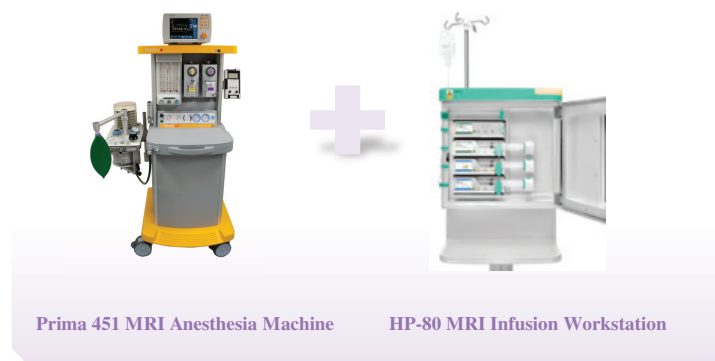
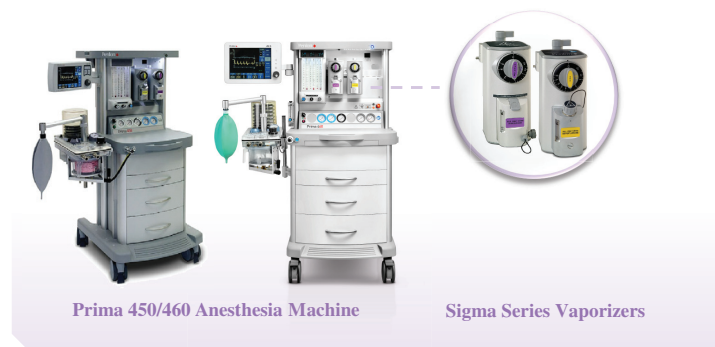
Furthermore, we obtained the registration certificate for our innovative ultrasound guided nasogastric and nasojejunal tubes in June 2024. This product enables full ultrasound guidance throughout the tube placement process, effectively addressing the limited visibility typically associated with nasoenteric intubation and enhancing the accuracy of tube positioning through ultrasound.



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Anesthesia Machine

The anesthesia machine is a primary equipment in hospital operating rooms and a key life support product. Its basic function is to facilitate ventilation for surgical patients and accurately deliver volatile anesthetic medicine to achieve the appropriate general anesthesia state for patients. To further expand our market presence in life support and enhance the synergistic effect of our product lines, we strategically acquired Penlon in 2022. Penlon, a globally renowned British medical device company, specializes in anesthesia and respiratory solutions, offering anesthesia machines and core components, such as vaporizers. This strategic move (i) enables us to swiftly capture market opportunities and expand into new life support markets by integrating anesthesia solutions with our existing infusion solutions, thereby offering more comprehensive life support solutions for our targeted departments; (ii) deepens our global presence, providing closer proximity to European markets; (iii) provides a solid foundation for efficiently performing iterative upgrades on the anesthesia machines. This acquisition not only reinforces our commitment to provide comprehensive life support solutions but also aligns with our goals to deliver advanced medical technology globally. Following the acquisition, we are developing the next generation of anesthesia machines, actively advancing the technological upgrade of anesthesia equipment.



BUSINESS

Our anesthesia solutions primarily includes the Prima series anesthesia machines and Sigma series vaporizers. Designed to support a full range of surgical anesthesia needs, these solutions feature advanced ventilation control, precise and safe delivery modes, and intuitive user interfaces that enhance clinical efficiency and patient safety. In particular, the Prima 460 is the only anesthesia machine in China equipped with the exclusive synchronized mandatory minute ventilation (“SMMV”) mode. This mode is especially beneficial during the recovery phase for patients with weak spontaneous breathing. It supplements the insufficient minute ventilation volume in each breathing cycle, ensuring the total minute ventilation while improving synchrony and patient comfort.

The Prima 451 is a compact MRI-compatible anesthesia machine designed to meet the specific needs of MRI suites. It works in conjunction with our HP-80 MRI Infusion Workstation and the remote-control infusion system to provide a comprehensive life support solution for the MRI environment. In addition, we provide separately the key components of anesthesia machine, including vaporizers, to hospitals and globally renowned anesthesia brands, further solidifying our position in the medical technology market.

Airway Management and Pulmonary Function Testing

We provide patients with comprehensive airway management and pulmonary function testing solutions, enabling smooth breathing across various clinical applications. The diagram below shows our comprehensive airway management and pulmonary function testing solutions:



BUSINESS

- ***Airway Management:*** Airway management devices are essential for providing respiratory support and conducting airway inspections in patients undergoing surgical anesthesia, as well as those with respiratory issues. Our video laryngoscope provides doctors with real-time, high-definition images of the patient’s larynx during tracheal intubation procedures. It features a touch display screen that allows for flexible control over the viewing angle and image size. Accompanied by five sizes of laryngoscope blades suited for different patient types, our video laryngoscope offers healthcare professionals a safe, convenient, and visual solution for endotracheal intubation, enhancing patient care and improving procedural outcomes. We also offer traditional laryngoscope sets and tracheal tubes, catering to a wide range of clinical scenarios and treatment needs.

Our bronchoscope system comprises a single-use video bronchoscope, coupled with an image processor and monitor, offering a visual solution for observation, diagnosis, and treatment of bronchial conditions. Our single-use endoscope features a 120-degree field of view and megapixel-level resolution, offering clear and wide-angle visualization. Its flexible insertion tube enhances procedural safety and maneuverability, supporting more precise and comfortable operation for clinicians. The image processor captures, processes and transmits real-time images, featuring adaptive brightness adjustment and advanced image enhancement algorithms to improve the visualization of tissues and mucosal vasculature. It also supports image freeze functionality to generate clear and stable still images of the bronchial anatomy, assisting clinicians in accurate assessment and documentation.

- ***Pulmonary Function Testing:*** Spirometry is essential to the diagnosis and management of asthma, chronic obstructive pulmonary disease and other respiratory conditions. Our spirometry testing products comprise SpiroSuite VC-10, 20, and 30 Series Spirometers, meeting various testing needs from hospitals, clinics and home use. Our SpiroSuite VC-10, 20, and 30 Series Spirometers make up a comprehensive pulmonary function diagnostic solution, achieving full coverage across various application settings, including hospital, community health centers, and home use. This diverse functionality ensures that all segments of patient care are equipped with advanced, reliable spirometry testing capabilities. Based on the SpiroSuite Series Spirometers, we have developed the iSpiro Respiratory Chronic Disease Management System. It supports the collection and management of pulmonary function data obtained through our lung function testing products in both in-hospital and out-of-hospital settings. This enables healthcare professionals to conduct real-time monitoring and analysis of patients’ pulmonary status.
- ***Other Respiratory Therapy.*** We also offer other products for respiratory therapy, such as oxygen concentrator. It is a compact oxygen concentrator, providing high-purity oxygen for comfortable and safe treatment. It is especially suitable for patients with respiratory system diseases such as asthma and chronic obstructive pulmonary disease, as well as the elderly, enhancing their quality of life by ensuring reliable oxygen supply.

BUSINESS

Other Life Support Products

In addition, we also provide a broader range of life support medical devices and consumables. Below are additional representative life support products we currently offer:



DVT Preventive Products. We offer deep venous thrombosis (“DVT”) preventive products, including the sequential compression systems and DVT preventive pumps. Our sequential compression system supports network connectivity, enabling hospitals and patients to effectively manage VTE treatment progress through digitalized information tracking.



Vein Illuminators. We offer the vein illuminator that projects an image of the veins onto the skin during venipuncture, providing real-time, accurate visualization of the patient’s vasculature. This device helps medical staff assess vascular status and generates clear and precise vein projections on the skin, enhancing the accuracy and efficiency of intravenous procedures.



Monitors. We offer a range of portable patient monitors designed for diverse parameter measurements, such as electrocardiogram (“ECG”), SpO2, NIBP, HR, RR and temperature, suitable for multiple applications from spot checks to continuous monitoring.

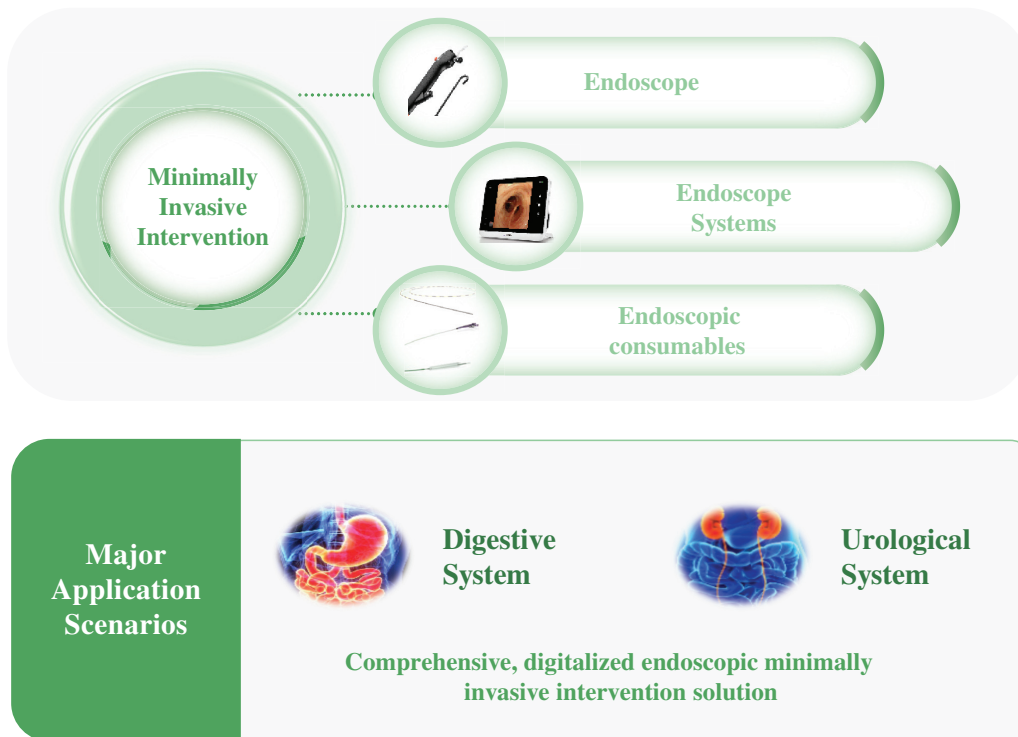


Veterinary Life Support Products. We have also developed veterinary infusion pumps, anesthesia machines, and oxygen concentrators tailored for veterinary hospitals. Our veterinary product series inherit our technological features, representing a new generation of visualized and automated products.

BUSINESS

Minimally Invasive Intervention

We are one of the few domestic brands in China with a full-spectrum proprietary endoscopic product portfolio, encompassing reusable and single-use endoscope systems, as well as consumables. As of June 30, 2025, we had over 80 minimally invasive intervention products. The diagram below shows our comprehensive minimally invasive intervention solutions:



In 2022, we acquired Vedkang Medical, a Jiangsu-based medical device company primarily engaged in the production of endoscopic consumables. Following the acquisition, we leveraged our engineering and technological capabilities, as well as our extensive experience in equipment development, to accelerate the advancement of endoscopic equipment and broaden Vedkang Medical’s product portfolio. In addition, to further strengthen our presence in the endoscopic market by expanding our product offerings from flexible endoscopes to rigid endoscopes, we have entered into an equity transfer agreement in August 2025 to acquire Caring Medical, which is a medical device company focusing on the development, production and sales of intelligent endoscopic systems.

The market for endoscopic minimally invasive intervention products presents significant size and strong growth potential. According to CIC, the global market increased from US\$22.0 billion in 2018 to US\$32.1 billion in 2024, at a CAGR of 6.5%, and it is expected to further increase to US\$48.8 billion in 2030, at a CAGR of 7.2% from 2024. The China market has increased from RMB14.9 billion in 2018 to RMB24.9 billion in 2024, at a CAGR of 9.0%, and it is expected to reach RMB53.2 billion in 2030, at a CAGR of 13.5% from 2024.

BUSINESS

Products Targeting Digestive Systems

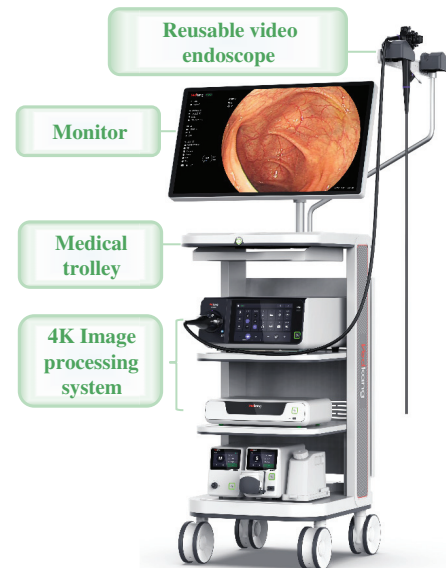
We offer a wide range of minimally invasive intervention products targeting digestive systems, including the reusable and single-use GI endoscopic system, the cholangioscope direct visualization system, as well as consumables for diagnosis and treatment of the digestive system.

Reusable GI Endoscopic System

Building on our experience in single-use endoscopes and advancing into the reusable segment to strengthen our position in the minimally invasive intervention market, we developed a reusable GI endoscopic system which has obtained the registration certificate in June 2025. The system includes both upper and lower GI video endoscopes, paired with an advanced 4K electronic image processing system, and is designed for visual examination, diagnosis, and therapeutic procedures in the upper and lower GI tracts.

Our reusable GI endoscopes feature a wide field of view of up to 145° for gastroscopes and 170° for colonoscopes, as well as a maximum upward angulation of 210°, enabling enhanced maneuverability and visualization. Available in multiple models with varied working channel configurations and outer diameters, the product line meets a broad range of diagnostic and therapeutic needs. The lower GI endoscope further incorporates advanced features such as synchronous transmission, variable stiffness, and passive bending, significantly improving procedural efficacy and patient comfort.

The accompanying image processor supports 4K ultra-high-definition imaging and is equipped with five independent LED light sources, enabling optimal illumination tailored to diverse clinical settings. The system also integrates a built-in workstation with ample storage capacity, providing a all-in-one solution from endoscopic procedures to file storage, report generation, and printing.



Reusable GI Endoscopic System

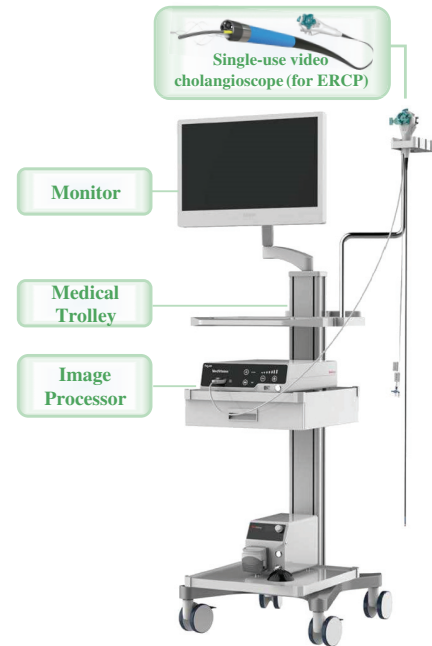
BUSINESS

Cholangioscope Direct Visualization System

Our cholangioscope direct visualization system paired with our single-use video cholangioscope, image processor and monitor, provides visual support for safe and precise insertion through the mouth and duodenum into the common bile duct and intrahepatic bile ducts.

The direct visualization system employs image software algorithms to provide high-definition, real-time images of the biliary ducts, facilitating the diagnosis and treatment of both biliary and pancreatic duct conditions. The system supports various minimally invasive procedures, including flushing, suction, stone retrieval, and biopsy capabilities, providing comprehensive functionality for complex biliary intervention.

According to CIC, since its launch in 2023, this product has maintained a top-five position in China’s single-use cholangioscope market by sales value. In 2024, it accounted for approximately 7.5% of the market share, ranking fourth nationwide.

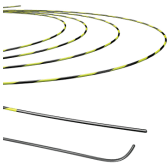
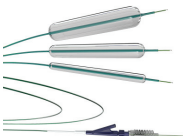
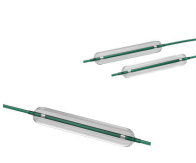


Cholangioscope Direct Visualization System

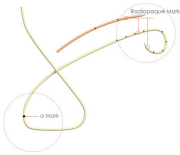
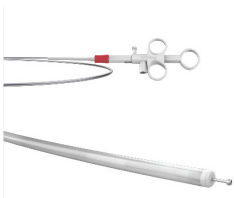
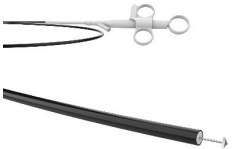
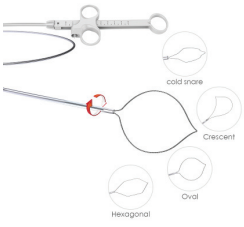
BUSINESS

Consumables

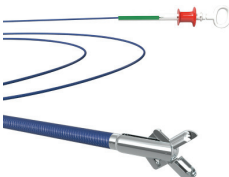
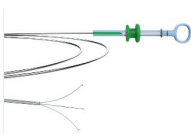
We offer a wide range of consumables for ERCP and other GI endoscopic surgeries spanning biopsy, dilation, ESD, EMR, foreign body retrieval, hemostasis, polyp retrieval, POEM, STER, EUS-FNA, EVL, NOTES, ERAT and stenting. According to CIC, we ranked second in the market for minimally invasive interventional consumables targeting the digestive system in China, with a market share of 19.2% in terms of sales value, in 2024. The table below details our major digestive system endoscopic products.

Product	Product name	Major applicable procedures	Usage description
	Single-use video cholangioscope (for percutaneous)	Percutaneous cholangioscopy	Used for diagnostic and therapeutic procedures in the biliary and pancreatic ducts
	Non-vascular guidewire	ERCP	Used for guiding catheter and insertion device in non-vascular therapy
	Disposable sphincterotome	ERCP	Used for endoscopic cannulation of the ductal system and for sphincterotomy
	GI and biliary balloon catheter (3-stage)	ERCP, Dilation	Used for dilation treatment or auxiliary dilation treatment of digestive tract
	GI and biliary balloon catheter	ERCP, Dilation	Used for dilation treatment or auxiliary dilation treatment of digestive tract
	Stone extraction balloon	ERCP	Used for removing stones in biliary duct, including muddy stone, residual stones left in the biliary duct after mechanical lithotripsy
	Stone extraction basket	ERCP, Foreign body retrieval	Used for removal of gallstone in biliary duct, or foreign matters in upper and lower digestive tract

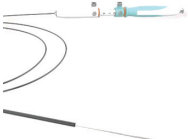
BUSINESS

Product	Product name	Major applicable procedures	Usage description
	Disposable nasal biliary drainage tube	ERCP	Used for drainage of bile for the inflammation of biliary tract, hepatic tract, pancreas or calculus
	Disposable endoscopic hemoclip	ESD, Hemostasis, EMR, STER	Used for clipping of the soft tissue in GI tract
	Disposable ESD knife (D-type)	ESD, POEM	Used for performing marking, incision, dissection and hemostasis in GI mucosa and submucosa
	Disposable ESD knife (T-type)	ESD, POEM	Used for performing marking, incision, dissection and hemostasis in GI mucosa and submucosa
	Disposable ESD knife (L-type)	ESD, POEM	Used for performing marking, incision, dissection and hemostasis in GI mucosa and submucosa
	Disposable ESD knife (Triangle-type)	STER, POEM	Used for performing marking, incision, dissection and hemostasis in GI mucosa and submucosa
	Disposable endoscopic polyp snare	ESD, Polyp retrieval, EMR	Used for cutting polyps or other redundant tissues with high-frequency current in digestive tract
	Disposable cold snare	Polyp retrieval	Used for cutting polyps or other redundant tissues with high-frequency current in digestive tract

BUSINESS

Product	Product name	Major applicable procedures	Usage description
	Injection needle	ESD, Hemostasis, Polyp retrieval, EMR	Used for GI polyps or submucosal tumors and in procedures for patients with GI varicose veins
	Disposable non-electric biopsy forceps	Biopsy, Polyp retrieval	Used for tissue sampling from alimentary tract or respiratory tract
	Disposable 1.0 non-electric biopsy forceps	Biopsy	Used for tissue sampling from alimentary tract or respiratory tract
	Disposable non-electric jumbo biopsy forceps	Biopsy, Polyp retrieval	Used for tissue sampling from alimentary tract or respiratory tract
	Disposable hot biopsy forceps	ESD, Hemostasis, Polyp retrieval	Used with high-frequency instrument to conduct electricity burning, coagulation and hemostasis
	Disposable grasping forceps (Net-type)	ESD, Foreign body retrieval	Used for removing foreign matters in human body
	Disposable spray catheter	ESD, Hemostasis	Used for spraying the mucosa of the respiratory or GI tracts
	Disposable grasping forceps (prong-type)	Foreign body retrieval	Used for removing foreign matters in human body

BUSINESS

Product	Product name	Major applicable procedures	Usage description
	Disposable grasping forceps (forcep-type)	Foreign body retrieval	Used for removing foreign matters in human body
	Intestinal stent system	Intervention	Used for the expansion treatment of intestinal stenosis or obstruction caused by malignant lesions
	Disposable ultrasound biopsy needle	EUS	Used in conjunction with endoscopic ultrasound, for exploring organizations and sampling under the endoscope during surgery
	Disposable multiple band ligator	EVL	Endoscopic ligation for esophageal varices and anorectal hemorrhoids

Products Targeting Urological Systems

We offer ureterscope systems and consumables in the diagnosis and treatment of conditions relating to the urological systems.



Single-use Video Ureterscope System

- Ultra-slim 7.5Fr diameter with dedicated laser and instrument channels
- $\geq 275^\circ$ articulation with passive bending design
- $\pm 120^\circ$ rotation of insertion tube with integrated torque-limiting control
- Proprietary imaging algorithm for enhanced clarity and definition

Our ureterscope system consists of a single-use video ureterscope paired with our image processor and monitor, providing a visual solution for ureteroscopy procedures. This integration enhances the precision and efficiency of procedures by delivering clear, real-time images to surgeons.

BUSINESS

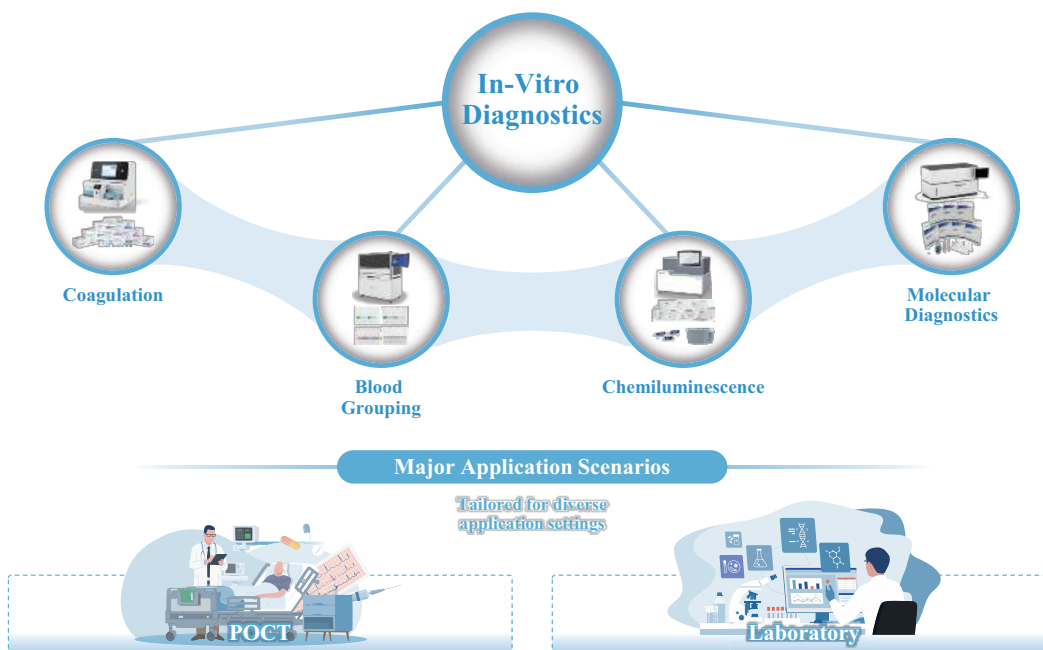
In addition, we have a comprehensive portfolio of consumables targeting urological systems. The table below sets forth the details of our major products:

Product	Product name	Application
	Disposable ureteral guidewire	Used in endoscopy in conjunction with J-type catheters and minimally invasive dilation drainage kits, serving a supporting and guiding role
	Disposable urinary catheter	Used for transluminal dilation of ureteral stricture or ureterectasia before ureteroscopy examination or calculi operation
	Disposable stone retrieval basket	Used under endoscope for urinary diagnosis and treatment, grasping, manipulating and removing stones and other foreign bodies
	Disposable ureteral sheath	Used to establish a channel for instruments and endoscopes to enter the urethra in urinary surgery
	Nitinol urological retrieval coil	Used with endoscope for grasping and removing gallstone and other foreign bodies from urology system
	Disposable ureteral stent	Used between the ureter-renal pelvic junction and the bladder to act as a stent and drainage

BUSINESS

In Vitro Diagnostics

We offer comprehensive in vitro diagnostics product portfolios, both equipment and consumables, spanning coagulation, blood grouping, chemiluminescence and molecular diagnosis. We design and develop our products suitable for both the POCT and laboratory testing. As of June 30, 2025, we had over 210 in vitro diagnostics products that support a testing menu of over 800 in vitro diagnostics test items, offering comprehensive diagnostic solutions tailored to meet the diverse needs of various testing scenarios.



The in vitro diagnostics market presents significant size and strong growth potential. According to CIC, the global market increased from US\$66.8 billion in 2018 to US\$108.4 billion in 2024, at a CAGR of 8.4%, and it is expected to further increase to US\$167.3 billion in 2030, at a CAGR of 7.5% from 2024. The China market increased from RMB74.4 billion in 2018 to RMB116.1 billion in 2024, at a CAGR of 7.7%, and it is expected to further increase to RMB191.2 billion in 2030, at a CAGR of 8.7% from 2024.

BUSINESS

Coagulation

Coagulation evaluates a patient’s coagulation function and identifies the risk of bleeding or thrombosis. Conventional coagulation is usually measured through indicators such as plasma PT, APTT, TT and FIB. Additionally, TEG as an emerging test, is gaining importance in this testing area. TEG is a detection technology that detects the coagulation process from the entire dynamic process and evaluates the overall picture of coagulation.

We entered the in vitro diagnostics market through the development and launch of TEG analyzers. As we supplied clinical departments with infusion and life support products, we identified an unmet need for timely perioperative bedside blood testing, which prompted us to initiate R&D on the TEG analyzer. Our presence in coagulation diagnostics began in 2018 with the registration of our semi-automated TEG analyzer, Haema T4. In 2021, we launched Haema TX, the world’s first fully-automated TEG analyzer, marking a significant breakthrough in TEG technology. In 2025, we further broadened our product offering with the introduction of Haema N9, a fully-automated coagulation analyzer for conventional coagulation testing, strengthening our position across both advanced and routine diagnostic applications. Additionally, our coagulation test kits offer a comprehensive test menu that includes TEG analysis and conventional coagulation tests such as FIB. Since launching our fully automated TEG analyzer, we have consistently held a leading position in the market. According to CIC, we ranked first in the fully-automated TEG market of China, with a market share of 26.0% in terms of sales value.



- ***Semi-automated Haema T4.*** It is a semi-automated TEG analyzer that features an integrated design with four independent channels and four built-in incubators. Its all-in-one structure, combined with an intuitive touchscreen interface, streamlines the testing process. Additionally, the Haema T4 stands out for its portability and readiness for immediate use without the need for stabilization, effectively catering to mobile POCT demands.

BUSINESS

- ***Fully-automated Haema TX.*** It is the world’s first fully automated TEG analyzer. The Haema TX streamlines the entire testing workflow by automating each step, from drawing the sample and preparing the reaction cap, to shaking and loading samples and reagents, and finally, compiling reports. Haema TX also features a high throughput with 12 independent channels capable of conducting over 48 tests per hour and accommodates up to 60 reaction cups and 30 samples simultaneously, enhancing the efficiency of the testing process.
- ***Fully-automated Haema N9.*** To further expand our coagulation testing solutions, we introduced Haema N9, a fully-automated coagulation analyzer designed for conventional coagulation testing. This analyzer supports seven types of tests, including routine screening, fibrinolysis marker detection, anticoagulant drug monitoring, von Willebrand disease testing, coagulation factor analysis, thrombophilia screening, and antiphospholipid syndrome testing, ensuring fast and convenient diagnostics.
- ***Coagulation Reagents and Test Kits.*** Our coagulation test kits offer a versatile range, such as kaolin activation reagent, rapid kaolin reagent, heparin assay, and thromboelastographic platelet assay. They also encompass reagents suitable for conventional coagulation tests, such as FIB.

We further developed the iHLive Management System, which primarily facilitates the management of testing information across hospital departments that utilize TEG, including doctor’s offices, transfusion departments, and operating rooms. Key functions of this system include: (i) managing test results with capabilities for comparison and trend analysis, which allows for comprehensive monitoring and evaluation of patient conditions over time; and (ii) offering intelligent centralized management of TEG analyzers across various departments, ensuring seamless operation and maintenance of equipment, enhancing efficiency and accuracy in clinical diagnostics.

Blood Grouping

Blood grouping tests, which classify blood based on antibodies and antigens, are extensively utilized in scenarios such as blood transfusions, blood collection, diagnosing neonatal hemolytic disease, and pre-transplant testing. They are also employed in paternity testing, forensic identification, and investigations related to specific diseases. As of June 30, 2025, we launched two fully-automated blood grouping analyzers, together with gel cards.

BUSINESS



- 48 sample positions
- 14 reagent positions
- 120 gel card positions

BT-30
Featured with portable size



- 96 samples
- 14 reagent vials
- 288 gel card positions

BT-70
High-throughput



Microcolumn Gel Card

- ✓ Blood grouping test cards
- ✓ Forward/reverse test cards
- ✓ Irregular antibody screening cards
- ✓ Cross-match blood test cards
- ✓ Rh Phenotyping cards

- BT-70.** It is a fully-automated blood grouping analyzer designed to integrate and streamline various functionalities, including testing sample management, reagent management, gel card management, indicator light management, the centrifuge system and the pipetting system. It is equipped with six sample racks and can accommodate up to 96 samples, 14 reagent vials, and 288 gel cards. Built-in features include two independent centrifuge systems, each capable of handling 24 gel cards, and two high-quality robotic pipetting arms, which enhance testing accuracy and efficiency.
- BT-30.** It is a fully-automated blood grouping analyzer featured with portable size. It features 48 sample positions, 120 gel card positions, and 14 reagent positions, with a throughput of 90 ABO forward tests per hour. It is equipped with two independent sampling channels, a sampling range of 10-100 ul, and an independent centrifugation system capable of centrifuging 12 cards at once, with a centrifugation speed of 0-3000rpm, which further enhance the testing efficiency.
- Gel Cards.** Our gel cards adopt microcolumn gel technology in support of various blood tests. Our gel cards include forward test cards, forward/reverse test card, irregular antibody screening cards, cross-match blood test cards and Rh Phenotyping cards.

BUSINESS

Chemiluminescence

We also offer CLIA testing analyzers and reagent kits, supporting a comprehensive test menu.

POCT  Immu F6 ✓ Fully automated POCT CLIA system ✓ Accurate quantitative results using whole blood ✓ Initial results within 15 minutes	Laboratory  Immu F200 ✓ Multi-sample CLIA system up to 200 tests per hour ✓ Deliver initial results in just 12 minutes ✓ Equipped with auto quality control testing system										
 Reagent kits and pack	<table border="0"> <tr> <td>✓ Cardiac Marker</td> <td>✓ Fertility & Hormones</td> </tr> <tr> <td>✓ Brain Injury</td> <td>✓ Thyroid Function</td> </tr> <tr> <td>✓ Inflammation Marker</td> <td>✓ Tumor Marker</td> </tr> <tr> <td>✓ Coagulation Marker</td> <td>✓ Metabolism</td> </tr> <tr> <td>✓ Infection Marker</td> <td>✓ Anemia</td> </tr> </table>	✓ Cardiac Marker	✓ Fertility & Hormones	✓ Brain Injury	✓ Thyroid Function	✓ Inflammation Marker	✓ Tumor Marker	✓ Coagulation Marker	✓ Metabolism	✓ Infection Marker	✓ Anemia
✓ Cardiac Marker	✓ Fertility & Hormones										
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✓ Inflammation Marker	✓ Tumor Marker										
✓ Coagulation Marker	✓ Metabolism										
✓ Infection Marker	✓ Anemia										

- **Immu F6.** It is a fully-automated POCT CLIA analyzer that employs acridinium ester direct chemiluminescence technology. It supports testing using serum and plasma, as well as direct whole blood samples, delivering rapid, accurate, and quantitative results and being ideal for acute care settings and laboratory use. It simplifies the testing process to three steps and reduces the time to produce results to just 15 minutes.
- **Immu F200.** It is a multi-sample CLIA analyzer supporting up to 200 tests per hour with the ability to deliver initial results in just 12 minutes, making it suitable for high-volume testing scenarios. The Immu F200 is equipped with auto quality control testing system to support the testing process.
- **Reagent kits and pack.** We offer single-use reagent kits for use with the Immu F6 and multi-use reagent packs for use with the Immu F200. Our testing menu supports a broad range of biomarker detections, covering various medical conditions and states such as cardiac health, inflammation, fertility, hormones, metabolism, brain injury, coagulation conditions, thyroid function, tumors and anemia.

BUSINESS

Molecular Diagnostics

We offer molecular diagnostics equipment and testing kits supporting more than 400 test items across a broad range of testing areas including among others, respiratory-transmitted pathogens, infectious diarrhea viruses, vector-borne pathogens, enteroviruses, foodborne pathogens and animal infectious diseases, showcasing a comprehensive menu designed for precision diagnosis. We are also in the process of developing a new generation droplet digital PCR system, which represents the forefront of our innovation efforts. According to CIC, PCR has been widely used as a standalone molecular diagnostic technique and serves as a crucial amplification step in next-generation sequencing. Since 2018, the PCR market has witnessed rapid development and technological evolution, with digital PCR emerging as a field with significant market potential.

Product Pipeline

Building on our existing product lines — life support, minimally invasive intervention and in vitro diagnostics, we are committed to addressing the continuously evolving market demands through our in-house R&D efforts and technological advancements. Our strategy encompasses both the innovation and enhancement of current products and the continuous development of new products and digital technology-based systems, while also exploring potential avenues for business expansion. As of the Latest Practicable Date, we have over 70 product candidates in the pipeline, including over 30 life support products, over 30 minimally invasive intervention products, and over 10 in vitro diagnostics products.

BUSINESS SUSTAINABILITY

During the Track Record Period, we expanded our product lines through in-house product development and strategic acquisitions, allowing us to penetrate more clinical departments and diversify our customer base. Our integrated solutions now cover more critical segments of the healthcare value chain, extending from perioperative care to diversified medical therapies, and further expanding into diagnostics, health monitoring, rehabilitation, and comprehensive healthcare solutions. As a result, we achieved sustained overall business growth during the Track Record Period.

We have implemented a series of growth strategies, including, among others, product development, investment in technology and digital upgrades, optimization of our R&D platform, strategic acquisitions, enhancement of sales capabilities, diversification of global distribution channels, strengthening of manufacturing and supply chain capacities, expansion of our customer base, and improvement in talent recruitment and retention. These strategies have established and reinforced our position as an industry leader. According to CIC, our high-quality products and extensive departmental coverage has positioned us as one of China’s most comprehensive medical device companies. In 2024, we were the largest provider of infusion workstations and enteral feeding pumps, the top two provider of minimally invasive intervention consumables targeting the digestive system, the top five provider of single-use cholangioscope products, and the largest provider of fully-automated TEG analyzers in China, in terms of sales value, according to CIC.

BUSINESS

As a result, although we recorded net losses of RMB226.2 million, RMB64.5 million and RMB96.6 million in 2022, 2023 and 2024, respectively, we achieved a turnaround and returned to profitability with a net profit of RMB41.0 million for the six months ended June 30, 2025. From the financial perspective, our historical losses from 2022 to 2024 were primarily attributable to the following:

- ***Investment in R&D and other operating expenses.*** Our R&D expenses amounted to RMB235.6 million, RMB281.1 million, RMB290.5 million and RMB126.6 million in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively, representing 25.7%, 21.4%, 20.8% and 16.1% of our total revenue for the corresponding periods. The relatively high level of R&D investment from 2022 to 2024 was primarily attributable to our substantial input in talent development during the critical phase of building and strengthen our R&D talent pipeline, as well as the integration and optimization of R&D resources of entities acquired through acquisitions. To develop our sales channels and expand our market presence, we incurred substantial selling and marketing expenses during the Track Record Period, amounting to RMB258.7 million, RMB328.3 million, RMB332.5 million and RMB167.0 million in 2022, 2023, 2024 and the first half of 2025, respectively. These expenses represented 28.2%, 25.0%, 23.8% and 21.2% of our total revenue for the corresponding periods. As a result of our efforts, our products have been sold to over 6,000 hospitals across China, and we have established an extensive sales network spanning 140 countries and regions worldwide.
- ***Investment in attracting and retaining talent.*** In order to enhance our operating efficiency, we put substantial efforts into the recruitment and retention of talent, in particular R&D talents, as employee benefit expenses constituted a significant portion of our operating expenses. Our total employee benefit expenses, including share-based payments, were RMB542.4 million, RMB604.5 million, RMB625.2 million and RMB311.8 million, respectively, in 2022, 2023, 2024 and for the six months ended June 30, 2025, representing 59.1%, 46.0%, 44.7% and 39.6% of our total revenue in each of the corresponding period, respectively. To incentivize our employees and retain our talent, we had in place share incentive schemes, and incurred share-based payments, among our total employee benefit expenses, of RMB87.5 million, RMB64.1 million, RMB53.8 million and RMB27.6 million, respectively, in 2022, 2023, 2024 and for the six months ended June 30, 2025.

See “Financial Information — Period-To-Period Comparison of Results of Operations” and Appendix I to this document.

Furthermore, during the Track Record Period, we incurred certain non-recurring expenses or expenses that were not operational in nature or reflective of our core operating performance. After elimination of share-based payment expenses, [REDACTED] expenses, adding back finance costs and income tax expenses or subtracting income tax benefits, and further adding back depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, our adjusted EBITDA (non-IFRS measure) turned from a loss of RMB29.7 million in 2022 to a profit of RMB153.2 million in 2023, RMB139.3 million in 2024, and RMB148.6 million in the first half of 2025.

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We believe that our experience in integrated medical devices and solutions, accumulated technological capabilities, established customer relationships and market presence since our inception have collectively laid a foundation to support our future development and profitability. Specifically, we aim to secure long-term financial success by focusing on the following strategies: (i) achieving sustained revenue growth in revenue; (ii) continuously improving gross margin turning into profitability, and (iii) enhancing operating efficiency; and (iv) reinforcing working capital sufficiency.

Achieving Sustained Revenue Growth

We experienced sustained revenue growth during the Track Record Period. Our revenue increased by 43.2% from RMB917.4 million in 2022 to RMB1,313.3 million in 2023, and our revenue further increased by 6.6% to RMB1,399.4 million in 2024. Our revenue increased by 15.3% in the first half of 2024 to RMB786.6 million in the first half of 2025. We expect our revenue to continually grow, driven by the following factors:

- ***Seizing the market opportunities and accelerating market penetration.*** Our future growth depend on the overall growth of and our competitiveness in the markets of life support, minimally invasive intervention and in vitro diagnostics as well as other target markets. In addition, factors such as an aging population, increasing awareness of medical diagnosis and treatment, favorable governmental policies, and broader insurance coverage have been driving and are expected to continue to drive the growth of the medical device market. According to CIC, the medical device industries we primarily focused on have witnessed and are expected to maintain a rapid growth. In 2024, the life support medical device market reached a scale of US\$75.1 billion globally and RMB55.7 billion in China; the endoscopic minimally invasive intervention market reached US\$32.1 billion globally and RMB24.9 billion in China; and the in vitro diagnostics market reached US\$108.4 billion globally and RMB116.1 billion in China. We have established strong competitive edges in each of life support, minimally invasive intervention and in vitro diagnostics markets. For details of our competitive strengths, see “— Our Competitive Strengths.” Going forward, as a domestically innovative brand committed to independent innovation and benefiting from supportive government policies, we are well-positioned as a competitive market player to accelerate the introduction of advanced products and capture an increasing share of the market.

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- ***Attracting new customers through Diversified Product Offerings and Expanding our Global Outreach.*** We have established a global network of over 2,500 distributors, delivering our products to more than 6,000 hospitals across China and over 140 countries and regions worldwide. To strengthen our international presence, we operate local representatives in strategic markets, including the UK, the Netherlands, Belgium, Türkiye, India, Thailand, Indonesia, Brazil and Colombia, offering prompt support to address local client needs and ensure seamless communication across different time zones. We plan to deepen our penetration into existing markets and explore new high-potential markets and establish additional regional offices in key emerging markets to further enhance our localized services. To diversify our customer base, we will focus on introducing new, innovative solutions tailored to different clinical needs while building stronger partnerships with local distributors and healthcare providers. These efforts will not only strengthen our global footprint but also position us as a trusted partner in both established and emerging healthcare markets.
- ***Leveraging our cross-BU R&D platform to maximize synergies across our business units and enhance development efficiency and quality.*** Our R&D platform has incubated a series of innovative products, and therefore contributed a large part to our organic growth during the Track Record Period. Furthermore, our R&D platform not only drives innovation in its self-developed products, but also in the R&D of acquired businesses, such that the acquired businesses have also been enabled to innovate in their product development and attain long-term and sustainable growth. Our R&D platform is distinguished by its well-designed structure where an Innovation Center provides critical shared support to each of our business units, complemented by extensive cross-business unit collaborations. For details, see “— Research and development — Our Innovation R&D Platform” in this section. Our R&D platform establishes mechanisms to foster cross-business unit collaborations, facilitating exchange of information, technology, and resources among business units, which results in enhanced R&D outcomes and efficiency. Our R&D platform has successfully and profoundly enhanced our product development across all business units, including both its original and acquired business units. As of the Latest Practicable Date, our product portfolio included over 50 life support products, over 80 minimally invasive intervention products, and over 210 in vitro diagnostics products. Going forward, we will continue to optimize the mechanism of our R&D platform, and further improve our product development efficiency and quality. As of the Latest Practicable Date, our pipeline of products under development had included over 70 product candidates, comprising over 30 life-support products, over 30 minimally invasive intervention products, and over 10 in vitro diagnostics products.
- ***Strengthening collaboration with clinical departments, physicians, and industry experts to develop products that meet user demands.*** We are dedicated to integrating user feedback with our R&D capabilities to transform intellectual property and technologies into innovative products that address unmet clinical

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needs. This commitment has fostered an R&D ecosystem that continuously converts creative concepts into commercially viable solutions. While collecting user feedback and making design adjustments are common industry practices, according to CIC, many companies are limited by their R&D or production capabilities. As a result, their efforts often focus on superficial enhancements such as design adjustments, UI interface refinements, or product shape modifications, which do little to address core user pain points and offer limited appeal to end-users. In contrast, leveraging our engineering expertise and R&D capabilities, we focus on transformative product upgrades through our R&D platform, and have developed innovative products, such as fully-automated TEG analyzer, the MS-100 infusion system, and our recently launched ultrasound-guided nasogastric tube, each of which has revolutionized traditional treatment methods or application scenarios. These innovations not only enhance the user experience but also cultivate strong user loyalty.

Continuously Improving Gross Margin

Our gross profit margin demonstrated a consistent upward trend during the Track Record Period, increasing from 43.7% in 2022 to 49.6% in 2023, and further to 49.7% in 2024. Our gross profit margin increased from 51.1% in the first half of 2024 to 52.9% in the first half of 2025. While we have achieved an encouraging trend of improving margins, we will endeavor to continue to improve and stabilize our gross margin via the following measures:

- ***Improving Solutions Mix with Higher Margin Solutions.*** We plan to enhance our gross profit margin by optimizing our solutions mix and launching high-margin solutions. Prior to and throughout the Track Record Period, we have strategically upgraded our products and expanded our business units into synergistic areas, such as from life support to in vitro diagnostics and minimally invasive intervention. These expansions allow us to leverage our accumulated engineering expertise and R&D capabilities, as well as our manufacturing experience, to effectively enter and grow in new markets. For instance, following our acquisition of Vedkang Medical, we applied our advanced engineering and technological expertise to accelerate the development of endoscopic equipment and broaden the product portfolio of our minimally invasive intervention business unit. As of the Latest Practicable Date, we have achieved significant milestones, including: (i) cholangioscope direct visualization system, for which the registration certificate was obtained in September 2022; (ii) bronchoscope system, for which the registration certificate was obtained in December 2023; (iii) ureterscope system, for which the registration certificate was obtained in December 2023; (iv) Haema N9, a fully-automated coagulation analyzer for conventional coagulation testing, for which the registration certificate was obtained in April 2025; and (v) reusable GI endoscopic system, for which the registration certificate was obtained in June 2025. We will continue to allocate resources to develop industry-leading domestic technologies, enabling us to maintain an optimal revenue mix of premium solutions. This strategy will not only solidify our competitive position but also support our long-term profitability.

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- ***Enhancing Economies of Scale with Strong Supply Chain Capabilities.*** Due to the diversity of our business units and product categories, our operations require a wide variety of raw materials in significant quantities. To better control production costs, we will continuously enhance our supply chain capabilities. We plan to implement various cost control measures, such as partnering with high-quality domestic suppliers offering competitive prices, pursuing volume discounts through centralized procurement and long-term partnerships, and improving our commercial negotiation strategies. We will also actively integrate our supply chain resources across our business units. Leveraging our strategic location in the Greater Bay Area, a premier industrial hub in China and globally, we are well-positioned to optimize our supply chain network. The region is renowned for its extensive manufacturing and assembly capabilities, particularly for medical device components and electronic parts. This geographic advantage provides us with access to a broad selection of reliable and cost-effective suppliers, as well as cutting-edge manufacturing resources. By capitalizing on these strengths, we aim to streamline procurement, improve supply chain efficiency, and reduce costs.
- ***Optimizing the Cost Structure of Our Solutions.*** We aim to further improve our gross profit margin by optimizing the cost structure of our solutions through streamlined production processes, advanced manufacturing techniques, and effective resource allocation. By investing in automation and digitalized production systems, we aim to reduce labor intensity, minimize waste, and enhance overall production efficiency. As our business continues to expand, we will adopt more sophisticated cost management practices tailored to the specific characteristics of our solutions. For products with higher production complexity, we will focus on improving yield rates and minimizing defects to lower per-unit costs. For simpler solutions, we will explore opportunities to negotiate better terms with suppliers and standardize certain components across product lines to benefit from bulk purchasing and economies of scale. Furthermore, we plan to conduct ongoing cost reviews to identify and eliminate inefficiencies in our operations. By continuously refining our cost structure, we aim to maintain competitive pricing for our solutions while preserving healthy margins, ensuring sustainable profitability in the long term.

Enhancing Operating Efficiency

During the Track Record Period, we incurred significant operating expenses, including research and development expenses, selling and marketing expenses, and general and administrative expenses. Our operating expenses as a percentage of total revenue decreased from 72.7% in 2022 to 57.5% in 2023 and further decreased to 57.2% in 2024; and it decreased from 58.3% in the first half of 2024 to 47.5% in the first half of 2025. We expect our operating expenses as a percentage of revenue to further decrease as we continue to optimize and integrate resources across our business units, ramp up our production and achieve revenue growth, and improve the efficiency of our R&D, sales and marketing, and administrative

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activities and our spending on such activities. In addition, a significant portion of such expenses was related to our employee benefit expenses and share-based payment expenses, which are less likely to increase proportionally along with our revenue growth as we scale up.

- ***Selling and Marketing Expenses.*** To support the development of our sales channels and expansion of market presence, we incurred selling and marketing expenses of RMB258.7 million, RMB328.3 million, RMB332.5 million and RMB167.0 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, representing 28.2%, 25.0%, 23.8% and 21.2% of our total revenue. We aim to enhance the efficiency of our selling and marketing efforts through various measures, such as deepening cooperation with high-performing distributors, exploring cross-selling and up-selling opportunities, optimizing sales team structure and resource allocation, and leveraging digital tools to improve customer engagement and conversion.
- ***Administrative Expenses.*** Our administrative expenses were RMB172.6 million, RMB146.0 million, RMB177.0 million and RMB80.0 million in 2022, 2023, 2024, and the first half of 2025, respectively, representing 18.8%, 11.1%, 12.6% and 10.2% of our total revenue for each of the corresponding periods, respectively. During the Track Record Period, our administrative expenses as a percentage of revenue followed a decreasing trend, reflecting our efforts to optimize resource allocation and enhance operational efficiency. We plan to continue monitoring and evaluating the effectiveness of our administrative operations to establish sustained cost discipline as we grow.
- ***R&D Expenses.*** Our R&D expenses in 2022, 2023, 2024, and the first half of 2025 were RMB235.6 million, RMB281.1 million, RMB290.5 million and RMB126.6 million, respectively, representing 25.7%, 21.4%, 20.8% and 16.1% of our total revenue for each of the corresponding period, respectively. We plan to optimize and upgrade R&D platform to enhance efficiency and reduce redundant efforts across business units, thereby improving the productivity of our R&D team and streamlining resource allocation.

The foregoing forward-looking statements on our future revenue and profitability are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Our business growth and long-term profitability is subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control, and they may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements set out above. See “Risk Factors — Risks Relating to Our Business and Industry.”

Based on the foregoing, our Directors are of the view that the efforts described above have contributed to and are expected to continue to drive and maintain the sustainability of our business.

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RESEARCH AND DEVELOPMENT

Our R&D Team

As of June 30, 2025, our in-house R&D team consisted of 525 members, accounting for 25.1% of our total workforce. Our R&D strength is further enhanced by the leadership of Mr. Liu and Mr. Zhong, who contribute their remarkable engineering expertise and substantial industry experience to drive our innovation and development. Mr. Liu obtained his Bachelor of Engineering in Optical Instruments from Zhejiang University, a master’s degree of science in optics from the Anhui Institute of Optics and Fine Mechanics, Chinese Academy of Sciences, and an MBA degree from the University of Michigan, and has accumulated around thirty years of experience in the medical device industry. Mr. Zhong obtained a Bachelor of Biomedical Engineering from Southeast University and an EMBA degree from the China Europe International Business School and has accumulated over twenty years of experience in the medical device industry. For details of their background, see “Directors and Senior Management” in this document. The heads of our R&D teams for the three business units, Mr. Yazhou TANG, Mr. Qisong LIU, and Mr. Hai WANG, possess an average of 15 years of industry experience. This extensive expertise significantly contributes to our innovative capabilities and product development. Our R&D team are devoted to in-house development and innovation, while maintaining close communication with KOLs in the academia and industry, who provide valuable guidance and insights in the research, development, applications and performance of our technologies and products. Our R&D staff were recognized by governmental authorities, with six of its R&D experts awarded Certificates as High-level Professionals in Shenzhen (深圳市高層次專業人才證書) and three awarded Certificate of Overseas High-caliber Personnel (深圳市海外高層次人才證書) issued by Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局).

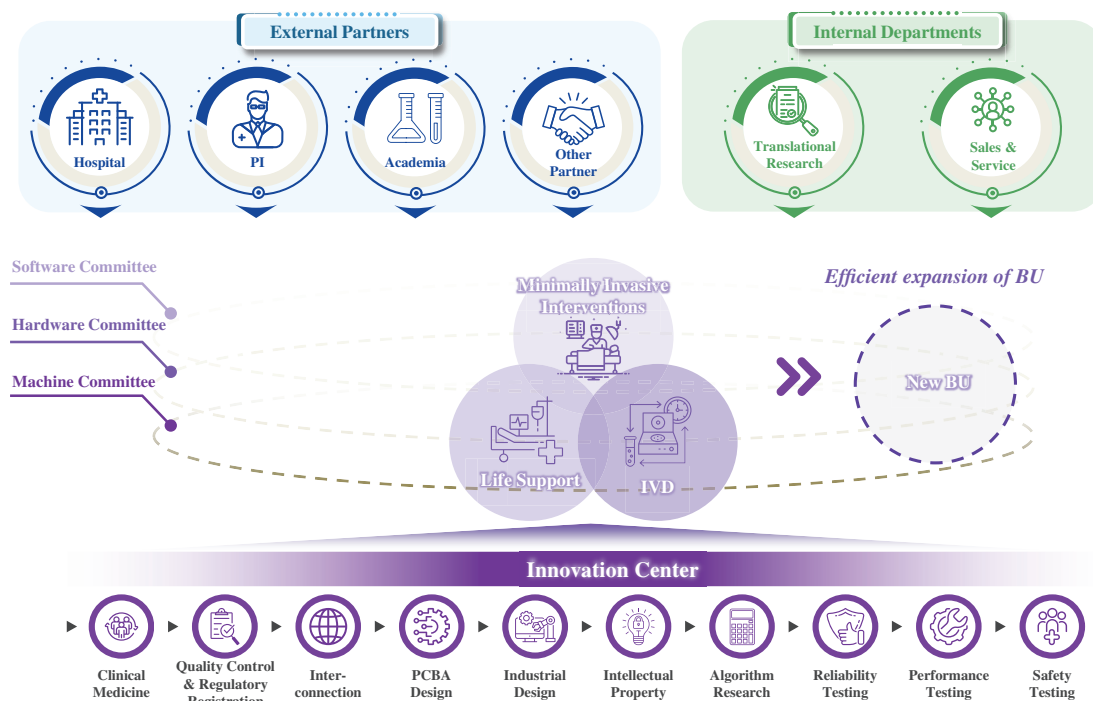
Our R&D Centers

As of the Latest Practicable Date, we have established five R&D centers in Shenzhen, Changzhou, Nanjing, Shanghai, and the UK to facilitate the R&D process. The Shenzhen R&D center primarily focuses on the development of life support and in vitro diagnostics products. The Changzhou R&D center is dedicated to the development of minimally invasive intervention products. The Nanjing R&D center specializes in the development of medical device systems. The Shanghai R&D center concentrates on the development of blood typing cards, and the UK R&D center is primarily responsible for the development of anesthesia machines and vaporizers.

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Our Innovation R&D Platform

Our R&D platform is distinguished by its integrated structure where the Innovation Center provides critical shared support to each of our business unit, complemented by extensive cross-business unit collaborations. Besides, we integrate external parties’ feedback with our R&D platform, creating an ecosystem that ensures our ability to continuously transform innovations into commercial products and product candidates.



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As shown in the diagram above, the structure of the Company’s R&D platform comprises several distinctive features as further elaborated above:

- ***Innovation Center Providing Shared Support.*** The Innovation Center extracts common elements from the R&D processes across various business units and manages them through specialized departments within the division. This arrangement allows existing and, as we expand into other types of medical devices, future business units to more efficiently obtain shared R&D support from a team of personnel who have accumulative experience in managing specific aspects of the entire R&D process. As of June 30, 2025, our Innovation Center comprised 11 specialized sub-departments covering different parts of the R&D process. Our sub-departments encompass a wide range of specialized areas, including PCB design, industrial design, technology reliability testing, algorithm research, whole machine testing, intellectual property management, product safety testing, clinical trial management, quality control, regulatory compliance, and product informatization.
- ***Cross-Business Unit Collaboration.*** Our R&D platform also establishes mechanisms to foster cross-business unit collaborations, facilitating exchange of information, technology, and resources among business units, which results in enhanced R&D outcomes and efficiency. The specific design of such mechanism comprises three major technical committees, being the Hardware Technical Committee, the Mechanical Technical Committee, and the Software Technical Committee, which were set up as an overarching structure on top of the “Innovation Center-plus-separate business units” platform infrastructure. Each of the aforementioned committees comprises management level R&D members from each business unit and from the Innovation Center. Through inter-business unit communication and management by these committees, resources can be efficiently allocated across business units, difficulties in R&D and troubleshooting in one business unit can be shared with another business unit, which reduces resource wastage and boosts product development efficiency across all business units, including both its original and acquired business units.
- ***MCI System as a Resource Hub Supporting the Operation of R&D Platform.*** Underlying the structure of our R&D platform, our R&D process is also supported by our software infrastructure. Specifically, the Medcaptain Continued Innovation System (“**MCI System**”) acts as a central hub for management and operation, utilized by our R&D personnel throughout the entire product development lifecycle. This system supports all stages of product development, from concept design, development planning and reviews, through to design development, design output, prototype production and validation, design verification, design transfer reviews, pilot production, commercial production, post-market maintenance, and product iteration. Additionally, the MCI system enables the storage and management of relevant hardware, software, and mechanical data input from our R&D division. Data storage is linked to the corresponding development stage or part, ensuring that

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the software, hardware, and mechanical modules produced by our business units during their respective product development processes are organized into dedicated folders within the appropriate categories. As a result, our R&D personnel can easily access the specific resources they need for new product development on this centralized management platform, significantly enhancing the efficiency of our R&D process.

- ***Clinical Need-Driven R&D Path.*** In addition to the development capabilities fostered by internal interactions within our R&D platform, we also integrate external feedback into our R&D capabilities to transform intellectual property and technologies into the commercialization of innovative products that address unmet clinical needs. This integration culminates in an R&D ecosystem that ensures we can generate a continuous stream of innovation, which can be converted into commercialized products and product candidates. Once user needs have been identified and analyzed, we further leverage our network spanning the “Industry-Academia-Research-Application (產學研醫)” process to transform frontline insights into tangible innovations. This model integrates industrial production, academic research, practical application, and direct clinical feedback, ensuring that our innovations are both technically sound and clinically relevant. Our strategic partnerships with national clinical research centers advance clinical research and technological development across various medical fields. Additionally, we have initiated the Perioperative Innovative Technology Committee with national experts to enhance industry communication and actively participate in medical device exhibitions and seminars to deepen market understanding and boost product recognition. To stay at the forefront of the medical industry, we actively participate in domestic and global industry conferences, summits, and exhibitions. These opportunities not only allow us to showcase our innovative achievements but also to widely absorb inspiration and suggestions for further innovation.

Our Proprietary Intelligent Information Systems

We place significant emphasis on the development and application of product informatization. Our key information management systems primarily include: (i) iCMS, an intelligent management system for hospital informatization management, (ii) iHLive, an in vitro diagnostics information management system that focuses on the integration and management of in vitro diagnostics data, facilitating accurate and timely diagnostic results; (iii) iSpiro, a respiratory chronic disease management system that focuses on continuous monitoring and managing chronic respiratory conditions, and (iv) ELFSensor, a pain management system that monitors the status of pain management infusion and medication efficacy. For details of these systems, see “— Our Business Units” in this section. As we continue to expand to new medical domains, we expect to develop more information management systems that cater to a broader range of application scenarios and medical needs.

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SALES, DISTRIBUTION AND MARKETING

Our Sales and Marketing Platform

We have developed a global sales and marketing platform that closely aligns with academia, the industry, and market dynamics. Leveraging our high-quality, innovative medical products that tackles the unmet clinical needs, we have made significant inroads into Grade 3A hospitals. As of June 30, 2025, through our sales network, our products reached over 6,000 hospitals in China, including approximately 90% Grade 3A hospitals, covering 31 provinces, municipalities, and autonomous regions. Additionally, we have established a global footprint, offering products and services in over 140 countries and regions, with significant penetration in top international medical institutions.

We place a strong emphasis on academic promotion and actively engage in cutting-edge industry conferences, summits and fairs. These initiatives not only allow us to showcase our products, maintain close communication with regional markets, but also help us to capture new market opportunities. On the distribution front, by establishing a vast network of domestic and overseas distributors, we are dedicated to fostering trust and customer loyalty with our distributor customers, enabling faster delivery of our products to end users through our sales network.

Additionally, we utilize the sales channels of our subsidiaries located in various regions and countries to create synergies. Through team integration, resource sharing, and joint participation in exhibitions, we not only capitalize on regional advantages but also maximize collaborative benefits. This integrated approach underpins our sales and marketing platform, ensuring we maintain a strong presence in the competitive medical device market.

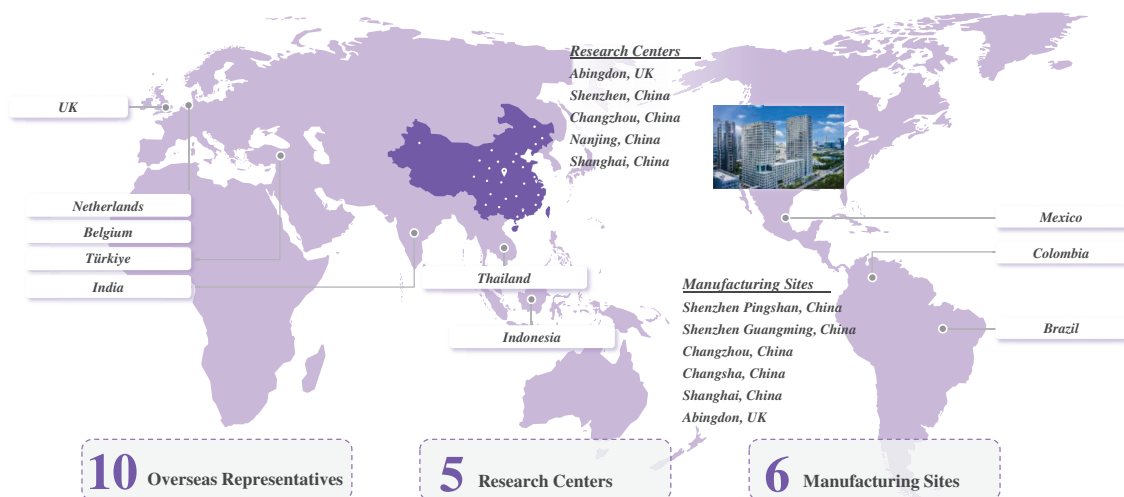
Our Sales and Marketing Force

Our marketing strategies are implemented by our in-house sales and marketing team that are aligned across various geographic regions. As of June 30, 2025, our sales and marketing team consisted of over 400 employees. Our sales team members possess in-depth knowledge and understanding of the industry and our product offerings, and our core sales members have over eight years of sales experience on average. We implement an evaluation system to comprehensively assess the performance of our sales personnel and reward outstanding performers. To retain high-quality and experienced sales staff, we provide comprehensive training, guidance in career development and ample opportunities for internal promotion. The abovementioned key performance indicators, particularly those related to sales performance, are also used to determine internal promotion. We also from time to time provide training sessions for our employees to enhance their awareness of compliance with applicable laws and regulations and our internal policies, strengthening the management of their conduct. We categorize our sales and marketing personnel into different levels based on their experience and capabilities and design mandatory and elective trainings tailored to their respective levels.

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Sales and Distribution Network

We have established an extensive sales network and distributed our products in over 140 countries and regions as of the Latest Practicable Date. The diagram below sets forth our global footprint:



In line with the medical device industry norm, our sales transactions are conducted through direct sales or distribution model. We believe the combination of distributorship and direct sales provides us with more flexible and effective sales strategies in our existing and new target markets. During the Track Record Period, a substantial majority of our products were sold through distributors. To a lesser extent, we conducted direct sales to hospitals and other end customers, as well as engaged in sales of products to overseas ODM customers. The table below sets forth our revenue breakdown by sales channels in the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Unaudited)									
Sales to Distributors . .	774,048	84.4	1,151,837	87.8	1,179,828	84.3	572,154	83.9	652,195	82.9
ODM Sales	121,810	13.3	141,164	10.7	172,579	12.3	87,963	12.9	106,716	13.6
Direct Sales.	21,511	2.3	20,296	1.5	46,954	3.4	22,031	3.2	27,656	3.5
Total	917,369	100.0	1,313,297	100.0	1,399,361	100.0	682,148	100.0	786,567	100.0

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Sales to Distributors

During the Track Record Period, we maintained an extensive sales network comprising 1,972, 2,538, 2,791 and 1,959 active domestic distributors, and 923, 907, 903 and 607 active overseas distributors in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. Our distribution network covered 31 provinces, municipalities and autonomous regions in China, as well as over 140 countries and regions globally.

In line with the medical device industry norm in China and overseas, we adopt the distributorship model, which we believe allows us to leverage the distributors’ customer bases and expertise in local markets. Our relationship with distributors is not that of a principal and an agent, but that of a supplier and a customer. In addition, to fully exploit the strengths of our sales channels, we not only sell our proprietary branded products but also sell a small volume of third-party branded products. For details, see “Financial Information — Non-IFRS Measures — Revenue” in this document. The following table sets forth the change in numbers of our distributors that purchased our products in the periods indicated:

	As of/For the Year Ended December 31,			As of/For the six months ended June 30,
	2022 ⁽¹⁾	2023	2024	2025
Domestic:				
As of the beginning of the period	1,747	1,972	2,538	2,791
Additions of active distributors ⁽²⁾	978	1,358	1,527	829
Inactive distributors ⁽³⁾	753	792	1,274	1,661
As of the end of the period . . .	1,972	2,538	2,791	1,959
Overseas:				
As of the beginning of the period	913	923	907	903
Additions of active distributors ⁽²⁾	240	423	536	263
Inactive distributors ⁽³⁾	230	439	540	559
As of the end of the period . . .	923	907	903	607
Total	2,895	3,445	3,694	2,566

Notes:

- (1) In the first half of 2022, we acquired Penlon and Vedkang Medical, respectively. Accordingly, distributors engaged by Penlon and Vedkang Medical after the acquisitions are classified as new additions for 2022.
- (2) Active distributors are distributors with whom we had sales in the period indicated but not in the preceding period.
- (3) Inactive distributors are distributors with whom we did not have sales in the period indicated but had sales in the preceding period.

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Given the nature of our products and the diverse market dynamics across regions, we typically engage with small- to medium-sized local distributors. During the Track Record Period, the number of distributors in our sales network generally aligned with our sales planning and reflected regional market demand.

Our distributor base expanded steadily from 2022 to 2024 to support our broader product portfolio and geographic reach. As of June 30, 2025, the additions of active distributors decreased compared to December 31, 2024, primarily because certain distributors tend to schedule their purchases for the second half of the year. The movement in the number of our distributors during the first half of 2025 was generally in line with the overall trend as in the same period of 2024.

The number of inactive distributors increased during the Track Record Period, mainly due to the following reasons: (i) our product portfolio includes various equipment products, such as infusion workstations and anesthesia machines, which are reusable in nature with longer product life cycles and therefore lower procurement frequency, resulting in temporary inactivity of some distributors; (ii) we conduct regular performance reviews and continuously optimize our distributor network based on such assessments; and (iii) for our overseas distributors, their procurement activities tend to follow a more measured pace, subject to a series of structural factors associated with cross-border transactions, such as limited warehousing flexibility, more complex logistics arrangements, and longer turnaround times for returns and exchanges. These distributors typically place orders only upon receiving confirmed purchase requests from their end customers. As of June 30, 2025, the number of inactive distributors increased compared to December 31, 2024, mainly due to the timing of certain distributors’ procurement plans, which may be scheduled for the second half of the year. Nonetheless, we maintain positive relationships with these distributors and actively explore potential sales opportunities, contributing to the resilience and flexibility of our sales network.

Based on our industry experience and confirmed by CIC, our distributor collaboration model is consistent with industry practice and well aligned with our sales strategy. We believe that our order volumes during the Track Record Period reasonably reflect market demand, considering our strict return and exchange policies, relatively tight payment terms, and the shelf life of our products. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disputes with distributors relating to the termination of distributor relationships. For risks relating to the maintenance of relationships with distributors, see “Risk Factors — Risks Relating to Our Business and Industry — If we lose our existing distributors and fail to secure new distributors, our business and sales of the relevant products could be adversely affected.”

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Selection of Distributors

We select our distributors based primarily on their experience in the medical device industry and their working relationship with hospitals. Before we engage new distributors, we review their qualifications to ensure that they have the appropriate license and background. In addition, we conduct a thorough assessment, including the distributor candidate’s financial ability, creditworthiness, sales channels and capabilities. In addition, we also assess relevant candidates’ ability to achieve our targeted sales volume and to implement our pricing strategies for relevant territories, their number/qualifications of sales personnel, credibility of the founder/senior management. These criteria are subject to early discussions prior the initiation phase and apply to all our distributors. During the Track Record Period, to the best of our Directors’ knowledge, save for Vedefar which became our subsidiary following our acquisition in the first half of 2025, all of our distributors are independent third parties who were not controlled by our former or current employees, did not use our brand or name nor receive any material advance or financial assistance from us.

Principal Terms of Distribution Arrangements

We typically enter into written purchase agreements or receive formal purchase orders from our distributors when fulfilling product sales. Such documents set forth the respective rights and obligations of both parties and generally contain the following key terms:

Products and Quantities	Specifies the types, quantities, specifications, and prices of the products.
Payment and Credit Terms	For domestic distributors, we typically require payment prior to delivery. For overseas distributors, we may extend credit terms ranging from 30 to 90 days, depending on their credit history and payment capacity.
Payment Method	Payments are generally settled via wire transfer.
Shipment and Fees	Outlines the method of shipment, allocation of freight costs, and distribution of transportation risk.
Warranty	We warrant the quality of delivered products and provide warranty coverage for a specified period.
Designated Distribution Territory	In accordance with applicable laws and regulations or the terms of our framework distribution agreements, certain distributors may be restricted to distributing our products within specific territories.

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Based on our assessment of the sales performance of our distributors, and taking into account their preferences and customary business practices, we may selectively enter into written framework distribution agreements. These agreements further specify the terms of our cooperation and tailored arrangements, such as minimum purchase commitments and preferential commercial treatments, which promote our long-term and stable relationships with such distributors. In line with the industry practice, we generally do not prohibit our distributors from engaging sub-distributors in their respective authorized distribution territories. The following table sets forth the salient terms of the standard agreement with our distributors:

Term and renewal	The term of distribution agreements generally ranges from one year subject to factors such as historical sales and payment performance of the distributors and the market condition of the designated territories.
Designated distribution territory or hospitals	The distributor may only sell our products in the designated distribution territory, or to the hospitals in the designated distribution territory as specified in the distribution agreement.
Qualification	Our distributors are required to hold the requisite operation licenses for the business activities they are engaged in.
Minimum purchase amount.	We generally set annual target sales amounts for our distributors which is in line with the market practice.
Payment and credit term.	We generally require our distributors to make full payment for their orders before the delivery of products.
Products return	We generally do not accept product returns except for defected products within the warranty period.
Regulatory compliance	The distributor is required to comply with all applicable laws and regulations, including, among other things, those relating to anti-bribery and anti-kickbacks.

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Termination The agreement may be terminated by us when, among other things, the distributor fails to comply with relevant laws and regulations, fails to meet its minimum purchase obligation, or breaches any undertaking in the agreement and fails to remedy such breach within a specified period of time.

Management of Distributors

The goals of our management of distributors are to ensure a healthy and orderly market for our products, to maintain high visibility of and accurately understand the sales performance of our distributors and demand for our products, and to build and protect our product and brand reputation. Through the comprehensive measures that we adopt to manage distributors, as well as strict penalties we impose on non-complying distributors, such as monetary penalties or termination of relevant distribution agreements, we are able to monitor the compliance with terms of distribution agreements.

Prevention of Cannibalization

We generally grant exclusivity for a specified country/region/hospital(s) to each distributor in the distribution agreement; therefore, we do not expect there are cannibalization issues between different distributors in their authorized territories. Once we identify any unauthorized cannibalization activities by our distributors, we reserve the right to penalize them for breach of contract or even terminate our partnership.

Inventory Management and Control

Our distributors generally place orders based on actual demand from end customers and the historical order volume. As our distributors are largely small- to medium-scale distributors, they do not have sizeable warehouses and storage capacity to accommodate large inventories and generally place orders based on the demand of their end customers. In addition, by implementing the following policies and measures, we believe we are able to ensure that our sales to distributors reflect genuine market demand and prevent channel-stuffing of our products:

- *Close monitoring.* We collect information about our distributors’ sales performance from time to time as well as the demand of hospitals they cover and their procurement practices. If a distributor makes noticeably large orders or any orders that are inconsistent with its normal practice, we check with this distributor and trace its sales to ensure its order volume was in line with the actual demand of hospitals within the distributor’s authorized region. During the Track Record Period, we did not notice any unusually large orders.

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- *Frequent communications.* We communicate frequently with our distributors to understand the feedback from end customers and anticipate their needs. In our day-to-day management, we connect directly with the distributors’ sales personnel and with different sales and marketing teams of larger distributors, in order to closely monitor their sales. We require distributors to provide us details of their sales volume to hospitals and make periodic assessments of collected data to review actual market demand for our products and distributors’ performance.
- *Strict product return policy.* We maintain a supplier-customer relationship with our distributors and recognize revenue from sales to our distributors when control of goods is transferred to them. We generally do not allow distributors to return unsold goods unless there are quality defects within the warranty period.

Anti-corruption, Anti-bribery and Sanction Risk Control Measures

Distributors are subject to an anti-bribery obligation pursuant to the Partner Code of Conduct (《合作夥伴行為準則》) signed by our distributors, under which they are (i) prohibited from providing or promising any form of improper benefits, directly or indirectly, to persons who may affect and make decisions on cooperation; (ii) are required to comply with the applicable anti-bribery laws and regulations including their employees; and (iii) are required to inform us of any non-compliance of the distributors and related personnel. Additionally, the National Health and Family Planning Commission of China has published Provisions on the Establishment of Commercial Bribery Blacklist in the Pharmaceutical Purchase and Sales Industries (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》) in 2013 with respect to anti-corruption and anti-bribery compliance by distributors, which came into effect in March 2014 and stipulates that public medical and health institutions, in their medical procurement processes, will not purchase from or will give lower bid ranking to parties who are included in this blacklist depending on the occurrences of commercial bribery. To the best of our knowledge, none of our employees and distributors was or has been the subject of, or otherwise involved in, complaints, investigations, or regulatory enquiries in relation to, any bribery or kickback arrangements during the Track Record Period and up to the Latest Practicable Date.

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In addition, we have established guidelines for controlling economic sanctions risks. Pursuant to these guidelines, we take prudent measures to screen our counterparties, including conducting screenings against sanction lists, staying updated on the latest sanction policies, providing regular internal training, maintaining relevant records, and conducting periodic reviews and risk assessments. For details, see “— Risk Management and Internal Control” in this section.

Management of Sub-distributors

During the Track Record Period, certain of our distributors engaged sub-distributors from time to time, which then on-sold our products to hospitals. We only enter into bipartite distribution agreements with distributors, and do not enter into tripartite distribution agreements with distributors and their sub-distributors. Our distributors are responsible to verify the sub-distributors’ qualifications, financial conditions and compliance history. After the engagement of a sub-distributor, we require our distributors to regularly monitor the sub-distributor’s compliance status, sales performance, inventory level and any breach of the sub-distributorship agreement. As of the Latest Practicable Date, we have established the Guide for Domestic Distributor Management and the Guide for Overseas Distributors Management. Should we discover any violations of the distribution agreements or any sales in violation of relevant laws and regulations, we reserve the right to terminate our collaboration with the distributor and seek damages for any losses incurred as a result. For details of our compliance with the Two-Invoice System, see “— Pricing — Compliance with Two-Invoice System” in this section.

Direct Sales

In addition to our distribution network, we also maintain an experienced dedicated sales team and conduct direct sales to hospitals and other end customers primarily in China and the U.K. Our highly trained sales team collaborates with our global marketing team to proactively identify market opportunities, design sales strategies, and provide product trainings to physicians. By working closely with the physicians, we in turn gain valuable insights into the operations of each local market and the physicians’ needs. In 2022, 2023, 2024 and the first half of 2025, our direct sales amounted to RMB21.5 million, RMB20.3 million, RMB47.0 million and RMB27.7 million, accounting for 2.3%, 1.5%, 3.4% and 3.5% of our total revenue in each corresponding period, respectively.

ODM Sales

During the Track Record Period, we also conducted direct sales to overseas ODM customers. In contrast to our distribution sales where we sell products under our own brand, the products sold under the ODM model are labeled with customers’ own brands and trademarks. Under this sales model, our overseas customers place orders with us, and we design and manufacture the products based on their specifications. In 2022, 2023, 2024 and the first half of 2025, we served 57, 65, 87 and 87 ODM customers respectively. In 2022, 2023, 2024 and the first half of 2025, our revenue generated from sales to ODM customers amounted

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to RMB121.8 million, RMB141.2 million, RMB172.6 million and RMB106.7 million, respectively, representing 13.3%, 10.7%, 12.3% and 13.6% of our total revenue for each of the corresponding year, respectively.

PRICING

Pricing Policy for Distributors

We sell products to our distributors at prices mutually agreed upon by both parties. In determining prices of our products, we consider various factors, including the advantages of our products, our production costs, the prices of competing products, and the differences in features between our products and those of our competitors. Under the distribution model, a substantial majority of our products are sold by distributors to public hospitals through public tender processes. If our products win the bids, such products would be qualified for future procurement, and the bidding prices would generally be one of the important factors for us to determine the price we sell our products to the distributors. For details of the public tender process, see “Regulatory Overview — Laws and Regulations Relating to the Administration of Medical Devices — Tender Management for Medical Device Procurement” in this document.

Compliance with Two-Invoice System

In China, certain provinces and regions implement the Two-Invoice System in terms of the procurement of the high-value medical consumables by the public medical institutions. This system allows only one distributor layer between the medical device manufacturer and the public medical institutions. During the Track Record Period, some of our medical products that count as high-value consumables are subject to the regulatory regime in regions of China where the Two-Invoice System has been implemented.

In regions where the Two-Invoice System has been adopted and applied to medical device products, compliance with this system is a prerequisite for medical device companies to participate in the tender and procurement processes of public hospitals. Manufacturers and distributors that fail to implement the Two-Invoice System may lose their qualifications to participate in the tender and procurement process and may also be blacklisted from engaging in sales to public hospitals. Our Directors confirmed that, to their best knowledge, during the Track Record Period and up to the Latest Practicable Date, we (i) had not been deemed to have violated or circumvented any law, regulations, rules or policies in relation to the Two-Invoice System, (ii) had not been disqualified from participating in public tendering processes in any province, (iii) were not subject to any administrative fines or penalties by the competent authorities in relation to the Two-Invoice System, and (iv) had not received any warning or notice from any competent authorities in relation to the compliance of the Two-Invoice System.

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Going forward, we will closely monitor the adoption of the Two-Invoice System across different regions in China and assess whether the medical device products we sell fall within its scope. This will ensure our continued compliance with the requirements of the Two-Invoice System and other applicable laws and regulations.

Pricing Policy for Direct Sales

For direct sales to hospitals, we tend to sell products through public tender processes under the centralized procurement regimes established within the respective regions. Our sales team will handle the entire process and prepare bidding materials for tender submission. Once the price is set and we are confirmed as the winning bidder, our product will be admitted into the hospital’s qualified product pool for future procurement. Direct sales to private hospitals usually involve direct negotiation with the hospitals and rarely involves tender process.

Our pricing strategies are also influenced by regulatory policies. For instance, in China the governments implement the centralized procurement system which controls end prices of the high-value medical consumables if the products are included in the scope of the centralized procurement. For details of the centralized procurement policies, please refer to the paragraph headed “Regulatory Overview — Laws and Regulations Relating to the Administration of Medical Devices — Tender Management for Medical Device Procurement” in this document.

Pricing Policy for Overseas Sales

For our sales to overseas distributors and ODM customers, we determine prices through commercial negotiations with customers based on a number of factors, primarily including the specific market conditions of each overseas market, product specifications, the scale and potential of overseas customers, our relationships with them and their order volumes. We believe that we have implemented an effective pricing strategy. We believe that our high-quality products are favored by end-customers and distributors. In addition, our brand reputation as well as effective academic promotion and marketing strategy give us strong bargaining power.

Pricing for Major Product Categories

During the Track Record Period, the suggested retail prices of our products were as follows:

- Among our life support products, (i) the unit price for life support equipment ranged approximately from RMB2,000 to RMB700,000; (ii) the unit price for anesthesia and respiratory machines ranged approximately from RMB3,500 to RMB1,260,000; and (iii) the unit price for life support consumables ranged approximately from RMB5 to RMB1,600;

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- Among minimally invasive intervention products, (i) the unit price for single-use endoscope products ranged approximately from RMB8,000 to RMB16,000; and (ii) the unit price for consumable products ranged approximately from RMB10 to RMB20,000; and
- Among in vitro diagnostics products, (i) the unit price for testing equipment products ranged approximately from RMB20,000 to RMB350,000; and (ii) the unit price per test of reagent products ranged approximately from RMB2 to RMB1,000.

CUSTOMERS

During the Track Record Period, our customers are primarily distributors, who purchased and distributed our products. Revenue generated from our five largest customers in each period during the Track Record Period was less than 30.0% of our total revenue for the respective period, accounting for 12.4%, 10.6%, 13.5% and 14.8%, respectively, of our total revenue in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively. For details of our sales arrangement with distributors and other customers, see “— Sales, Distribution and Marketing” in this section.

As of the Latest Practicable Date, to the best of our knowledge, none of our Directors, their associates or any other Shareholder which, to the knowledge of our Directors, owned more than 5% of our share capital had any interest in any of our top five customers. None of our five largest customers, including their shareholders, directors, senior management or any of their respective associates, have any past or present relationship (family, employment, trust, financing or otherwise) with us, our subsidiaries, our Shareholders, Directors, senior management or any of their respective associates.

Our Customer Services

We provide comprehensive customer service support to our direct customers, as well as hospitals and other end-users, encompassing product usage training and consultation, product maintenance and care, as well as the prompt collection of user feedback for product upgrades. We also conduct regular inspections to ensure the proper use of our medical devices and carry out in-hospital MQT services to assist hospitals in equipment management. We maintain overseas offices and training centers in the UK, the Netherlands, Colombia, and other countries to offer around-the-clock service to local clients. In addition, we provide customer support services via our subsidiaries and branches in China covering major cities including Beijing, Shanghai, Guangzhou, Shenzhen, Hefei, Chengdu, Nanjing, Zhengzhou, Wuhan, Guiyang, Jinan, Chongqing, Shenyang, Changsha, Xi'an, Changzhou and Kunming.

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MANUFACTURING

Manufacturing Centers

We are committed to in-house production and have accumulated profound manufacturing capabilities. Currently, we operate six major manufacturing centers: (i) the Shenzhen Guangming manufacturing center, primarily focusing on the manufacturing of medical equipment, reagents and supply chain management; (ii) the Shenzhen Pingshan manufacturing center, primarily focusing on the manufacturing of life support consumables; (iii) the Abingdon manufacturing center in the UK, primarily focusing on the manufacturing of anesthesia machine and vaporizers; (iv) the Jiangsu Changzhou manufacturing center, primarily focusing on the manufacturing of minimally invasive intervention products; (v) the Chongming Shanghai manufacturing center, primarily focusing on the manufacturing of blood grouping gel cards; and (vi) the Hunan Changsha manufacturing center, primarily focusing on the manufacturing of minimally invasive intervention products. Each of these centers plays a crucial role in our comprehensive manufacturing ecosystem, enabling us to deliver high-quality medical products across different categories. During the Track Record Period, we primarily rely on in-house manufacturing, with limited production arrangements made externally based on regional market considerations.



Guangming, Shenzhen



Pingshan, Shenzhen



Abingdon, U.K.



Changzhou, Jiangsu



Chongming, Shanghai



Changsha, Hunan

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Our manufacturing system incorporates advanced methodologies to ensure the quality and efficiency in production. We employed (i) a DMAIC-based 6 Sigma Quality Management System, which uses data-driven techniques to improve processes and reduce defects, (ii) a Lean Intelligent Production System that adopts Just-In-Time and Single-minute Exchange of Die methodologies, enabling us to streamline production, minimize waste, and increase flexibility in our operations. To further enhance operational efficiency, we integrate the warehouse management system (“WMS”) and the ERP system, along with other automated logistics and manufacturing technologies. These integrations provide real-time data and analytics, facilitating better decision-making and more efficient management of resources across our production centers. This combination of sophisticated systems and practices ensures that our manufacturing processes are effective and adaptive to the needs of the market, maintaining high standards of quality while meeting our commitments on time.

We procure manufacturing machinery and equipment from time to time based on our production needs. Our equipment and machinery primarily consist of cutting machine, welding equipment, assembly lines, sterilization equipment, packing machines, molds and tools. As of the Latest Practicable Date, we own all of our machines and the estimated lifetime of these machines was approximately three to ten years, respectively. We perform routine and preventative maintenance on our manufacturing machinery and equipment to ensure their proper functioning. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material interruption to our production process due to machine or equipment failure.

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The following table sets forth the production capacity, actual production volume, and utilization rate of our manufacturing centers by major product type for the periods indicated:

	For the Year Ended December 31,						For the six months ended June 30,					
	2022			2023			2024			2025		
	Production capacity ⁽¹⁾	Production volume	Utilization rate ⁽²⁾	Production capacity ⁽¹⁾	Production volume	Utilization rate ⁽²⁾	Production capacity ⁽¹⁾	Production volume	Utilization rate ⁽²⁾	Production capacity ⁽¹⁾	Production volume	Utilization rate ⁽²⁾
	(in thousands)	(in thousands)	(%)	(in thousands)	(in thousands)	(%)	(in thousands)	(in thousands)	(%)	(in thousands)	(in thousands)	(%)
Life support												
– Medication delivery equipment products ⁽³⁾ . . .	121.0	93.5	77.2	148.0	130.5	88.2	96.5	86.8	89.9	62.8	58.1	92.5
– Anesthesia machine ⁽⁴⁾ . . .	0.66	0.63	94.7	0.84	0.78	92.9	0.60	0.47	78.2	0.30	0.26	85.7
– Vaporizers ⁽⁴⁾	8.00	7.62	95.3	9.50	9.14	96.2	9.00	8.92	99.1	3.70	4.06	91.7
– Other equipment products ⁽⁵⁾	2.11	2.01	95.3	3.56	3.38	95.2	3.00	2.85	95.0	3.80	3.38	88.9
Minimally invasive intervention⁽⁶⁾												
– Endoscope system	0.17	0.05	30.7	0.53	0.12	22.3	0.75	0.34	45.6	0.36	0.39	108.9
– Consumables	13,836.3	14,235.7	102.9	13,541.5	13,563.5	100.2	16,534.4	17,356.5	105.0	9,306.8	9,794.4	105.2
In vitro diagnostics												
– Analyzers	0.50	0.49	97.8	0.79	0.79	99.6	1.00	0.90	89.5	0.50	0.48	95.8
– Gel cards	3,150.0	2,808.0	89.1	3,150.0	3,102.5	98.5	4,000.0	4,161.4	104.0	1,984	2,209.6	111.4
– Test reagent ⁽⁷⁾	2,827.9	1,309.7	46.3	3,823.9	2,515.8	65.8	4,134.1	3,592.1	86.9	2,474.1	1,837.00	74.2

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Notes:

- * Figures are rounded to two decimal places for numbers below 10, and to one decimal place for numbers of 10 or above.
- (1) The production capacity is calculated based on the number of employees per production line, average working hours and individual output per unit of time.
- (2) The Utilization rate equals actual production volume divided by the production capacity in the respective period.
- (3) Medication delivery equipment products primarily include SYS series infusion products, MP series infusion products, HP series infusion products and enteral feeding pumps.
- (4) The production of anesthesia machines and vaporizers commenced following our acquisition of Penlon in January 2022.
- (5) Others primarily include video laryngoscopes, DVT preventive pumps, vein illuminators, oxygen concentrators.
- (6) The production of minimally invasive intervention products commenced following our acquisition of Vedkang Medical in April 2022.
- (7) The test reagents primarily include those used for TEG testing, chemiluminescence detection, and molecular testing.

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According to our production plan, we adjust production capacity by managing workforce allocation and working hours. Overall, the utilization rates of our major product lines remained at high levels during the Track Record Period. Certain minimally invasive intervention and IVD product lines recorded utilization rates exceeding 100.0%, as we met strong demand by extending working hours and operating overtime, resulting in actual output surpassing our planned capacity based on standard working hours. To address this situation, we are expanding our production facilities. For details, see “— Manufacturing — Future Expansion and Upgrade Plan” in this section.

Life Support Product Lines. The utilization rate of our medication delivery products increased from 77.2% in 2022 to 88.2% in 2023, 89.9% in 2024 and it further increased to 92.5% for the six months ended June 30, 2025, remaining at a high level. The utilization rate of our anesthesia machines reached 94.7% in 2022 and 92.9% in 2023, before declining to 78.2% in 2024 and rebounding to 85.7% for the six months ended June 30, 2025, primarily due to a planned adjustment based on our inventory levels and market demand. The utilization rate of our vaporizers remained consistently high, reaching 95.3%, 96.2%, 99.1% and 91.7% in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively. The utilization rate of other life support equipment, such as oxygen concentrators and vein illuminators, remained at a relative high level throughout the Track Record Period.

Minimally Invasive Intervention Product Lines. The utilization rate of our endoscope systems was relatively low at 30.7% and 22.3% in 2022 and 2023, respectively, as the product was launched at the end of 2022 and was in its initial commercialization phase. Benefiting from our proactive market promotion and growing market penetration, the utilization rate of this production line improved to 45.6% in 2024 and further ramp up to 108.9% for the six months ended June 30, 2025, to meet the growing market demand of our endoscope systems. Throughout the Track Record Period, the utilization rate of our minimally invasive intervention consumables remained at fully capacity, driven by sustained strong market demand.

In Vitro Diagnostics Product Lines. The utilization rate of our testing analyzers remained at a high level throughout the Track Record Period, reaching 97.8%, 99.6%, 89.5% and 95.8% in 2022, 2023, 2024, and for the six months ended June 30, 2025, respectively. The utilization rate of our gel cards increased from 89.1% in 2022 to 98.5% in 2023, and subsequently exceeded full production capacity, reaching 104.0% in 2024 and 111.4% for the six months ended June 30, 2025. The utilization rate of our test reagents increased from 46.3% in 2022 to 65.8% in 2023, and further to 86.9% in 2024, and it was then decreased to 74.2% for the six months ended June 30, 2025, the trend of which was in line with the market demand.

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During the Track Record Period and up to the Latest Practicable Date, we had completed core manufacturing steps in-house. We believe that our current manufacturing capacity is able to meet our short-term commercial needs. Moreover, our locations enable us to take advantage in manufacturing over our competitors as we have access to China’s vast labor pool and dynamic manufacturing hub, making it easier for us to hire people with the appropriate skills for our production.

Manufacturing Process

Given the diverse range of our medical products spanning life support, minimally invasive intervention and in vitro diagnostics, the manufacturing processes vary across different product types, and the tailored production steps ensure the high quality and reliability of our medical product offerings.

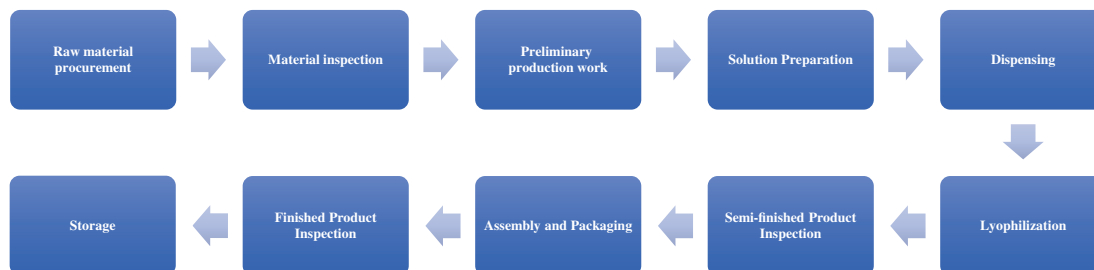
The following diagram summarizes the key manufacturing process for our life support equipment products:



The following diagram summarizes the key manufacturing process for our minimally invasive intervention consumables:



The following diagram summarizes the key manufacturing process for our in vitro diagnostics reagents:



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Future Expansion and Upgrade Plan

We are proactively expanding our production capacity and upgrading our manufacturing centers to accommodate our increasingly diversified product pipeline and growing market demand. We established a new R&D and manufacturing center in Changzhou, with a gross floor area of 115,742 sq.m. As of September 2025, certain production lines of this site have been completed and commenced operation. To further unleash the production potential of the new center, we are actively advancing its development, such as equipment procurement, intelligent production line planning, and construction of supporting facilities. The new center will enable us to further consolidate our existing production facilities and resources, streamline operational management, improve efficiency, and enhance synergies across our production lines.

The new R&D and manufacturing center is still under construction and the production lines are under further expansion, which will require further capital expenditures in the foreseeable future. We expect to fund these capital expenditures through the comprehensive use of net [REDACTED] from the [REDACTED] and our cash flow from operations. See “Future Plans and Use of [REDACTED] for details.

INVENTORY AND QUALITY MANAGEMENT

Inventory Control

Our inventories primarily include (i) finished goods and work in progress, mainly representing life support, minimally invasive intervention and in vitro diagnostics medical equipment and consumables; and (ii) raw materials, such as plastics, metals, sensors, and other auxiliary materials and components. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had inventories of RMB226.4 million, RMB237.0 million, RMB230.2 million and RMB232.4 million, respectively. Under our inventory control policy, we regularly monitor and analyze our historical procurement, production and sales statistics and adjust our inventories to meet customer demand in a timely manner without causing inventory accumulation.

To ensure the quality of our inventory, our storage spaces are temperature- and humidity-controlled. Our warehouse management team conducts regular inspections to identify damaged, obsolete or about-to-expire products, which are disposed of or for which provisions are made. It is required to conduct inventory checks and report stock levels in a timely manner in case of any shortage in supply or overstock of inventory. Furthermore, we have implemented a locally deployed warehouse management system for automation and utilize automated guided vehicles to enhance storage management efficiency. For details of our inventory control measures in respect of products which we sell to distributors, see “— Sales, Distribution and Marketing — Sales to Distributors — Management of Distributors” in this section.

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Quality Control

Our quality control team is involved in every aspect of our daily operations. Our quality control system complies with legal and regulatory requirements in China, EU and other operating regions, as well as pertinent international quality certification standard. It encompasses various stage of the product lifecycle, including design and development, raw material sourcing and procurement, manufacturing and delivery, and after-sales service. This comprehensive oversight ensures our products meet the IEC, ISO or other necessary standards of quality management. Our quality assurance team, comprising approximately 30 seasoned professionals, oversees and manages all aspects of quality control across our operations.

In July 2024, our subsidiary Mabsky was subject to administrative measures by the Guangdong Medical Products Administration following an on-site inspection that found its production quality management system not fully compliant with the relevant requirements of the Standards on Production and Quality Management of Medical Devices (《醫療器械生產質量管理規範》). In November 2024, we have completed the required rectification, submitted a rectification report, passed the re-inspection, and resumed production. We believe that this temporary production suspension did not result in a material adverse impact on our business operations and financial performance for the following reasons: (i) Mabsky’s contribution to our revenue remained minimal, accounting for approximately 0.2% in 2024; (ii) we have not experienced any material customer complaints or product returns related to the products produced by the affected production lines during the Track Record Period and up to the Latest Practicable Date; and (iii) we immediately implemented corrective measures following the incident and completed the rectification work, thus preventing any significant adverse impact on our production or delivery schedules.

Save for the incident above, we have complied with quality control policies in all material aspects and have passed all inspections by the regulatory authorities up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints from our customers and our products had not been subject to any material claim, litigation or investigation.

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Product Warranty, Return, Recall and Exchanges

Our return and exchange policy generally does not allow any product return or exchange, except that in case of any product defect or product expiration, we will consider returning or exchanging products by considering the specific scenario and our working relationship with our distributors.

During the Track Record Period and up to the Latest Practicable Date, we voluntarily initiated two Class III recalls, involving (i) two batches of coagulation test kits and (ii) one batch of infusion equipment. According to the Measures for the Administration of Medical Device Recalls (《醫療器械召回管理辦法》), a Class III recall is initiated in situations where the circumstances leading to the recall are unlikely to cause harm. Both recalls were conducted to update or correct product labeling information, and did not involve any issues related to product quality or performance:

- For the two batches of coagulation test kits, we identified a discrepancy between the expiration dates printed on the vial labels and those on the outer packaging due to an inadvertent printing error. This issue was not associated with the quality or efficacy of these products. Upon identifying this issue, we promptly informed affected customers in writing and updated the correct expiration date.
- For the batch of infusion equipment, the medical device registration number printed on the product packaging labels was not updated in a timely manner following the renewal of its registration certificate. This was an inadvertent printing error and not associated with the quality or efficacy of these products. Upon identifying this issue, we promptly informed affected customers in writing and replaced the product labels and manuals for the affected products.

We did not suffer any direct financial losses due to these two proactive recalls or face any customer claims or complaints. We have established a dedicated quality inspection team responsible for the testing of work-in-progress and finished products in accordance with our stringent internal inspection protocols. Our inspection methods include first inspection, self-inspection, mutual inspection, patrol inspection, and random sampling. All inspection results should be documented with final approval checks and signed by the supervisor in charge of quality control. For detailed regulations relating to medical device recall in China, please refer to the paragraphs headed “Regulatory Overview — Laws and Regulations Relating to Medical Devices — Medical Device Recall, Monitoring and Re-evaluation of Adverse Events” in this document.

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During the Track Record Period and up to the Latest Practicable Date, we had not not experience any product recall due to product defects, and except for the above mentioned two voluntary recalls, we had not experienced any other product recall initiated by ourselves or required by regulatory authorities. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material customer complaint or product return from customers.

RAW MATERIALS AND SUPPLIERS

Suppliers

During the Track Record Period, our major suppliers mainly include raw materials for medical equipment, construction services and land provider for our manufacturing center. Purchases from our five largest suppliers in each period during the Track Record Period was less than 30.0% of our total purchases for the respective period, accounting for 17.1%, 19.1%, 12.1% and 10.6%, respectively, of our total purchases in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively.

As of the Latest Practicable Date, to the best of our knowledge, none of our Directors, their associates or any other Shareholder which, to the knowledge of our Directors, owned more than 5% of our share capital had any interest in any of our five largest suppliers. None of our five largest suppliers, including their shareholders, directors, senior management or any of their respective associates, have any past or present relationship (family, employment, trust, financing or otherwise) with us, our subsidiaries, our Shareholders, Directors, senior management or any of their respective associates.

During the Track Record Period, we did not experience any material dispute with our suppliers, difficulties in the procurement of our direct materials, or interruptions in our operations caused by our suppliers. We do not rely on any of our current suppliers as there are viable substitutes available on the market to meet our needs at a comparable price and quality. We keep a list of qualified suppliers for our principal direct materials. Selection of the qualified suppliers are based on various criteria, including price, quality, and customer service.

Raw Materials

Our raw materials consist of, among others, plastics, metals, sensors, and various components. In 2022, 2023, 2024 and the first half of 2025, we incurred raw material costs of RMB349.5 million, RMB444.3 million, RMB467.1 million and RMB248.0 million, respectively, representing 67.7%, 67.1%, 66.3% and 66.9% of our cost of sales, respectively.

The raw materials of our main products which we sourced from our suppliers are generally readily available in the market through domestic and foreign suppliers. We believe we have alternative sources for the supply of principal raw materials with comparable quality

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and prices. We have not experienced significant difficulties in maintaining reliable sources of supplies and expect to be able to maintain adequate sources of quality supplies in the future through continuously developing new supplier relationships and exploring domestic replacements.

We generally enter into supply agreements with a term of one year with our raw material suppliers. The purchase price of our raw materials is primarily based on prevailing market prices for raw materials of similar quality and subject to arm’s length negotiation. During the Track Record Period, we did not experience significant supply shortage of raw materials, and we generally did not experience significant price volatilities. For risks relating to the supply of raw materials, see “Risk Factors — Risks Relating to our Business and Industry — Our results of operations could be negatively impacted by our inability to obtain raw materials in a timely and cost-effective manner.”

INTELLECTUAL PROPERTIES

We have arranged comprehensive intellectual property protection for our technological innovation, safeguarding our R&D achievements with a wide array of patents, trademarks and software copyrights, both in China and globally. As of the Latest Practicable Date, we had 1,100 patents and patent applications in China, including 704 issued patents and 396 patent applications. Among our issued patents, there were 136 invention patents, 455 utility model patents and 113 design patents; and we had 59 overseas patents and patent applications, including eight patent applications under the PCT. In addition, as of the Latest Practicable Date, we had 182 trademarks and trademark applications in China, including 144 registered trademarks; and we had 62 overseas trademarks and trademark applications, including 50 registered trademarks. See “Statutory and General Information — 2. Further Information about Our Business — B. Our Material Intellectual Property Rights” in Appendix IV to this document for further details of our material intellectual property rights.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights, in which we may be a claimant or a respondent, nor were we aware of any breach of the aforementioned confidentiality or non-compete obligations by the counterparties. We believe these intellectual property rights are critical for us to reinforce our substantial barriers and we intend to continue to develop more intellectual property rights and technological know-how which are expected to bring long-term benefits to our business. For details of risks relating to the intellectual property rights, see “Risk Factors — Risks Relating to our Business and Industry — We may be unable to obtain and maintain effective and sufficient protection of intellectual property rights for our products and pipeline products in a timely manner” in this document.

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AWARDS AND OTHER RECOGNITION

Our product performance and market presence have not only captured market demands but have also been acknowledged and awarded by official authorities and industry insiders. The following table sets out a summary of the major awards and recognition:

Award/Recognition	Organization/Authority	Year Awarded
National Specialized, High-end and Innovation-driven “Little Giant” Enterprise (國家專精特新“小巨人”企業)	Ministry of Industry and Information Technology of PRC (國家工信部)	2023 & 2020
China National Brand Gold Award for Medical Equipment (中國醫療設備民族品牌金獎) and Social Responsibility Award (社會責任獎)	China Medical Device (“中國醫療設備”雜誌社)	2017-2024
No. 1 in Industry Customer Satisfaction (服務滿意度行業第一)	China Medical Device (“中國醫療設備”雜誌社)	2018-2024
Provincial Enterprise Technology Center of 2024 (2024年省級企業技術中心)	Industry and Information Technology Department of Jiangsu (江蘇省工業和信息化廳)	2024
Product Inclusion Certificate for Guidelines for the Selection of High-Quality Medical Devices from China (2025) (中國高品質醫療器械出海遴選指南(2025)產品入選證書)	Lin-gang Medical Device Innovation Center, Shanghai FTZ (上海自由貿易試驗區臨港新片區醫療器械創新中心)	2025
2024 Jiangsu Gazelle Enterprise (2024江蘇省瞪羚企業)	Jiangsu Productivity Center (江蘇省生產力中心)	2024
2024 Hurun Global Unicorn List (2024胡潤全球獨角獸榜)	Hurun Research Institute (胡潤研究院)	2024
Guangdong Province Manufacturing Single-category Champion Demonstration Enterprise (廣東省製造業單項冠軍示範企業)	Industry and Information Technology Department of Guangdong Province (廣東省工業和信息化廳)	2023
Shenzhen Industrial Design Center (深圳市工業設計中心)	Industry and Information Technology Department of Shenzhen (深圳市工業和信息化局)	2022
2020 Emerging Enterprises listed by “Innovation China” (2020年“科創中國”榜單新銳企業)	China Association for Science and Technology (中國科學科技協會)	2021

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Award/Recognition	Organization/Authority	Year Awarded
2021 Jiangsu Province Little Giant Enterprises (Manufacturing Category) (2021年度江蘇省小巨人企業(製造類))	Industry and Information Technology Department of Jiangsu (江蘇省工業和信息化廳)	2021
2021 Shenzhen Specialized, Refined, Featured and Innovative Small and Medium-sized Enterprises (2021年深圳市專精特新中小企業)	Industry and Information Technology Bureau of Shenzhen (深圳市工業和信息化局)	2021
Among the 18th “Shenzhen Well-known Brands” (第十八屆“深圳知名品牌”)	Top Brand Evaluation Committee of Shenzhen (深圳知名品牌評論委員會)	2021
2020 Greater Bay Area Enterprises Innovation List – High-growth Innovation List (2020粵港澳大灣區企業創新力榜單–高成長創新榜)	Expert Review Committee of the Greater Bay Area Enterprises Innovation List (粵港澳大灣區企業創新力榜單專家評審委員會)	2021
Second Prize for Technological Progress in Shenzhen in 2020 (Technology Development Category) for the project “Development and Industrialization of Intelligent Infusion Systems” (“智能輸注系統的研發與產業化”項目2020年度深圳市科技進步獎(技術開發類)二等獎)	Government of Shenzhen Municipality (深圳市人民政府)	2020
Postdoctoral Innovative Practice Base (博士後創新實踐基地) . . .	Human Resources and Social Security Bureau of Shenzhen	2020

Attributable to our R&D and innovation capabilities, we have also achieved the following appointments:

- Skill Examination Base of Registered Clinical Engineer (臨床工程註冊工程師技能考試基地);
- Key Enterprise Research Institute (重點企業研究院) by the Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會);
- Guangdong Engineering Technology Research Center for Intelligent Infusion System (廣東省智能輸注系統工程技術研究中心) by the Guangdong Science and Technology Department (廣東省科學技術廳);

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- Guangdong Engineering Technology Research Center for Pathogen In-Vitro Diagnostic Reagent (廣東省病原體體外診斷試劑工程技術研究中心) by the Guangdong Science and Technology Department (廣東省科學技術廳);
- Jiangsu Engineering Research Center for Endoscopic Diagnosis Instruments (江蘇省內鏡下診斷醫療器械工程技術研究中心) by the Jiangsu Department of Science and Technology (江蘇省科學技術廳); and
- Shenzhen Engineering Technology Research Center for Intelligent Infusion System (智能輸注系統深圳市工程技術研究中心) by the Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會).

Furthermore, attributable to our solid R&D foundation and an exceptional R&D environment, we have been appointed as a teaching practice base by multiple 985 and 211 universities in China. In addition, our innovation in product design has also been rewarded. Our products, including our infusion workstation, TEG analyzer, video laryngoscope, VC-20 and VC-30 series spirometers, ambulatory infusion pump and oxygen concentrator, have been honored with international design awards such as the Red Dot Design Awards and/or the iF Design Awards.

COMPETITION

We provide a comprehensive range of medical products spanning life support, minimally invasive intervention and in vitro diagnostics. Our products primarily compete with products that deliver similar medical treatment as our products in terms of efficacy, price and general market acceptance by medical professionals, hospitals and other end users. The identities of our key competitors vary by product. In certain cases, our competitors may have greater financial and R&D resources than us, and may elect to focus these resources on developing, importing or in-licensing and marketing competitive products. According to the CIC, the competition in the markets of life support products, particularly in the medication delivery domain, is relatively concentrated. In 2024, the top ten market players for infusion workstations dominated both the Chinese and global markets, accounting for a substantial portion of the market share, respectively. In the minimally invasive intervention field, the Chinese market is dominated by a few leading players, with imported brands holding a slight advantage. In the in vitro diagnostics field, competition is more fragmented due to the variety of sub-markets, such as coagulation, chemiluminescent assays, blood typing, and molecular diagnostics.

Potential new entrants face various market barriers for entering into the life support, minimally invasive intervention and in vitro diagnostics markets, including among others, the R&D and technical barriers, commercialization capabilities, brand recognition and sales channel barriers. We believe that given our competitive strengths as stated in “— Our Competitive Strengths” in this section, we are able to maintain our market position notwithstanding the competition we face. See “Industry Overview” in this document for further details of our major competitors.

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EMPLOYEES

As of June 30, 2025, we had a total of 2,093 employees, comprising 1,949 employees based in mainland China, 118 employees in the UK, and the remainder in other countries and regions, such as the Netherlands, Columbia, Thailand, Indonesia and India. The following table sets forth a breakdown of our employees by function as of June 30, 2025.

Function	Number	% of Total
Manufacturing and supply chain	939	44.9
R&D	525	25.1
Sales and marketing	444	21.2
General administration	185	8.8
Total	2,093	100.0

We generally recruit our employees based on a number of factors, including work experience, educational background and our position requirements. We recruit primarily through online job posting, internal referrals, on-campus recruiting programs and job fairs. We provide induction trainings to our new joiners to provide them with a general picture of our corporate culture, workplace safety, product knowledge, quality control, staff conduct policies, and learn about the relevant laws and regulation. In addition, from time to time, we invite external experts to provide trainings to our R&D team in regard to professional knowledge and management skills. We evaluate our training results every year and adjust our training programs accordingly for the coming year. We provide periodic performance review of our employees to evaluate their performance and enhance productivity.

In compliance with the relevant PRC labor law, we enter into employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In addition, we are required under PRC law to pay social insurance premiums (including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident fund for our employees according to the standard stipulated by the authorities. As advised by our PRC legal adviser, save as otherwise disclosed in the section headed “Risk Factors”, we have complied with statutory social insurance and housing fund obligations applicable to us under PRC laws and regulations in all material aspects and were not subject to any material fines or administrative actions due to non-compliance with any relevant regulations. Moreover, we operate a share-based compensation benefit scheme for the purpose of providing incentive and rewards to eligible participants who contribute to the success of our operations.

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We believe that we have maintained good working relationships with our employees. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations. Our employees have not set up any labor union up to the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Structure

We are committed to incorporating the philosophy of environmental, social and governance (“**ESG**”) into our management system and integrating ESG ideas into our operation. Our Board holds ultimate responsibility for all ESG and climate-related issues within our Group. Our Board is responsible for establishing the regulatory system for ESG and climate-related issues, resolving and approving our management policies, strategies and targets related to ESG and climate-related issues, including assessing, prioritizing and managing material ESG and climate-related issues, risks and opportunities. Additionally, our Board oversees and annually reviews the ESG performance and progress of ESG targets.

Our Board delegates authority to the Strategy and ESG Committee and the Strategy and ESG working group to facilitate the management of ESG issues. The Strategy and ESG Committee is responsible for (i) developing and reviewing our Group’s ESG and policies and practices, (ii) reviewing our compliance with the Listing Rules in relation to ESG disclosure, (iii) evaluating ESG-related KPIs performance, and (iv) providing ESG-related recommendations to our Board. Our Strategy and ESG working group, consisting of members from various departments, is responsible for collecting, analyzing and responding to stakeholders’ views and expectations on ESG issues. Additionally, our Strategy and ESG working group is also responsible for coordinating and implementing ESG and climate-related policies. Our Strategy and ESG working group will regularly report to the Strategy and ESG Committee on ESG issues.

To enhance our Board’s understanding of its obligations concerning ESG issues, our Directors have received training on the regulatory requirements for ESG and climate-related disclosures under the Listing Rules and relevant regulations. External ESG consultant has also been engaged to provide the necessary ESG expertise to support the future deliberations of our Strategy and ESG working group during its regular meetings.

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Materiality Assessment

A comprehensive materiality assessment has been conducted to better understand the needs and expectations of our stakeholders. We have engaged an independent ESG consultant to assist in conducting a materiality assessment in accordance with the Listing Rules. This involves a questionnaire to collect stakeholders’ concerns and expectations, for the subsequent determination of material issues by our Group. The materiality assessment process is outlined as follows:

- identify potentially material ESG issues that may have an impact on our business or related parties based on our development;
- invite stakeholders (directors, senior management, employees, suppliers, government and regulatory bodies) to participate in the questionnaire to express their concerns on each potentially material issue;
- analyze the results from the questionnaire and prioritize potential material issues; and
- review and confirm the material issues by management for further actions and disclosures.

Based on the results of the materiality assessment, a total of six ESG issues are considered as highly material, namely: product quality and safety, customer service, intellectual property protection, information safety and data privacy, business ethics and anti-corruption, and employee rights protection:

- **Product quality and safety:** Product quality is of utmost importance in our business, and that includes ensuring compliance and strengthening regulation and monitoring. We ensure that our products comply with relevant regulatory standards and quality requirements, and through relevant standards and procedures.
- **Customer service:** We understand customers’ satisfaction with our products, handle customer feedback promptly, better understand customer needs and expectations, and improve customer satisfaction.
- **Intellectual property protection:** We consider intellectual property as a crucial business asset, including protecting innovation and R&D outcomes and preventing intellectual property infringement. We establish internal policies to ensure that the company’s trade secrets and intellectual property are adequately protected.
- **Information safety and data privacy:** We strictly comply with all relevant data security and privacy laws and have developed robust internal policies and systems to safeguard company and customer information access control, cybersecurity training, and regular security reviews.

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- **Business ethics and anti-corruption:** We uphold high standards of business ethics with a zero-tolerance policy towards bribery, supported by comprehensive internal policies.
- **Employee right protection:** We strictly comply with employment-related laws and regulations and place high priority on protecting employee rights in the workplace. We develop clear policies on staff management and offer competitive compensation packages with various benefits. We focus on the career development of our employees and provide them with various functional and skill training.

Environmental Protection

We comply with the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) and other related environmental protection laws and regulations, as well as other regulatory requirements in our business operations. We have formulated the “Environmental Protection Measures Guide” (《環境保護措施細則》) to strengthen our environmental protection work. Our Company has obtained ISO 14001:2015 environmental management system certification.

In the past three years, our Group has not (i) violated any laws or regulations regarding the emission of exhaust and greenhouse gases, the discharge of pollutants into water and land, and the generation of hazardous and non-hazardous waste in all material aspects; (ii) experienced any significant events affecting the environment and natural resources; or (iii) received any notices of environmental fines or litigation.

Waste Management

Our operation generates both non-hazardous and hazardous wastes. For non-hazardous waste, we place it in the designated containers, and the property management company will handle its collection, which is then managed and processed by an outsourced cleaning company for centralized management. For hazardous waste, we entrust qualified third-party agencies to properly process and handle the wastes. We use fully enclosed waste packaging to prevent leakage during the collection, storage, and transportation of hazardous waste.

Energy and Greenhouse Gas Emissions Management

We are committed to energy conservation and greenhouse gas (“GHG”) emission reduction, adopting a series of energy-saving and GHG emission reduction measures. Our measures include:

- our subsidiary in the UK, Penlon, uses 100% renewable electricity;
- production shifts are reasonably scheduled for electrical loads adjustments, avoiding peak loads;
- adopting energy-saving LED lighting in the office;

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- the distribution and use of electrical appliances are strictly controlled over;
- electrical equipment used in production must be installed in accordance with regulations and monitored;
- power to all electrical devices must be cut off when offices are unoccupied and after working hours;
- employees who make energy-saving achievements through innovation and management are given appropriate rewards by our Group.

Water Resources Management

We recognize the critical role of water resources in sustainable development and are committed to conserving water resources and improving water use efficiency. We continuously strengthen water pollution prevention management, monitoring, and control. We have implemented water-saving measures, which include:

- posting posters advocating water conservation;
- maintaining a monthly water usage ledger and requiring departments to propose and track corrective measures if excessive consumption is detected;
- considering the rational layout of water sources and the installation of water meters when constructing new production and living facilities;
- conducting comprehensive monthly inspections of all water equipment and promptly repairing any leaks found;
- promoting water conservation awareness to enhance employees’ understanding and consciousness of water conservation, thereby jointly promoting the efficient use of water resources.

Environmental Metrics

We prepare our greenhouse gas inventory based on the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, as well as How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs developed by the Stock Exchange.

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Set forth below are the environmental quantitative indicators for our offices and production facilities during the Track Record Period.

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2022	2023	2024	2025
Electricity (kWh)	7,042,741.22	9,406,852.71	11,488,886.91	4,693,416.83
Electricity Consumption Intensity (kWh per million RMB revenue).	7,677.11	7,162.78	8,210.10	5,966.96
Water (m ³)	40,876.13	57,938.52	53,242.87	28,613.60
Water Consumption Intensity (m ³ per million RMB revenue) . .	44.56	44.12	38.05	36.38
Total Greenhouse Gas Emissions (Scope 1 and 2) (tCO ₂ e)	3,823.50	5,114.66	6,199.71	2,527.06
– Scope 1 ⁽¹⁾	198.66	216.72	184.16	81.34
– Scope 2 ⁽²⁾	3,624.84	4,897.94	6,015.55	2,445.72
Total Greenhouse Gas Emissions (Scope 1 and 2) Intensity (tCO ₂ e per million RMB revenue)	4.17	3.89	4.43	3.21
Gasoline (L)	38,419.35	46,961.43	35,313.40	14,030.53
Diesel (L)	11,571.25	6,028.35	4,399.64	1,987.22
Natural Gas (m ³)	31,680.04	36,149.04	42,148.55	20,916.10

Notes:

- (1) Scope 1 emissions refer to direct GHG emissions primarily from the direct energy consumed in our operations (including GHG from the combustion of fossil fuels from stationary and mobile sources, and fugitive gas emissions from refrigerants).
- (2) Scope 2 emissions refer to indirect GHG emissions mainly from purchased electricity consumption.

Our GHG emission intensity (Scope 1 and 2) was 4.43 tCO₂e per million RMB revenue in 2024, lower than the industry peers’ average of 4.78 tCO₂e per million RMB revenue. Our electricity and water consumption intensities were 8,210.10 kWh per million RMB revenue and 38.05 m³ per million RMB revenue, respectively in 2024, lower than the peers’ average of 8,529.27 kWh per million RMB revenue and 66.59 m³ per million RMB revenue, respectively.

We ensure that all hazardous waste generated during production operations is properly disposed of. We generated hazardous waste amounts of 15,257.65 kg, 27,042.35 kg, 30,949.53 kg and 8,259.65 kg, respectively, in 2022, 2023, 2024 and for the six months ended June 30, 2025.

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Based on environmental data from the past three years and maintaining a comparable level of operation, we have established environmental goals aimed at maintaining or reducing GHG emissions, electricity consumption, and water consumption. Our ESG goals are as follows:

- **GHG Emissions:** Reduce GHG emission intensity by 3% by 2027 compared to 2024. For more measures implemented to achieve this goal, please refer to “— Environmental, Social and Governance — Energy and Greenhouse Gas Emissions Management” in this section.
- **Energy Usage:** Reduce energy emission intensity by 3% by 2027 compared to 2024. For more measures implemented to achieve this goal, please refer to “— Environmental, Social and Governance — Energy and Greenhouse Gas Emissions Management” in this section.
- **Water Usage:** Reduce water consumption intensity by 3% by 2027 compared to 2024. For more measures implemented to achieve this goal, please refer to “— Environmental, Social and Governance — Water Resources Management” in this section.

Climate Change

We place great importance on managing climate change and recognize the physical risks posed by changing climate conditions and extreme weather events, as well as the transition risks.

Potential risk	Potential business, strategic and financial impacts	Current responses to mitigate risks
Physical risk . . . Typhoon, Flood	• In severe weather conditions, employee commuting and supply chain may be affected by typhoons or flood, which may result in business suspension. • Typhoons or flood may damage our assets, facilities/buildings, resulting in additional repair costs.	• We will continue to improve emergency response plans to ensure employees’ safety and the supply chain’s stability in extreme weather conditions and will pay real-time attention to weather changes in the operating areas of subsidiaries.

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Potential risk	Potential business, strategic and financial impacts	Current responses to mitigate risks
Extreme heat	• Extreme heat increases our energy consumption, reduces operating efficiency and increases the frequency of power supply anomalies and fire accidents. • Extreme high temperatures may also threaten the health and safety of employees and increase the risk of illness. • High temperatures increase cooling requirements for medical materials during transportation.	• We conduct close inspections during hot weather and improves supporting facilities to ensure safe production operations. • For temperature-sensitive medical products, we arrange special transport vehicles to ensure that the products are at a suitable storage temperature.
Transition risk . . . Regulatory risk	• The government is continuously issuing stricter policies and regulations on carbon emissions. To meet the increasingly stringent policy requirements, we need to continue to adapt to the tightening of various relevant laws and regulations, increasing the disclosure costs and bringing relevant information disclosure compliance risks. • The impact of mandatory carbon trading may increase compliance costs.	• Regularly monitor existing and emerging climate-related trends, policies, and regulations in China and other operating locations to address possible regulatory risks. • Regularly disclose and review GHG emissions from business processes. These preparations enable us to quickly adjust our operating strategies, ensure compliance, and minimize additional economic burdens when faced with new greenhouse gas emission restrictions or mandatory carbon trading policies.
Reputation risk	• With the increasing attention paid to environmental protection and sustainable development, our environmental performance has become the focus of clients and investors. • Our performance in GHG emission management and other aspects directly affects the evaluation of us by the public.	• Closely monitor client satisfaction and our reputation. • Strictly comply with national and industry laws and regulations on GHG emissions, closely monitor our GHG emissions, and take proactive measures.

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Potential risk	Potential business, strategic and financial impacts	Current responses to mitigate risks
Market Risk	Clients may tend to choose greener and lower-carbon products, or the sales volume of existing main products may decline.	- When producing products, control the use of plastic products in packaging materials and develop low-carbon products. - Adopt low-carbon products and cater to market trends, such as purchasing green electricity.

Employment

As of June 30, 2025, we had a total of 2,093 employees. The table below provides a breakdown of our employees by gender as of June 30, 2025:

Number of Employees	As of June 30, 2025	
	Number	% of total
By Gender		
Male	1,014	48.4
Female	1,079	51.6
Total	2,093	100.0

Our employee handbook explicitly outlines our policies for regulating and managing our staff, fostering an equitable workplace within our Group. We evaluate our employee’s performance annually for their salaries, bonuses, and promotion considerations. We perform background checks on potential hires to verify the accuracy of the information provided. Should any discrepancies be discovered, we retain the right to terminate the contract as necessary.

We offer competitive compensation packages that include stable wages and various benefits. These benefits cover paid leave, such as vacation, sick leave, personal leave, and maternity/paternity leave. Additionally, we provide insurance in accordance with local laws and regulations, including social insurance.

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Employee training

We demonstrate our commitment to employee growth and development through comprehensive training programs tailored for both new hires and existing staff. Taking Vedkang Medical as an example, new employee training covers company history, culture, product knowledge, and operational procedures, ensuring a smooth integration into the organization’s framework. For existing employees, specialized training programs such as management development courses, and compliance training are provided to enhance their skills and knowledge. The effectiveness of the training is evaluated through a combination of theoretical exams, practical assessments, and performance reviews, ensuring that all employees meet the high standards required for their roles.

Occupational Safety

To provide and maintain a safe working environment, we are committed to complying with relevant occupational safety laws and regulations and have developed internal policies, such as the employee and safety handbook. Content includes ensuring the safety of the work environment, the proper functioning of fire and safety equipment and providing adequate and appropriate safety training to employees, as well as arranging annual physical examinations for employees to ensure their health and safety. In addition, we have also established the Health and Safety Committee, which provides improvement recommendations to the management team to enhance the health and safety standards of our Group. We believe that work stress is also an important occupational safety issue and therefore we have developed related management measures such as providing confidential counselling for staff affected by stress caused by work factors to alleviate employee work stress. To protect the physical health of employees, we organize a physical examination once a year, with the cost covered by us.

Supply Chain Management

We believe that sustainable supply chain management is the cornerstone of maintaining good service quality. We have also developed strict standards for the selection of suppliers, supplier quality requirements and supplier performance evaluation. We require suppliers to comply with relevant environmental protection laws and regulations and adhere to the principle of integrity. If the products submitted by the supplier do not meet the environmental protection laws and regulations, the supplier shall compensate us for the losses incurred and shall bear all relevant legal responsibilities. We regularly monitor the environmental and social risks of the supply chain through supplier audits, including requesting the suppliers to update environmental certifications regularly according to Supplier Management Work Specifications (《供應商管理工作規範》) and sign Letter of Commitment (《環保承諾書》). We conduct annual performance evaluations of suppliers to ensure that they meet our business requirements. Besides, we have formulated Product Addition and Change Certification Management Work Specifications (《物料新增及變更認證管理工作規範》) to require suppliers to submit environmental test reports and environmental declaration or relevant materials and we will increase environmental requirements for materials with relatively high environmental risks to use more environmentally friendly products and services throughout the supply chain.

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Business Ethics

High standards of business ethics are crucial to the Group’s operations. We are firmly committed to cultivating and upholding these high standards of business ethics, and we maintain a ‘zero-tolerance’ stance towards any form of bribery. We have developed a comprehensive set of internal policies, including the Anti-Bribery Management Guidelines (《麥科田反商業賄賂管理指引》) to strengthen the Group’s internal controls and oversight mechanisms. Additionally, we have established the Anti-Bribery Compliance Manual (《麥科田反商業賄賂合規手冊》) to assist our employees and business partners in understanding and adhering to our anti-bribery compliance regulations. Furthermore, to foster cooperative relationships based on trust, honesty, transparency, and integrity with our business partners, we have set up the Code of Conduct for Partners (《合作夥伴行為準則》). This code clearly outlines the anti-bribery standards that our business partners must adhere to and requires business partners to understand and sign this code of conduct.

We operate based on the principles of legality, integrity, fairness, and scientific conduct, and we firmly reject any forms of commercial bribery, bribery-taking, or other improper business practices. During the Track Record Period, we fully complied with the laws and regulations prohibiting commercial bribery and did not engage in any law violations.

To prevent instances of commercial bribery by our employees, we have established the Commitment to Integrity and Self-Discipline (《廉潔自律承諾書》), which prohibits employees from seeking or accepting any personal benefits or gifts based on their positions or roles within our Group. We strictly prohibit the provision or acceptance of any payments or gifts with bribery, kickbacks, secret commissions, or personal interests. Any employee found to be in violation of the commitment will be held legally accountable, including but not limit to potential compensation for company losses or termination of their employment. Furthermore, we encourage employees and business partners to report commercial bribery. We strictly maintain the confidentiality of the whistleblower’s identity, and the information provided in the report, including the name, department, and company names remains confidential throughout the entire process. For the anonymous whistleblowing, the whistleblowing materials do not require handwriting analysis, and are not casually shared with external parties.

Information Security and Privacy Protection

We strictly comply with laws and regulations related to information security, including Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》). We have established and implemented a set of internal policies, including the Data Security Management Policy (《數據安全管理制度》), the Data Classification and Grading Policy (《數據分級分類制度》), and the Network Equipment Security Management Policy (《網絡設備安全管理辦法》). We have adopted a role-based access control mechanism and impose strict access restrictions on sensitive data. We have also implemented a variety of technical measures, such as communication encryption, storage encryption, data backup, and

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communication verification, along with a regular backup strategy to ensure data integrity and availability. In addition, we require antivirus software to be installed on all computers and strictly prohibit the uninstallation or deactivation of antivirus clients to protect against viruses and malware.

Supporting the Development of Primary Healthcare

We are committed to primary healthcare and actively respond to the national Healthy China Initiative (健康中國行動). In March 2024, we donated a batch of pulmonary function diagnostic equipment to support the upgrade of medical equipment in the primary healthcare institutions in Chongqing Chengkou County and Yunnan Gongshan County and to promote the improvement of diagnostic and treatment capabilities in primary healthcare institutions. This was highly recognized by the China Association of Medical Equipment and the industry.

We also donated a batch of medical equipment to the National Medical Association of the Republic of Kazakhstan (哈薩克斯坦國家醫學會) in May 2024, demonstrating our active attitude towards bearing social responsibilities and the fostering development of the global medical industry. The donations aim to contribute our part to promoting medical cooperation and friendship between the two countries, as well as supporting the development of global medical standards.

PROPERTIES

Owned Properties

As of June 30, 2025, we owned (i) the land use rights of three parcels of land in Shanghai and Changzhou, China, with an aggregate land use area of approximately 77,366 sq.m.; and (ii) five buildings in China, with an aggregate gross floor area of approximately 82,260 sq.m. Our properties are mainly used as our manufacturing centers, R&D centers and offices. As confirmed by our PRC Legal Adviser, we had obtained valid legal titles to these properties and land use rights for the land occupied by these buildings, and that we are entitled to legally occupy, use, benefit from, transfer, lease, pledge or otherwise dispose of these properties.

Leased Properties

As of June 30, 2025, we leased 33 properties for our operational needs in China, with an aggregate gross floor area of approximately 66,031 sq.m. We also leased one property in Abingdon, the U.K as our R&D and manufacturing center as well as offices in the Netherlands, Indonesia, Columbia, Thailand and Belgium, respectively. Our lease agreements in respect of these leased properties generally have expiration dates ranging from one year to 15 years. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period.

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As of the Latest Practicable Date, relevant lessors of our seven leased properties for operational purposes have not provided relevant title ownership certificates or other similar proofs of such leased properties to us, with an aggregate gross floor area of approximately 18,390 sq.m., representing approximately 27.9% of the total gross floor area of our leased properties for our operational needs. These properties are primarily used as our offices. As advised by our PRC Legal Adviser, it is the lessors’ responsibility to obtain the appropriate title certificates, and we, as the tenant, will not be subject to any administrative punishment or penalties because of the lessors’ failure to obtain or to provide the relevant title ownership certificates. We, however, face uncertainties of our leases if third party claims or challenges the lease. In the worst scenario, if the lessors are found out to not have the requisite rights to lease these properties, our relevant lease agreements with them may be deemed invalid, and as a result we may be required to vacate these leased properties. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any disputes or termination of lease with respect to these leased properties as described above. Our Directors believe that these situation described above will not materially affect our business and results of operation, on the grounds that: (i) during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our leases with respect to the abovementioned leased properties had never been challenged by any third parties; (ii) these leased properties are geographically dispersed in different cities, the relocation of which is not expected to cause any material interruption to our R&D, manufacturing or sales plans; (iii) there are multiple site candidates close to these leased properties at substantially the same rental prices, and we believe we would be able to relocate to different sites relatively easily should we be required to do so. We will continue to use commercially reasonable efforts to request our lessors to provide us with the relevant title ownership certificates, and to identify suitable alternative locations for these properties. For details of the relevant risks, see “Risk Factors — Risks Relating To Our Business and Industry — Our leased property interests may be defective and our right to lease or use the properties may be challenged.”

As of the Latest Practicable Date, lease agreements for our 30 leased properties for operational purposes in China had not been registered with the relevant PRC governmental authorities, with an aggregate gross floor area of approximately 58,612 sq.m., representing approximately 88.8% of the total gross floor area of our leased properties for our operational needs. As advised by our PRC Legal Adviser, according to the PRC Civil Code, failure to register such lease agreements with the relevant PRC government authorities does not affect the validity and enforceability of the relevant lease agreements.

As of June 30, 2025, we have no single property interest with a carrying amount of (i) 15% or more of its total assets for non-property activities; and (ii) 1% or more of its total assets for property activities. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings.

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INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as policies based on our assessment of our operational needs and industry practice. We are subject to the social insurance system of the PRC and is required to make contributions for our employees towards pension, medical insurance, unemployment insurance, work injury and maternity insurances. In addition, we maintain product liability insurance and cargo insurance for export products as well as property insurances. We review our insurance policies from time to time in order to adequately address the breadth of coverage. We consider that our existing insurance coverage is in line with industry norm and is sufficient for our present operations.

As of the Latest Practicable Date, we had not made nor had been the subject of any material insurance claims. As our business expands, we will regularly review and assess our risk portfolio and adjust our insurance practice based on our needs and industry practice. For insurance related risks, see “Risk Factors — Risks Relating to our Business and Industry — Our insurance coverage may not be sufficient to cover all losses associated with our business operations” in this document.

LICENSES, PERMITS AND APPROVALS

We operate in a heavily regulated industry, and accordingly, are required to obtain various licenses, permits, approvals and certifications with relevant regulatory authorities in the jurisdictions where we have operations.

In China, we are required to obtain registration certificates for Class II and III medical devices and complete record-filings for Class I medical devices with relevant regulatory authorities to commercialize our medical device products. According to applicable PRC laws and regulations, the Class I record-filings will remain effective provided that we continue to comply with the record-filing obligations for subsequent amendments to filed materials, and the registration certificates for Class II and III medical devices are valid for five years and subject to renewal. In addition, we are required to maintain a number of licenses, permits, approvals and record-filing proof for our production and operations, including the Medical Device Production (醫療器械生產許可證), and the Business Operation License of Medical Devices (醫療器械經營許可證). For details of the relevant laws, regulations, and requirements, see “Regulatory Overview” in this document. In addition, we are required to obtain CE markings, FDA approvals and/or other registration certificates pursuant to the regulatory requirements of our overseas markets.

As of the Latest Practicable Date, we had completed record-filings for 32 Class I medical devices and obtained 233 and 54 NMPA registration certificates for Class II and Class III medical devices, respectively. In addition, we had obtained 45 FDA approvals and 355 CE marked products. We will consistently monitor the expiration dates of our registration certificates and renew them in time prior to their expiry in order to ensure validity.

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As confirm by our PRC legal Adviser, we have obtained all necessary licenses, permits, approvals, certificates from, or made all necessary filings to, relevant competent regulatory authorities for our business operations in China during the Track Record Period and as of the Latest Practicable Date. In addition, we had obtained requisite licenses, approvals and certificates to sell our products to relevant overseas jurisdictions, and we did not experience any material difficulties in obtaining, making or renewing such licenses, permits, approvals, certificates and filings during the Track Record Period and update to the Latest Practicable Date.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. During the Track Record Period and up to the Latest Practicable Date, we had not involved in any litigation, arbitration or administrative proceeding against us that could have a material adverse effect on our business, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established risk management and internal control systems tailored to our business needs, incorporating policies and procedures aimed at ensuring legal compliance, intellectual property protection, information technology security, human resource management, financial reporting accuracy, and overall internal governance. These systems are subject to ongoing refinement to align with our operational demands. Our Board of Directors oversees the establishment and periodic review of these systems, while our senior management monitors their effective daily execution across subsidiaries and functional departments. The head of each functional department, business unit and subsidiary are responsible for the related risk control in their responsible segments.

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To monitor the continuous implementation of risk management and internal control after the [REDACTED], we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an audit committee to review and supervise our financial reporting and internal control system. For the qualifications and experiences of these members, see “Directors and Senior Management;”
- adopt corporate governance policies to guarantee compliance with continuing obligations as stipulated by the Listing Rules, including but not limited to the establishment of board committees, the adoption of rules of procedures and policies in relation to risk management, connected transactions, investments and information disclosure;
- provide regular anti-corruption and anti-bribery compliance training for senior management and employees in order to enhance their knowledge of and compliance of applicable laws and regulations; and
- arrange our Directors and senior management to attend training seminars on Listing Rules requirements and the responsibilities as directors of a Hong Kong-[REDACTED] company;

To ensure the above compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we will regularly conduct internal compliance checks and inspirations, adopt strict accountability internally and conduct compliance training.

Legal and Compliance Risk Management

To manage compliance and legal risks, we adopted internal procedures, ensuring our operations align with applicable laws and regulations. Our in-house legal team reviews and updates the form of contracts we enter with clients, suppliers, and business partners. Our in-house legal team’s responsibilities encompass legal assistance for major projects, disputes resolution, intellectual property protection, corporate governance compliance, overseas regulatory landscape navigation, and support for subsidiaries’ compliance. Their daily tasks include reviewing business processes and contracts and analyzing daily legal queries. Additionally, our legal team is responsible for obtaining and maintaining the requisite administrative certificates and approvals for our business operation. We also continuously improve our internal policies according to changes in laws, regulations, and industry standards, and update internal templates for legal documents.

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information are critical to our success. For risks relating to information systems, see “Risk Factors — Risks Relating to our Business and Industry — We rely on the proper function, security and

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availability of our information technology systems and data to operate our business, and a breach, cyber-attack or other disruption to these systems or data could materially and adversely affect our business, financial condition or results of operations.” We have implemented relevant internal procedures and controls to ensure that user data is protected, and that leakage and loss of such data are avoided. In particular, we have installed encryption software on the computers of key functional departments, including, among others, R&D, human resources, procurement, and finance. The transmission and decryption of files for external purposes require prior approval, and all transmission records are archived. We monitor the execution of our information security policies and provide regular trainings and technical support to our business operation teams. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of user data.

Data Privacy and Security Risk Management

We have designed strict data protection policies to ensure that the collection, use, storage, and processing of medical data comply with applicable laws and prevalent industry practices. We have adopted comprehensive data privacy and protection policies and have established a management system to enforce our data privacy and protection measures. We would also organize training from time to time to ensure privacy compliance and data security. For details, see “— Environmental, Social and Governance — Information security and privacy protection” in this section.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any breach of confidential data or personal information or any related incidents which could cause a material adverse effect on our business, financial condition or results of our operations, and we had complied with laws and regulations related to data security and privacy with our products, systems and operations in all material aspects. As confirmed by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had not incurred any related administrative penalties. For details of laws and regulations regarding data privacy and protection, see “Regulatory Overview — Other Laws and Regulations — Laws and Regulations on Information Security and Data Privacy” in this document.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, expenses management policies and treasury management policies. We have various procedures in place to implement accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department staff to ensure that they understand financial management and accounting policies and implement them in our daily operations.

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Human Resource and Anti-Corruption Management

We have established human resources policies covering recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new joiners and provide induction training and periodic trainings in relation to various compliance aspects. In addition, we provide regular and specialized training tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Through these trainings, we ensure that our staff’s skill sets remain up to date, enabling them to better discover and meet customers’ needs.

We have in place an employee handbook and a staff code of conduct. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence, anti-bribery, and anti-corruption. We have implemented an anti-corruption policy that outlines prohibited conduct and the corresponding preventive and disciplinary measures, with the aim of safeguarding against corrupt practices within our Group. Under our firm-wide whistle-blowing policy, we make our internal reporting channel open and available for our employees to report on an anonymous basis, any non-compliance incidents and acts, including bribery and corruption. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any non-compliance with relevant laws and regulations that have a significant impact on us relating to corruption and bribery. We conduct periodic performance reviews for our employees. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential non-compliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts at all levels of our Group.

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You should read the following discussion and analysis in conjunction with audited consolidated financial information included in “Appendix I — Accountants’ Report” to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see “Forward-looking Statements” and “Risk Factors” in this document.

OVERVIEW

We are a global medical solution provider with innovative and comprehensive product offerings, serving clinical needs across a wide range of clinical departments, wards and offices within medical institutions, as well as community health centers, testing facilities and home care scenarios. As of June 30, 2025, we had commercialized over (i) 50 life support products, (ii) 80 minimally invasive intervention products, and (iii) 210 in vitro diagnostics products, available in multiple models to accommodate diverse application needs. As of the Latest Practicable Date, our products had reached over 140 countries and regions globally. In China, our products have cumulatively reached over 6,000 hospitals, including approximately 90% Grade 3A (三級甲等) hospitals, covering 31 provinces, municipalities and autonomous regions.

We generate revenue primarily through the sale of medical products, and have achieved sustained revenue growth throughout the Track Record Period. From 2022 to 2024, our revenue increased from RMB917.4 million to RMB1,399.4 million, at a CAGR of 23.5%. Furthermore, our revenue increased by 15.3% from RMB682.1 million for the six months ended June 30, 2024 to RMB786.6 million for the same period of 2025. Accordingly, our gross profit margin increased from 43.7%, in 2022 to 49.7% in 2024, and it further increased to 52.9% for the six months ended June 30, 2025. In line with our phased development strategy, we made significant investments in product R&D, technology upgrades, business line expansion and global marketing during the Track Record Period. As a result of these strategic expenditures, we recorded net loss of RMB226.2 million, RMB64.5 million and RMB96.6 million in 2022, 2023, and 2024, respectively. For the six months ended June 30, 2025, we turned profitable

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with a net profit of RMB41.0 million, compared to a net loss of RMB58.0 million for the same period in 2024, mainly attributable to sales growth across all major business units, coupled with enhanced production and operational efficiency.

During the Track Record Period, we turned from adjusted loss for the period (non-IFRS measure) of RMB104.1 million in 2022 to adjusted profit for the period (non-IFRS measure) of RMB20.4 million in 2024. For the six months ended June 30, 2025, our adjusted profit for the period (non-IFRS measure) significantly increased to RMB92.3 million as compared with RMB9.3 million for the same period in 2024. Our adjusted EBITDA (non-IFRS measure) turned from loss of RMB29.7 million in 2022 into profits of RMB139.3 million in 2024. For the six months ended June 30, 2024, our adjusted EBITDA (non-IFRS measure) increased significantly RMB148.6 million as compared with RMB69.5 million for the same period in 2024.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the major factors affecting our results of operations and financial condition include the following:

Growth and Competitive Landscape of Our Industry

Our financial performance and future growth mainly depend on the overall growth of and our competitiveness in the markets of life support, minimally invasive intervention and in vitro diagnostics. Factors such as an aging population, increasing awareness of medical diagnosis and treatment, favorable governmental policies, and broader insurance coverage have been driving and are expected to continue to drive the growth of the medical device market. According to CIC, in 2024, the life support market reached a scale of US\$75.1 billion globally and RMB55.7 billion in China; the endoscopic minimally invasive intervention market reached US\$32.1 billion globally and RMB24.9 billion in China; and the in vitro diagnostics market reached US\$108.4 billion globally and RMB116.1 billion in China. We have achieved competitive strengths across the life support, minimally invasive intervention and in vitro diagnostics markets during the Track Record Period. For details of our market rankings, see “Business — Overview” and “Industry Overview” sections.

We face competition from multi-national and domestic companies from various perspectives, including among others, product safety and efficacy, timing and scope of regulatory approvals, availability and cost of supply, marketing and sales capabilities, reimbursement coverage, product price, and patent position. We believe that, leveraging our market competitive strengths and comprehensive product portfolio, we are capable of capitalizing on the market opportunities. Meanwhile, to achieve a larger market share, we may need to continue to devote managerial, financial and other resources to anticipate and respond to potential changes in market conditions and industry trends both in China and globally in a timely manner.

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Our Ability to Successfully Develop New Products

Our success depends on our ability to anticipate clinical needs and market trends, and responding with timely and cost-effective innovations. To that end, we plan to further expand and diversify our product portfolio by strengthening our R&D capabilities, which include the development of new products, iterative improvements to existing product series, and strategic extensions across product units. Leveraging our R&D platform and accumulated technological expertise, we aim to improve development efficiency, control costs, and mitigate risks inherent to new product launches. However, delays in our R&D progress or in the commercialization of pipeline products may affect our future revenue growth and business outlook.

Our Ability to Manage the Pricing Mechanism and Expand Our Sales Network

For our products sold to distributors, the prices are subject to our negotiation with the distributors with reference to their sales volumes and selling prices to the end customers. For our products sold directly to hospitals, our product prices are generally based on the public tender process as required by hospitals and our negotiation with relevant customers pursuant to applicable regulations, which may put downward pressure on our selling prices. For details, see “Business — Pricing.” Decreases in the selling prices of our products may adversely affect our revenue and gross profit margin. We seek to enhance our pricing bargaining power by continuously innovating and upgrading our products with higher clinical value and pricing potential.

We continue to develop and enhance our sales network. As of the Latest Practicable Date, our products had reached over 140 countries and regions globally. In China, our products reached over 6,000 hospitals, including approximately 90% of Grade 3A hospitals, spanning 31 provinces, municipalities, and autonomous regions. We primarily sell our products through distributors. In 2022, 2023, 2024 and for the six months ended June 30, 2025, our global network included approximately 2,895, 3,445, 3,694 and 2,566 distributors, respectively, generating revenue of RMB774.0 million, RMB1,151.8 million, RMB1,179.8 million and RMB652.2 million, respectively, accounting for 84.4%, 87.8%, 84.3% and 82.9% of our total revenue in each corresponding period, respectively. Thus, our ability to expand and efficiently manage our distribution network is vital to our business success and financial health. Moreover, our marketing strategies are executed by our in-house sales and marketing team, which is strategically aligned across different geographic regions. As of June 30, 2025, our sales and marketing team numbered over 400 employees. Our ability to continuously maintain, expand and manage our sales team and distributor network is critical to our results of operations and financial condition.

Our Ability to Maintain Sufficient Manufacturing Capacity and Increase Operational Efficiency

Our manufacturing capacity affects our results of operations. We are proactively expanding our production capacity and upgrading our manufacturing centers to accommodate our increasingly diversified product pipeline and growing market demand. The expansion of

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our manufacturing capacity requires time to (i) construct the facilities, (ii) obtain the necessary permits and certifications for operations, (iii) recruit and train the new employees for the new manufacturing centers and (iv) purchase our replacement machine and equipment. For details, see “Future Plans and Use of [REDACTED]” in this document.

Our ability to effectively control our cost of sales and expenses while achieving expected business growth is critical to our profitability. Our cost of sales primarily consisted of raw materials, direct labor costs and manufacturing costs. Our cost of sales was RMB516.5 million, RMB661.9 million, RMB704.3 million and RMB370.8 million in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively, representing 56.3%, 50.4%, 50.3% and 47.1% of our revenue for the same periods, respectively. Any fluctuation in raw material costs from current levels would impact our cost of sales and our profit margin. We have implemented several measures with respect to our raw material procurement process in order to mitigate the impact of shortage of and rising prices for principal raw materials, including monitoring inventory levels based on manufacturing forecast and maintaining a list of backup suppliers.

In addition, our business and results of operations are affected by our operating expense structure, which primarily comprised R&D expenses, selling and marketing expenses, and administrative expenses during the Track Record Period. We incurred substantial selling and marketing expenses as we maintain a well-established sales and marketing team to sell and promote our products in China and overseas. As we launch new products, expand our product lines and further penetrate into existing and new markets, we may incur extra expenses for involving in more sales and marketing activities and expanding our in-house sales and marketing team. Our administrative expenses primarily consisted of administrative staff costs. Our R&D expenses primarily consist of R&D staff costs and raw material costs. We anticipate that our R&D expenses will continue to constitute a substantial portion of our total operating expenses in the foreseeable future, as we persist in our efforts to expand and innovate our product portfolio. This ongoing investment in R&D is crucial to maintaining our competitive edge and responding to evolving market demands. We expect our cost and expense structure to evolve as we continue to expand our business operation and develop and launch new products. Going forward, we will continue to endeavor to improve operating efficiency and achieve economies of scale to enhance our profit margin.

Our Ability to Implement Successful Acquisitions and Post-Acquisition Management

We expanded rapidly through organic growth and strategic acquisitions. We strategically select high-quality acquisition targets that synergize or complement with the technical capabilities or application scenarios of our existing products, gradually expanding our business boundaries. In the first half of 2022, we acquired Vedkang Medical and Penlon. The acquisition of Vedkang Medical enabled us to expand into the field of minimally invasive interventions, while the acquisition of Penlon enhanced our life support product portfolio by incorporating anesthesia system products. For details, see “History, Development and Corporate Structure — Material Acquisitions.” To further strengthen our sales capabilities in overseas markets, we acquired a Belgian distributor in June 2025, enhancing our international sales capabilities. In

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August 2025, to further strengthen our presence in the endoscope market, we have entered into an equity transfer agreement to acquire 100% equity interest of Caring Medical, which is a medical device company focusing on the development, production and sales of intelligent endoscopic systems.

In identifying acquisition opportunities, we focus on businesses in market segments where our existing engineering capabilities, technological expertise, and operational infrastructure can be effectively leveraged to drive post-acquisition integration and value creation. We also favor targets whose product portfolios share clinical applications and departmental overlaps with our existing business units, enabling efficient use of our established sales channels and customer base. We will continue to pursue strategic acquisition opportunities that can further expand our business footprint. Our ability to identify suitable targets, execute successful acquisitions, and implement effective post-acquisition management will play a critical role in driving future revenue growth and enhancing our business prospects.

Fluctuations in Foreign Exchange Rates

During the Track Record Period, a portion of our revenue was generated from sales denominated in foreign currencies, while a large portion of our costs and expenses were denominated in Renminbi. In addition, we operate on a global scale and generate revenue in multiple currencies. Consequently, the translation of these local currencies into RMB, our reporting currency, also impacts our financial results. This currency translation can lead to significant fluctuations in reported earnings due to changes in exchange rates, affecting the comparability and interpretation of our operational outcomes over time. For details, see “— Market Risk Disclosure” in this section.

Regulatory Environment

The medical device industry is highly regulated in China and globally. Government policies and regulations, and their implementation and enforcement, significantly impact the supply, demand and pricing of medical devices, as well as on the cost of compliance for medical device companies in countries/regions where they operate. Medical devices must be filed or registered with the NMPA, EMA, FDA or other similar regulatory authorities before they can be manufactured or sold in relevant markets, and some of such filings and registrations must be renewed periodically. The regulatory requirements in connection with such filing and registrations may change, which could significantly increase the resources and time required to launch new products and renew registrations for existing products.

In recent years, the governments of China, Europe, the U.S. and many other countries and regions have promulgated policies to encourage the development of innovative medical devices, which have contributed to the growth of the medical devices industry. Changes in policies and regulations may also affect our results of operations. For instance, in recent years, the healthcare regulatory framework in China has undergone various changes, including the tendering process, centralized procurement regime and the two-invoice system. These policies have influenced our choice of sales models, pricing flexibility, and the channels for our

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products to enter hospitals. We may face downward pricing pressure if our products are included in the centralized procurement regime or additional products of ours are included in the medical insurance reimbursement list, even if such inclusions are expected to increase the sales volume of our products. See “Business — Pricing”. We will need to constantly adjust our operations and sales practices in order to comply with any changes in the regulatory environment in the countries and/or regions where our products are sold to.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with applicable IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”). The historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each period during the Track Record Period.

The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our historical financial information are disclosed in Note 3 of the Appendix I to this document.

Our Acquisition of Vedkang Medical

Upon the completion of our acquisition of Vedkang Medical on April 12, 2022, we acquired 100% of Vedkang Medical’s equity interests. For details of this acquisition, see “History, Development and Corporate Structure — Material Acquisitions.” Prior to our acquisition, Vedkang Medical recorded revenue of RMB111.0 million for the period from January 1, 2022 to April 12, 2022, and it incurred net loss of RMB22.9 million for the same period, respectively. The consolidated financial information of Vedkang Medical for the period from January 1, 2022 to April 12, 2022, which has been prepared in accordance with IFRS, is listed separately in this section and in Note 36 of the Appendix I to this document.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. We set out below some of the accounting policies and estimates that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our judgments and estimates, which are important for understanding our financial condition and results of operations, are set out in further detail in Note 3 to the Accountants’ Report in Appendix I to this document.

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Significant Accounting Policies

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

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

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

Revenue from the sale of life support products, minimally invasive intervention products and in vitro diagnostics devices is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products for export sales and acceptance of the products for domestic sales.

Some contracts for the sale of products provide customers with rights of volume rebates, giving rise to variable consideration.

Volume Rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against future amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration

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is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

Business Combinations and Goodwill

Business combinations under common control are accounted for using the pooling of interest method. On the acquisition date, the carrying amounts of the assets and liabilities of the acquiree recognized in the consolidated financial statements of its former parent are reflected in our consolidated financial statements, and no new goodwill is recognized as the result of the combination.

All other business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by our Group, liabilities assumed by our Group to the former owners of the acquiree and the equity interests issued by our Group in exchange for control of the acquiree. For each business combination, we elect whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

We determine that we have acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When we acquire a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform our annual impairment test of goodwill as of December 31 in each year. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair Value Measurement

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

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

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each period during the Track Record Period.

Property, Plant and Equipment and Depreciation

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

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

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

	Shorter of remaining lease terms and estimated useful lives
Leasehold improvements	
Buildings	4.75%
Office equipment	19% to 32%
Plant and machinery	9.5% to 19%
Transportation equipment	19% to 32%

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

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

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

Intangible Assets (Other Than Goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Intangible assets with definite useful lives are amortized on the straight-line basis over the following useful economic lives:

Software.	2 to 10 years
Patents	10 years
Customer relationship.	10 years

Intangible assets with indefinite useful lives are summarized as follow:

Brands. Brands were acquired from business combinations. Acquired brands are stated initially at acquisition date fair value, and are subsequently measured at cost less any impairment losses.

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Research and development costs. All research costs are charged to the statement of profit or loss as incurred.

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

Significant Accounting Judgements and Estimates

Research and Development Expenses

All research costs are charged to the statement of profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalized requires the use of judgements and estimation.

Revenue from Contracts with Customers

We applied the following judgement that significantly affects the determination of the amount and timing of revenue from contracts with customers:

Determining the method to estimate variable consideration and assessing the constraint for the sale of life support products, minimally invasive intervention products and in vitro diagnostics medical devices.

Certain contracts for the sale of life support products, minimally invasive intervention products and in vitro diagnostics medical devices include volume rebates that give rise to variable consideration. In estimating the variable consideration, we are required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

In estimating the variable consideration for the sale of products with volume rebates, we determined that using the most likely amount method is appropriate. The most likely amount method that better predicts the amount of variable consideration related to volume rebates is primarily driven by a single volume threshold contained in the contract.

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Before including any amount of variable consideration in the transaction price, we consider whether the amount of variable consideration is constrained. We determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Impairment of Goodwill

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2022, 2023, 2024 and for the six months ended June 30, 2025 was RMB0.9 billion, RMB0.9 billion, RMB0.9 billion and RMB0.9 billion, respectively. Further details are disclosed in Note 17 of the Appendix I to this document.

Impairment of non-financial assets (other than good will)

We assess whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each year/period during the Track Record Period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, we must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for Expected Credit Losses on Trade and Bill Receivables

We use a provision matrix to calculate ECLs for trade and bill receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each period during the Track Record Period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on our trade and bill receivables is disclosed in Note 22 of the Appendix I to this document.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

The following table sets forth our consolidated statements of comprehensive profit or loss for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Unaudited)									
	(RMB in thousands, except percentages)									
Revenue	917,369	100.0	1,313,297	100.0	1,399,361	100.0	682,148	100.0	786,567	100.0
Cost of sales	(516,507)	(56.3)	(661,861)	(50.4)	(704,289)	(50.3)	(333,673)	(48.9)	(370,845)	(47.1)
Gross profit	400,862	43.7	651,436	49.6	695,072	49.7	348,475	51.1	415,722	52.9
Other income and gains .	57,388	6.3	82,417	6.3	56,331	4.0	15,732	2.3	21,593	2.7
Selling and marketing										
expenses	(258,659)	(28.2)	(328,322)	(25.0)	(332,538)	(23.8)	(164,749)	(24.2)	(167,044)	(21.2)
Administrative expenses .	(172,623)	(18.8)	(145,950)	(11.1)	(177,003)	(12.6)	(90,853)	(13.3)	(80,026)	(10.2)
Research and										
development expenses .	(235,609)	(25.7)	(281,099)	(21.4)	(290,508)	(20.8)	(141,772)	(20.8)	(126,568)	(16.1)
Impairment on assets, net.	(125)	0.0	(96)	0.0	(1,761)	(0.1)	(1,124)	(0.2)	(255)	(0.0)
Other expenses	(3,525)	(0.4)	(5,517)	(0.4)	(3,201)	(0.2)	(1,755)	(0.3)	(753)	(0.1)
Finance costs	(14,535)	(1.6)	(21,419)	(1.6)	(15,998)	(1.1)	(10,420)	(1.5)	(6,086)	(0.8)
Share of losses of an										
associate	(386)	0.0	(1,274)	(0.1)	(896)	(0.1)	(896)	(0.1)	–	–
Profit/Loss before tax . .	(227,212)	(24.8)	(49,824)	(3.8)	(70,502)	(5.0)	(47,362)	(6.9)	56,583	7.2
Income tax										
benefit/(expense) . . .	1,051	0.1	(14,684)	(1.1)	(26,115)	(1.9)	(10,664)	(1.6)	(15,615)	(2)
Profit/Loss for the										
year/period	(226,161)	(24.7)	(64,508)	(4.9)	(96,617)	(6.9)	(58,026)	(8.5)	40,968	5.2
Attributable to:										
Owners of the parent . . .	(222,725)	(24.3)	(63,709)	(4.9)	(96,400)	(6.9)	(57,769)	(8.5)	40,189	5.1
Non-controlling interests .	(3,436)	(0.4)	(799)	(0.1)	(217)	0.0	(257)	(0.0)	779	0.1
	(226,161)	(24.7)	(64,508)	(4.9)	(96,617)	(6.9)	(58,026)	(8.5)	40,968	5.2

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NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit/loss (non-IFRS measure), adjusted EBIT (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted profit/loss (non-IFRS measure), adjusted EBIT (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted profit/loss for the period (non-IFRS measure) as the profit/loss excluding share-based payment expenses [REDACTED] expenses and amortization of patents and customer relationship as a result of business acquisitions. Share-based payment expenses are non-cash expenses arising from share awards granted to certain management personnel and employees and do not result in cash outflow. [REDACTED] expenses are expenses in relation to the [REDACTED] and the [REDACTED]. We define adjusted EBIT (non-IFRS measure) as adjusted profit/loss for the period (non-IFRS measure), adding back finance costs and income tax expenses or subtracting income tax benefits. We define adjusted EBITDA (non-IFRS measure) as adjusted EBIT (non-IFRS measure) adding back depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets. We adjust these items because they are neither operating in nature nor indicative of our core operating results and business outlook. These reconciling items are non-recurring, which comply with Chapter 3.11 of the Guide.

We therefore believe that adjusting these items provide potential investors and management with greater visibility to our operating results and financial performance, so that they can assess our underlying core performance undistorted. The following table reconciles (in absolute amounts and as percentages of total revenues for the period indicated) our adjusted profit/loss (non-IFRS measure), adjusted EBIT (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) for the periods presented to the most directly comparable financial measure calculated and presented under IFRS:

	For the Year Ended December 31,			For the Six Months ended June 30,	
	2022	2023	2024	2024	2025
	(Unaudited)				
	(RMB in thousands, except percentages)				
Profit/Loss for the period . .	(226,161)	(64,508)	(96,617)	(58,026)	40,968
Add:					
Equity settled share-based payments	87,455	64,119	53,822	33,994	27,624
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amortization of patents and customer relationship as a result of business acquisitions .	34,564	45,273	45,475	22,732	22,809
Adjusted profit/(loss) for the period (non-IFRS measure)	(104,142)	46,500	20,430	9,332	92,259
Adjusted profit/(loss) margin (non-IFRS measure) (%) . .	(11.4)	3.5	1.5	1.4	11.7

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	For the Year Ended December 31,			For the Six Months ended June 30,	
	2022	2023	2024	2024	2025
<i>(Unaudited)</i>					
<i>(RMB in thousands, except percentages)</i>					
Add:					
Finance costs	14,535	21,419	15,998	10,420	6,086
Income tax					
(benefits)/expenses	(1,051)	14,684	26,115	10,664	15,615
Adjusted EBIT (non-IFRS measure)	(90,658)	82,603	62,543	30,416	113,960
Adjusted EBIT margin					
(non-IFRS measure) (%) . .	(9.9)	6.3	4.5	4.5	14.5
Add:					
Depreciation of property, plant and equipment . . .	30,495	37,628	38,786	18,680	18,050
Depreciation of right-of-use assets	28,056	29,300	30,971	15,278	13,518
Amortization of other intangible assets*	2,381	3,627	7,047	5,145	3,091
Adjusted EBITDA (non-IFRS measure)	(29,726)	153,158	139,347	69,519	148,619
Adjusted EBITDA margin					
(non-IFRS measure) (%) . .	(3.2)	11.7	10.0	10.2	18.9

Note:

* Other intangible assets refer to our intangible assets excluding patents and customer relationship as a result of business acquisitions.

Revenue

Revenue by Business Units

During the Track Record Period, our revenue was primarily derived from the sales of medical devices. The following table sets forth a breakdown of our revenue by business units for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<i>(Unaudited)</i>										
<i>(RMB in thousands, except percentages)</i>										
Life support	415,844	45.3	564,146	43.0	494,057	35.3	246,590	36.1	297,833	37.9
Minimally invasive										
intervention	385,997	42.1	586,545	44.6	721,327	51.6	344,472	50.5	402,518	51.1
In vitro diagnostics	115,528	12.6	162,606	12.4	183,977	13.1	91,086	13.4	86,216	11.0
Total	917,369	100.0	1,313,297	100.0	1,399,361	100.0	682,148	100.0	786,567	100.0

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Life Support

We offer a comprehensive portfolio of life support products, including among others, medication delivery products, anesthesia machines, airway management and pulmonary function testing products and related consumables. Our revenue from sales of life support products experienced fluctuations during the Track Record Period, increasing by 35.7% from RMB415.8 million in 2022 to RMB564.1 million in 2023, followed by a decrease of 12.4% to RMB494.1 million in 2024. Subsequently, our revenue from sales of life support products rebounded by 20.8% from RMB246.6 million for the six months ended June 30, 2024 to RMB297.8 million for the same period in 2025. The revenue decrease we experienced in 2024 was primarily due to short-term adjustment in the market demand for medication delivery products, as hospitals had front loaded their purchases during the preceding pandemic year to ensure sufficient clinical supply, leading to extended usage cycles and reduced procurement in 2024. In the first half of 2025, our revenue from sales of life support products increased, primarily driven by our enhanced international sales performance as a result of our ongoing global strategic expansion. As a result, the revenue contribution from life support products to our total revenue accounted for 45.3%, 43.0%, 35.3% and 37.9%, respectively, in 2022, 2023, 2024 and for the six months ended June 30, 2025.

Minimally Invasive Intervention

Our business expanded into the field of minimally invasive intervention following our acquisition of Vedkang Medical in April 2022. We primarily offer reusable and single-use endoscope systems and consumable products. During the Track Record Period, our revenue from sales of minimally invasive intervention products achieved a sustained growth, increasing by 52.0% from RMB386.0 million in 2022 to RMB586.5 million in 2023, and further increasing by 23.0% to RMB721.3 million in 2024. It increased by 16.8% from RMB344.5 million for the six months ended June 30, 2024 to RMB402.5 million for the same period in 2025. The increase in our revenue from sales of minimally invasive intervention products during the Track Record Period was primarily attributable to the expansion of our customer base and the growth in product sales volume in both domestic and overseas markets. The revenue contribution of minimally invasive intervention products to our total revenue accounted for 42.1%, 44.6%, 51.6% and 51.1%, respectively, in 2022, 2023, 2024 and for the six month ended June 30, 2025.

In Vitro Diagnostics

Our in vitro diagnostics products primarily included testing analyzers and consumables spanning coagulation, blood grouping, chemiluminescence and molecular diagnosis. Our revenue increased by 40.8% from RMB115.5 million in 2022 to RMB162.6 million in 2023, and increased by 13.2% to RMB184.0 million in 2024. The revenue growth was primarily driven by the continuous expansion of our in vitro diagnostics product portfolio and market coverage, which led to a broader customer base. In the first half of 2025, our revenue decreased by 5.4% to RMB86.2 million as compared with RMB91.1 million in the same period of 2024, primarily due to a slight decline in sales volume and pricing adjustments amid fluctuations in market demand. As a result, the revenue contribution from in vitro diagnostics products to our total revenue accounted for 12.6%, 12.4%, 13.1% and 11.0%, respectively, in 2022, 2023, 2024 and for the six months ended June 30, 2025.

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Our revenue from sales to distributors demonstrated a stable growth trend during the Track Record Period, as it increased by 48.8% from RMB774.0 million in 2022 to RMB1,151.8 million in 2023, and further increased by 2.4% to RMB1,179.8 million in 2024, accounting for 84.4%, 87.8% and 84.3% of our total revenue in the same periods, respectively. Revenue from sales to distributors then increased by 14.0% from RMB572.1 million for the six months ended June 30, 2024 to RMB652.2 million for the same period of 2025, accounting for 83.9% and 82.9% of our total revenue in each of the respective periods. Our revenue from sales of distributors steadily increased during the Track Record Period, which was in line with our overall business growth.

In addition to distribution sales, we also conduct ODM sales for overseas markets. Under this model, we develop, produce, and supply medical products according to the specifications required by our ODM customers. These products are ultimately being sold under our ODM customer’s brand names. Our revenue from ODM sales increased by 15.9% from RMB121.8 million in 2022 to RMB141.2 million in 2023, primarily due to the full-year consolidation of Vedkang Medical’s ODM revenue of Vedkang Medical in 2023, as compared to an eight-months consolidation in 2022 following the completion of its acquisition in April 2022. Our revenue from ODM sales then increased by 22.3% from RMB141.2 million in 2023 to RMB172.6 million in 2024, and it increased by 21.3% from RMB88.0 million for the six months ended June 30, 2024 to RMB106.7 million for the same period of 2025. These increases were generally in line with our overall business expansion and sales volume increases. The revenue generated from ODM sales accounted for 13.3%, 10.7%, 12.3% and 13.6% of our total revenue in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively.

We sell a small portion of our products directly to hospitals and other end customers. Our revenue from direct sales amounted to RMB21.5 million and RMB20.3 million, remaining at a relatively stable level. In 2024, our revenue from direct sales increased significantly to RMB47.0 million, primarily driven by the expansion of our hospital customer base. For the six months ended June 30, 2025, our revenue from direct sales increased by 25.5% to RMB27.7 million as compared with RMB22.0 million for the same period in 2024, which was in line with our overall business expansion. The revenue generated from direct sales accounted for 2.3%, 1.5%, 3.4%, and 3.5% of our total revenue in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively.

Cost of Sales

Our cost of sales primarily consisted of raw materials, staff costs and manufacturing costs. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(Unaudited)</i>										
<i>(RMB in thousands, except percentages)</i>										
Raw materials	349,547	67.7	444,302	67.1	467,089	66.3	220,847	66.2	248,049	66.9
Direct labor costs	42,983	8.3	62,349	9.4	61,727	8.8	29,446	8.8	36,535	9.8
Manufacturing costs	123,977	24.0	155,210	23.5	175,473	24.9	83,380	25.0	86,261	23.3
Total	516,507	100.0	661,861	100.0	704,289	100.0	333,673	100.0	370,845	100.0

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The following table sets forth a breakdown of our cost of sales by business units for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
									(Unaudited)	
	(RMB in thousands, except percentages)									
Life support	271,112	52.5	331,308	50.1	321,557	45.7	148,722	44.6	166,943	45.0
Minimally invasive										
intervention	188,444	36.5	262,420	39.6	305,249	43.3	146,934	44.0	162,176	43.7
In vitro diagnostics	56,951	11.0	68,133	10.3	77,483	11.0	38,071	11.4	41,726	11.3
Total	516,507	100.0	661,861	100.0	704,289	100.0	333,673	100.0	370,845	100.0

Gross Profit and Gross Margin

The following table sets forth the breakdown of our gross profit in absolute amounts and gross margin in percentages by business units for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)									
Life support	144,732	34.8	232,838	41.3	172,500	34.9	97,868	39.7	130,890	43.9
Minimally invasive										
intervention	197,553	51.2	324,125	55.3	416,078	57.7	197,538	57.3	240,342	59.7
In vitro diagnostics	58,577	50.7	94,473	58.1	106,494	57.9	53,069	58.3	44,490	51.6
Total gross profit/overall										
gross margin	400,862	43.7	651,436	49.6	695,072	49.7	348,475	51.1	415,722	52.9

Our gross profit represents our revenue less our cost of sales. Our overall gross profit margin increased from 43.7% in 2022 to 49.6% in 2023 and 49.7% in 2024, primarily driven by adjustments to our product mix, a decrease in material procurement costs, and lower production costs per unit as a result of increased production volumes. Our overall gross profit margin increased from 51.1% for the six months ended June 30, 2024 to 52.9% during the same period in 2025, primarily driven by increased sales volume, which enhanced manufacturing efficiency and diluted fixed production costs.

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From 2022 to 2023, each of our three major business units — life support, minimally invasive intervention, and in vitro diagnostics — achieved growth in gross profit and profit margin, primarily due to increases in sales volumes driven by growing customer demand and lower production costs per unit as a results of increased production volumes. In 2024, (i) the gross profit margin for life support products decreased from 41.3% in 2023 to 34.9% in 2024, primarily due to a decline in the sales of our higher-margin medication delivery products in 2024; (ii) the gross profit margin for minimally invasive intervention products increased from 55.3% in 2023 to 57.7% in 2024, mainly due to higher sales volume and improved raw material procurement cost control; and (iii) the gross profit margin for in vitro diagnostics products remained stable at 58.1% in 2023 and 57.9% in 2024.

For the six months ended June 30, 2025, our business units of life support and minimally invasive intervention achieved growth in gross profit and profit margin as compared to the same period in 2024 driven by increased sales volume, enhanced manufacturing efficiency and diluted fixed production costs. For the six months ended June 30, 2025, our business unit of in vitro diagnostics experienced a decrease in the gross profit and profit margin, primarily due to a slight decline in sales volume and pricing adjustments amid fluctuations in market demand.

Other Income and Gains

Our other income and gains primarily consisted of (i) government grants income; (ii) bank interest income; (iii) investment income on investments classified as financial assets at FVTPL; (iv) investment income on investments classified as financial assets at FVOCI; (v) net foreign exchange gains; and (vi) fair value gains on financial assets at FVTPL. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
<i>(Unaudited)</i>					
<i>(RMB in thousands)</i>					
Other income					
Government grants income ⁽¹⁾	29,443	64,174	44,600	7,677	10,489
Bank interest income	3,523	2,974	6,122	3,106	1,077
Investment income on investments classified as financial assets at fair value through profit or loss ("FVTPL") ⁽²⁾	709	1,940	1,163	536	440
Investment income on investments classified as financial assets at fair value through other comprehensive income ("FVOCI") ⁽³⁾	12,454	—	—	—	1,052
Others	1,262	1,040	776	687	266
Total other income	47,391	70,128	52,661	12,006	13,324

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	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(Unaudited)				
	(RMB in thousands)				
Gains					
Foreign exchange gains, net	9,997	10,918	1,733	3,207	5,199
Gain on disposal of property, plant and equipment	–	265	202	–	467
Gain on termination of lease	–	–	353	–	–
Fair value gains on financial assets at FVTPL	–	1,106	1,382	519	2,603
Total gains	9,997	12,289	3,670	3,726	8,269
Total other income and Gains.	57,388	82,417	56,331	15,732	21,593

Notes:

- (1) The government grants income primarily includes the fundings provided by the government to key and innovative enterprises, subsidies for R&D projects, rewards for product innovation and business expansion, as well as tax refunds.
- (2) Investments classified as financial assets at FVTPL mainly consists of wealth management products, denominated in RMB, with expected yield rates ranging from 1.35% to 3.49% per annum.
- (3) Investments classified as financial assets at FVOCI mainly consists deposits, denominated in RMB, with expected yield rates ranging from 3.1% to 3.85% per annum. Fluctuations during the Track Record Period are primarily due to purchases and redemptions of these deposits.

Selling and Marketing Expenses

Our selling expenses primarily consist of (i) staff costs, representing wages, benefits and bonuses for our in-house selling and marketing team; (ii) share-based payments to our sales and marketing team under our employee incentive scheme; (iii) marketing and promotion expenses, primarily including fees paid to third-party service providers for brand and product promotion, exhibition participation costs, advertising production expenses, and costs associated with expanding sales channels; (iv) travelling and office expenses incurred by our in-house sales and marketing team; and (v) depreciation and amortization expenses. Other expenses represented miscellaneous costs in relation to general sales and marketing activities and office expenses related to the sales team. The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Unaudited)									
	(RMB in thousands, except percentages)									
Staff costs	125,247	48.4	147,001	44.8	155,060	46.6	80,005	48.6	79,694	47.7
Share-based payments	18,021	7.0	17,253	5.3	7,133	2.1	5,349	3.2	4,530	2.7
Marketing and promotion expenses	55,932	21.6	89,613	27.3	93,747	28.2	44,922	27.3	44,069	26.4

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	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Unaudited)									
	(RMB in thousands, except percentages)									
Travelling and office expenses	29,748	11.5	40,186	12.2	43,139	13.0	19,316	11.7	20,534	12.3
Depreciation and amortization	10,875	4.2	11,959	3.6	12,279	3.7	5,918	3.6	7,646	4.6
Others	18,836	7.3	22,310	6.8	21,180	6.4	9,239	5.6	10,571	6.3
	258,659	100.0	328,322	100.0	332,538	100.0	164,749	100.0	167,044	100.0

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, representing wages, benefits and bonuses for our administrative staff; (ii) share-based payments to our administrative staff under our employee incentive scheme; (iii) depreciation and amortization; (iv) professional service fees primarily including legal, financial and accounting fees; (v) taxation expenses; (vi) office expenses related to property leases and property service fees and office supply costs; and (vii) [REDACTED] expenses for the [REDACTED]. Other expenses primarily include travelling expenses of our administrative staff and other expenses related to daily administrative activities. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Unaudited)									
	(RMB in thousands, except percentages)									
Staff costs	65,309	37.8	68,200	46.7	70,459	39.8	34,020	37.4	36,479	45.6
Share-based payments . .	52,247	30.4	25,511	17.5	31,681	17.9	21,354	23.5	15,906	19.9
Depreciation and										
amortization	11,250	6.5	11,604	8.0	12,626	7.1	8,004	8.8	7,509	9.4
Professional service fees .	18,664	10.8	9,239	6.3	13,807	7.8	3,666	4.0	3,701	4.6
Taxation expenses	8,133	4.7	10,927	7.5	10,739	6.1	5,143	5.7	7,591	9.5
Office expenses.	4,868	2.8	6,488	4.4	6,788	3.8	2,878	3.2	2,347	2.9
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	12,152	7.0	12,365	8.5	13,153	7.5	5,156	5.7	5,635	7.0
	172,623	100.0	145,950	100.0	177,003	100.0	90,853	100.0	80,026	100.0

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Research and Development Expenses

Our R&D expenses primarily consist of (i) staff costs, representing wages, benefits and bonuses for our in-house R&D team; (ii) share-based payments to our R&D staff under our employee incentive scheme; (iii) expenses for purchasing of raw materials; (iv) depreciation and amortization; and (v) expenses related to product testing and regulatory registrations for the development and launch of our products. Other expenses primarily include expenses related to patent applications and registrations and office expenses relate to the R&D team and activities. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(Unaudited)</i>									
	<i>(RMB in thousands, except percentages)</i>									
Staff costs	150,904	63.9	179,275	63.8	192,090	66.1	96,973	68.4	87,944	69.5
Share-based payments . .	12,667	5.4	16,130	5.7	7,887	2.7	3,023	2.2	2,781	2.2
Raw materials	21,214	9.0	24,556	8.7	24,430	8.4	11,952	8.4	8,512	6.7
Depreciation and amortization	17,110	7.3	17,918	6.4	21,564	7.4	8,995	6.3	8,401	6.6
Testing and registration expenses	15,217	6.5	21,798	7.8	20,794	7.2	10,443	7.4	6,682	5.3
Others	18,497	7.9	21,422	7.6	23,743	8.2	10,386	7.3	12,248	9.7
	<u>235,609</u>	<u>100.0</u>	<u>281,099</u>	<u>100.0</u>	<u>290,508</u>	<u>100.0</u>	<u>141,772</u>	<u>100.0</u>	<u>126,568</u>	<u>100.0</u>

Impairment on Financial Assets, Net

Our net impairment on financial assets primarily represented the credit impairment losses on our trade and other receivables. We recorded net impairment on assets of RMB0.1 million, RMB0.1 million, RMB1.8 million, RMB1.1 million and RMB0.3 million, respectively in 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, arising from our expected credit losses on our trade receivables in the ordinary course of our business. For details of the test on expected credit losses, see Note 22 of the Appendix I to this document.

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Other Expenses

Our other expenses primarily consisted of (i) fair value loss on financial liabilities measured at fair value; (ii) donations; (iii) loss on disposal of property, plant and equipment; and (iv) loss on termination of leases. The following table sets forth a breakdown of our other expenses for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>(Unaudited)</i>				
	<i>(RMB in thousands)</i>				
Fair value loss on financial liabilities measured at fair value	1,749	2,956	1,623	972	281
Donations*	805	1,792	650	260	70
Loss on disposal of property, plant and equipment	153	–	–	280	–
Loss on termination of lease . .	34	63	–	–	253
Others	784	706	928	243	149
	3,525	5,517	3,201	1,755	753

Note:

- * Donations primarily consisted of monetary donations and donations of medical device products to charitable organizations and schools.

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Finance Costs

Our finance costs primarily consisted of (i) interest on bank borrowings; (ii) interest on lease liabilities; and (iii) interest on payables arising from certain future purchase commitments included as part of the consideration for our acquisition of Vedkang Medical. Such interests were fully recognized in 2022 and are non-recurring in nature. The following table sets forth a breakdown of our finance cost for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
				<i>(Unaudited)</i>	
				<i>(RMB in thousands)</i>	
Interest on:					
Bank borrowings.	7,979	16,619	10,490	7,565	3,789
Lease liabilities	4,847	4,800	5,508	2,855	2,297
Payables in relation to a business acquisition	1,709	–	–	–	–
	14,535	21,419	15,998	10,420	6,086

Share of Losses of an Associate

We recorded share of losses of an associate of RMB0.4 million, RMB1.3 million, RMB0.9 million, RMB0.9 million and nil in 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025. The losses primarily resulted from a loss of an associate company of Vedkang Medical.

Income Tax Benefits/Expenses

We recorded income tax benefits of RMB1.1 million in 2022, and income tax expenses of RMB14.7 million, RMB26.1 million, RMB10.7 million and RMB15.6 million, respectively, in 2023, 2024, and for the six months ended June 30, 2024 and 2025. We recorded income tax expenses in 2023, 2024 and for the six months ended June 30, 2024 primarily because we did not fully recognize deferred tax assets in each of the corresponding period.

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We are subject to income tax on profits arising in or derived from jurisdictions in which members of our Group are domiciled and operate. Our principal applicable taxes and tax rates are set forth as follows:

United Kingdom

Our subsidiary incorporated in the United Kingdom is subject to income tax at a rate of 19% on the estimated assessable profits.

Netherlands

Our subsidiary incorporated in the Netherlands is subject to income tax at a rate of 15% on the estimated assessable profits.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008, except for our several subsidiaries in Mainland China which are granted tax concession and are taxed at preferential tax rates. The Company, Vedkang Medical, Changzhou Jiuhong, Medcaptain Life Science, Runpu Biotech, and Mabsky were qualified as High and New Technology Enterprises and entitled to a preferential income tax rate of 15% from 2021 to 2023. We completed the renewal of the above qualifications for 2024 to 2026 in December 2024. These qualifications are subject to review by the relevant tax authority in Mainland China for every three years. In addition, from 2022 to 2025, certain of our small and low-profit subsidiaries in Mainland China were entitled to a 75% discount on taxable income between RMB1,000,000 and RMB3,000,000, and total taxable income was taxed at a preferential tax rate of 20%.

During the Track Record Period and as of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

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PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared With Six Months Ended June 30, 2024

Revenue

Our revenue increased by 15.3% from RMB682.1 million for the six months ended June 30, 2024 to RMB786.6 million for the six months ended June 30, 2025, primarily driven by sales volume growth across all three of our major business units.

Revenue from sales of our life support products increased by 20.8% from RMB246.6 million for the six months ended June 30, 2024 to RMB297.8 million for the six months ended June 30, 2025, primarily due to a gradual market recovery. In 2024, market demand for medication delivery products softened as hospitals had front loaded their purchases during the preceding pandemic year to ensure sufficient clinical supply, which resulted in extended usage cycles and reduced procurement for life support products in 2024. Furthermore, the increase in our revenue from sales of life support products for the six months ended June 30, 2025 was driven by our enhanced international sales performance as a result of our ongoing global strategic expansion.

Revenue from our minimally invasive intervention products increased by 16.8% from RMB344.5 million for the six months ended June 30, 2024 to RMB402.5 million for the six months ended June 30, 2025, primarily due to the continued expansion of our product portfolio, which introduced new growth drivers, together with our market penetration efforts.

Revenue from our in vitro diagnostics products decreased by 5.4% from RMB91.1 million for the six months ended June 30, 2024 to RMB86.2 million for the six months ended June 30, 2025, primarily due to a slight decline in sales volume and pricing adjustments amid fluctuations in market demand.

Cost of Sales

Our cost of sales increased by 11.1% from RMB333.7 million for the six months ended June 30, 2024 to RMB370.8 million for the six months ended June 30, 2025, primarily due to an increase of RMB27.2 million in the cost of raw materials in response to rising market demand and sales volume of our products. Our cost of sales accounted for 48.9% and 47.1% of our total revenue for the six months ended June 30, 2024 and 2025, respectively.

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Gross Profit and Gross Profit Margin

Driven by increased sales volume, enhanced operational efficiency and diluted fixed production costs, our gross profit increased by 19.3% from RMB348.5 million for the six months ended June 30, 2024 to RMB415.7 million for the six months ended June 30, 2025, and our gross profit margin increased from 51.1% for the six months ended June 30, 2024 to 52.9% for the six months ended June 30, 2025.

Other Income and Gains

Our other income and gains increased by 37.6% from RMB15.7 million for the six months ended June 30, 2024 to RMB21.6 million for the six months ended June 30, 2025, primarily due to the increase of (i) incentives received from local government for being a local advanced enterprise; (ii) foreign exchange gains; and (iii) fair value gains on financial assets at FVTPL.

Selling and Marketing Expenses

Our selling and marketing expenses slightly increased by 1.4% from RMB164.7 million for the six months ended June 30, 2024 to RMB167.0 million for the six months ended June 30, 2025. Our selling expenses reflected a modest increase, with the overall amount remaining relatively stable.

Administrative Expenses

Our administrative expenses decreased by 12.0% from RMB90.9 million for the six months ended June 30, 2024 to RMB80.0 million for the six months ended June 30, 2025, primarily due to a decrease of RMB9.8 million in [REDACTED] expenses and a decrease of RMB5.4 million in share-based payments to our administrative staff.

Research and Development Expenses

Our research and development expenses decreased by 10.7% from RMB141.8 million for the six months ended June 30, 2024 to RMB126.6 million for the six months ended June 30, 2025, primarily due to (i) a decrease of RMB9.0 million in staff costs due to our cost optimization initiatives, (ii) a decrease of RMB3.8 million in testing and registration expenses; and (iii) a decrease of RMB3.4 million in raw material costs primarily attributable to a lower frequency of pilot-scale production of biologics during the period, in line with our R&D pipeline progression.

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Impairment on Financial Assets, Net

Our net impairment on financial assets primarily represented the credit impairment losses on our trade and other receivables. Our net impairment on financial assets amounted to RMB1.1 million and RMB0.3 million, respectively, for the six months ended June 30, 2024 and 2025. For details of the test on expected credit losses, see Note 22 of the Appendix I to this document.

Other Expenses

Our other expenses decreased by 55.6% from RMB1.8 million for the six months ended June 30, 2024 to RMB0.8 million for the six months ended June 30, 2025, primarily due to a decrease of RMB0.7 million in fair value losses on financial liabilities measured at fair value, for details of which see “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Financial Liabilities Measured at FVTPL.”

Finance Costs

Our finance costs decreased by 41.3% from RMB10.4 million for the six months ended June 30, 2024 to RMB6.1 million for the six months ended June 30, 2025, primarily due to a decrease in bank borrowings, leading to lower interest expenses. For details of our bank borrowings, see Note 30 of the Appendix I to this document.

Share of Losses of an Associate

We recorded share of losses of an associate of RMB0.9 million and nil for the six months ended June 30, 2024 and 2025, respectively, which was resulted from an associate of Vedkang Medical. Such associate has been dissolved in April 2024.

Income Tax Expenses

We recorded income tax expense of RMB10.7 million and RMB15.6 million for the six months ended June 30, 2024 and 2025, respectively.

Profit for the Period

As a result of the above, our loss for the period of RMB58.0 million for the six months ended June 30, 2024 turned into profit for the period of RMB41.0 million for the six months ended June 30, 2025.

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Year Ended December 31, 2024 Compared With Year Ended December 31, 2023

Revenue

Our revenue increased by 6.6% from RMB1,313.3 million in 2023 to RMB1,399.4 million in 2024, primarily attributable to the expansion of our minimally invasive intervention business.

Revenue from sales of our life support products decreased by 12.4% from RMB564.1 million in 2023 to RMB494.1 million in 2024, primarily due to a temporary adjustment in market demand for medication delivery products. In 2024, market demand for medication delivery products softened as hospitals had front loaded their purchases during the preceding pandemic year to ensure sufficient clinical supply, which resulted in extended usage cycles and reduced procurement for life support products in 2024.

Revenue from our minimally invasive intervention products increased by 23.0% from RMB586.5 million in 2023 to RMB721.3 million in 2024, primarily attributable to the expansion of our customer base and the growth in product sales volume in both domestic and overseas markets, as well as the introduction of new products.

Revenue from our in vitro diagnostics products increased by 13.1% from RMB162.6 million in 2023 to RMB184.0 million in 2024, mainly driven by higher sales of our testing products for blood grouping tests, chemiluminescence, and molecular diagnostics.

Cost of Sales

Our cost of sales increased by 6.4% from RMB661.9 million in 2023 to RMB704.3 million in 2024, primarily due to an increase of RMB22.8 million in raw material costs and an increase of RMB20.3 million in manufacturing costs, which was in line with the overall trend of our business expansion. Our cost of sales accounted for 50.4% and 50.3% of our total revenue in 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by 6.7% from RMB651.4 million in 2023 to RMB695.1 million in 2024, and our gross profit margin increased from 49.6% in 2023 and 49.7% in 2024.

Other Income and Gains

Other income and gains decreased by 31.7% from RMB82.4 million in 2023 to RMB56.3 million in 2024, primarily due to a one-time taxation rewards of approximately RMB24.5 million in 2023 granted by the regional tax bureau of Changzhou.

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Selling and Marketing Expenses

Our selling and marketing expenses slightly increased by 1.3% from RMB328.3 million in 2023 to RMB332.5 million in 2024, primarily due to an increase of RMB8.1 million in staff cost and an increase of RMB4.1 million resulting from our continued efforts to expand market coverage, partially offset by a decrease of RMB10.1 million in share-based payments made to our in-house selling and marketing team.

Administrative Expenses

Our administrative expenses increased by 21.3% from RMB146.0 million in 2023 to RMB177.0 million in 2024, primarily due to an increase of RMB[REDACTED] million in [REDACTED] expenses and an increase of RMB4.6 million in professional service fees in relation to our financing and investing activities, as well as an increase of RMB6.2 million in share-based payments made to our administrative staff under our employee incentive scheme.

Research and Development Expenses

Our research and development expenses slightly increased by 3.3% from RMB281.1 million in 2023 to RMB290.5 million in 2024, primarily due to an increase of RMB12.8 million in staff costs for recruitment of additional employees, partially offset by a decrease of RMB8.2 million in share-based payments to our in-house research and development team.

Impairment on Financial Assets, Net

Our net impairment on financial assets primarily represented the credit impairment losses on our trade and other receivables. Our net impairment on financial assets amounted to RMB96,000 and RMB1.8 million, respectively, in 2023 and 2024. For details of the test on expected credit losses, see Note 22 of the Appendix I to this document.

Other Expenses

Our other expenses decreased by 42.0% from RMB5.5 million in 2023 to RMB3.2 million in 2024, primarily due to a decrease of RMB1.3 million in fair value losses on financial liabilities measured at fair value, for details of which see “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Financial Liabilities Measured at FVTPL”.

Finance Costs

Our finance costs decreased by 25.3% from RMB21.4 million in 2023 to RMB16.0 million in 2024, primarily due to a decrease in bank borrowings, leading to lower interest expenses. For details of our bank borrowings, see Note 30 of the Appendix I to this document.

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Share of Losses of an Associate

Our share of losses of an associate decreased by 29.7% from RMB1.3 million in 2023 to RMB0.9 million in 2024, which was resulted from an associate of Vedkang Medical. Such associate has been dissolved in April 2024.

Income Tax Expenses

We recorded income tax expense of RMB14.7 million in 2023 and RMB26.1 million in 2024, respectively.

Loss for the Year

As a result of the above, our loss for the year increased by 49.8% from RMB64.5 million in 2023 to RMB96.6 million in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by 43.2% from RMB917.4 million in 2022 to RMB1,313.3 million in 2023, primarily driven by the sales growth of our life support products and attributable to the consolidation of financial results of Vedkang Medical and Penlon, which we acquired in the first half of 2022.

Revenue from sales of our life support products increased by 35.7% from RMB415.8 million in 2022 to RMB564.1 million in 2023, primarily driven by an increase in demand from hospitals for medication delivery products in 2023, resulting in increased sales volume of our life support products. In addition, as we acquired Penlon in January 2022, our consolidated revenue for 2022 included only 11 months of Penlon’s results, contributing to the year-on-year increase in 2023.

Revenue from our minimally invasive intervention products increased by 52.0% from RMB386.0 million in 2022 to RMB586.5 million in 2023, primarily due to the full-year consolidation of Vedkang Medical’s financial results in 2023, as compared to nine months of consolidation from April to December 2022 following our acquisition of Vedkang Medical.

Revenue from our in vitro diagnostics products increased by 40.8% from RMB115.5 million in 2022 to RMB162.6 million in 2023, mainly due to the expansion of our coagulation, chemiluminescence, and molecular diagnostics product lines, coupled with an expansion in our customer base.

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Cost of Sales

Our cost of sales increased by 28.1% from RMB516.5 million in 2022 to RMB661.9 million in 2023, primarily due to increases of RMB94.8 million in the cost of raw materials and an increase of RMB31.2 million in manufacturing costs, which was primarily driven by the growing market demand for life support products, and ramp-up production for newly acquired business units. Our cost of sales accounted for 56.3% and 50.4% of our total revenue in 2022 and 2023, respectively.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by 62.5% from RMB400.9 million in 2022 to RMB651.4 million in 2023. Our gross profit margin increased from 43.7% in 2022 to 49.6% in 2023, primarily driven by adjustments to our product mix, a decrease in material procurement costs, and lower production costs per unit as a result of increased production volumes.

Each of our three major business units — life support, minimally invasive intervention, and in vitro diagnostics — achieved growth in gross profit and profit margin from 2022 to 2023. This success is primarily attributed to the introduction of new products and the expansion of our customer base for each of our business units, which drove revenue increases. Additionally, we effectively leveraged our supply chain and production lines to enhance cost control, further contributing to our profitability.

Other Income and Gains

Other income and gains increased by 43.6% from RMB57.4 million in 2022 to RMB82.4 million in 2023, primarily due to the additional government grants we received in 2023, primarily including the taxation rewards granted by the regional tax bureau of Changzhou and various subsidies granted by the governmental institutions of Shenzhen for medical device companies.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 26.9% from RMB258.7 million in 2022 to RMB328.3 million in 2023, primarily due to (i) an increase of RMB33.7 million in marketing and promotion expenses, attributable to our enhanced efforts to promote brand awareness to support our business expansion; and (ii) an increase of RMB21.8 million in staff costs, due to an expansion of our in-house sales and marketing team to accommodate our business unit expansion.

Administrative Expenses

Our administrative expenses decreased by 15.5% from RMB172.6 million in 2022 to RMB146.0 million in 2023, primarily due to a decrease of RMB26.9 million in share-based payments to administrative staff in 2023.

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Research and Development Expenses

Our research and development expenses increased by 19.3% from RMB235.6 million in 2022 to RMB281.1 million in 2023, primarily due to (i) an increase of RMB28.4 million in R&D staff costs driven by the expansion of our R&D team following the acquisitions of Vedkang Medical and Penlon; and (ii) an increase of RMB6.6 million in expenses related to testing, clinical trials and registration for development and launch of new products.

Impairment on Financial Assets, Net

Our net impairment on financial assets primarily represented the credit impairment losses on our trade and other receivables. Our net impairment on financial assets amounted to RMB0.1 million and RMB96,000, respectively, in 2022 and 2023. For details of the test on expected credit losses, see Note 22 of the Appendix I to this document.

Other Expenses

Our other expenses increased by 56.5% from RMB3.5 million in 2022 to RMB5.5 million in 2023, primarily due to (i) an increase of RMB1.2 million in fair value losses on financial liabilities measured at fair value, for details of which see “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Financial Liabilities Measured at FVTPL”; and (ii) a decrease of RMB1.1 million in donations including monetary donations and donations of medical device products.

Finance Costs

Our finance costs increased by 47.4% from RMB14.5 million in 2022 to RMB21.4 million in 2023, primarily due to an increase of RMB8.6 million in the interests on our bank borrowings. For details of our bank borrowings, see Note 30 of the Appendix I to this document.

Share of Losses of an Associate

Our share of losses of an associate increased significantly from RMB0.4 million in 2022 to RMB1.3 million in 2023, which was resulted from loss of an associate of Vedkang Medical.

Income Tax Benefit/Expense

We recorded income tax benefit of RMB1.1 million in 2022 and income tax expense of RMB14.7 million in 2023. We recorded income tax expense in 2023 despite a pre-tax loss was primarily due to higher income tax payables by our subsidiary, Vedkang Medical, during that year.

Loss for the Year

As a result of the above, our loss for the year decreased by 71.5% from RMB226.2 million in 2022 to RMB64.5 million in 2023.

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DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	(Unaudited)
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment . . .	178,615	231,255	342,733	347,948
Intangible assets	618,245	597,431	550,169	539,057
Right-of-use assets	140,552	166,925	138,802	155,577
Goodwill	904,657	905,474	905,517	908,380
Investments in an associate	8,574	7,300	–	–
Equity investments designated at FVOCI	645	645	645	645
Other non-current assets	16,849	24,444	18,263	17,460
Total non-current assets	1,868,137	1,933,474	1,956,129	1,969,067
Current assets				
Inventories	226,369	236,957	230,212	232,431
Trade and bills receivables	100,459	104,775	133,073	182,671
Prepayments, other receivables and other assets	34,442	36,858	43,073	44,970
Amounts due from a related party	1,086	–	–	–
Financial assets at FVTPL	10	156,106	132,488	203,775
Financial assets at FVOCI	–	21,189	21,863	–
Pledged deposits	1,791	3,937	4,135	537
Cash and bank balances	317,350	262,267	283,988	245,810
Total current assets	681,507	822,089	848,832	910,194
Current liabilities				
Trade payables	90,678	88,914	154,189	185,268
Other payables and accruals	183,560	189,215	223,110	164,507
Contract liabilities	114,842	50,726	61,654	65,359
Interest-bearing bank borrowings	125,772	114,409	74,261	86,515
Lease liabilities	27,766	26,946	19,974	23,164
Deferred income	609	331	261	261
Tax payables	6,273	8,657	8,422	6,055
Financial liabilities at FVTPL	1,872	17,588	797	639
Total current liabilities	551,372	496,786	542,668	531,768
Net current assets	130,135	325,303	306,164	378,426
Total assets less current liabilities	1,998,272	2,258,777	2,262,293	2,347,493

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	As of December 31,			As of June 30, 2025
	2022	2023	2024	(Unaudited)
<i>(RMB in thousands)</i>				
Non-current liabilities				
Contract liabilities	14,714	59,976	97,612	79,254
Interest-bearing bank borrowings	289,300	321,654	270,309	277,956
Deferred income	693	7,300	799	704
Lease liabilities	56,713	85,743	67,279	81,988
Financial liabilities measured at fair value	15,437	805	201	–
Deferred tax liabilities	88,801	83,013	74,879	72,514
Total non-current liabilities . . .	465,658	558,491	511,079	512,416
Net assets	1,532,614	1,700,286	1,751,214	1,835,077

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, office equipment, plant and machinery, transportation equipment, leasehold improvements and construction in progress. The table below sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	(Unaudited)
<i>(RMB in thousands)</i>				
Buildings	65,607	60,722	57,397	55,734
Office equipment	15,068	14,260	15,910	17,054
Plant and machinery	73,870	72,916	74,145	73,013
Transportation equipment . . .	712	1,369	1,030	946
Leasehold improvements	19,549	16,329	8,111	5,363
Construction in progress	3,809	65,659	186,140	195,838
	178,615	231,255	342,733	347,948

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The carrying amount of our property, plant and equipment amounted to RMB178.6 million, RMB231.3 million, RMB342.7 million and RMB347.9 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. During the Track Record Period, the increase in the carrying amount of our property, plant and equipment was primarily attributable to the construction in progress relating to our new R&D and manufacturing center located in Changzhou. For details of the expansion plan, see “Business — Manufacturing.”

Intangible Assets

Our intangible assets primarily included (i) patents for our medical products and R&D results; (ii) software, primarily including the enterprise management and financial software; (iii) customer relationship that represents the value derived from the interactions, loyalty, and connection our acquired businesses had with their customers; and (iv) brands that we acquired from the business combinations. The table below sets forth a breakdown of our other intangible assets as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30, 2025
				(Unaudited)
	(RMB in thousands)			
Patents	201,987	200,191	175,133	165,934
Software	7,431	6,337	6,949	10,558
Customer relationship	213,675	190,575	167,475	155,925
Brands	195,152	200,328	200,612	206,640
	618,245	597,431	550,169	539,057

We identified customer relationship and brands through business combinations, the value of which had been assessed and valued by an independent qualified valuer in accordance with applicable accounting standards and industry practices. Customer relationships were identified in connection with our acquisition of Vedkang Medical. The useful life of such customer relationships was determined to be ten years, taking into consideration a range of factors including the useful lives of similar intangible assets in comparable transactions, historical customer data, and the management’s experience and understanding of the industry. These customer relationships represent a key component of Vedkang Medical’s historical business foundation and are expected to continue contributing to our revenue generation.

Brands were identified through the acquisitions of both Vedkang Medical and Penlon. Given the continued contribution of these brands to our business operations and their ability to generate future economic benefits, we have classified them as intangible assets with indefinite useful lives. Accordingly, we perform annual impairment tests to assess the recoverable amount of each brand. The recoverable amount of the brand identified from our acquisition of Vedkang Medical was determined based on the present value of future cash flows using a five-year forecast approved by our management. The discount rates applied were 13.15%, 12.92% and 12.31% for 2022, 2023 and 2024, respectively, reflecting asset-specific risks. Cash flows beyond the forecast period were extrapolated using a long-term average growth rate of 2.0%. Similarly, the recoverable amount of the brand acquired through Penlon was estimated based on a five-year management-approved forecast, with discount rates of 14.20%, 13.25% and 13.54% for 2022, 2023 and 2024, respectively. A terminal growth rate of 2.0% was applied for cash flows beyond the forecast period. Based on the impairment assessments performed for each year during the Track Record Period, the recoverable amounts of the above-mentioned brands exceeded their respective carrying amounts, and no impairment losses were recognized.

Our intangible assets decreased from RMB618.2 million as of December 31, 2022 to RMB597.4 million as of December 31, 2023 and RMB550.2 million as of December 31, 2024, and it further decreased to RMB539.1 million as of June 30, 2025, primarily due to the regular amortization of patents and customer relationships.

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Right-of-use Assets

Our right-of-use assets primarily represented the carrying amounts of our plants, offices and laboratories and leasehold lands. Our right-of-use assets increased from RMB140.6 million as of December 31, 2022 to RMB166.9 million as of December 31, 2023, primarily attributable to the extension of lease terms under certain existing lease agreements. The balance decreased to RMB138.8 million as of December 31, 2024, primarily due to depreciation of our leased lands and properties. As of June 30, 2025, right-of-use assets increased to RMB155.6 million as of June 30, 2025, primarily attributable to new lease agreements entered into for office premises, as well as the appreciation in the value of our overseas leased properties due to exchange rate fluctuation.

Our leases for plants, offices and laboratories generally have terms ranging from 2 to 15 years and are depreciated on a straight-line basis over the shorter of the lease terms or their estimated useful lives.

Goodwill

Our goodwill amounted to RMB904.7 million, RMB905.5 million, RMB905.5 million and RMB908.4 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. During the Track Record Period, our goodwill primarily resulted from the acquisition of Penlon in January 2022, the acquisition of Vedkang Medical in April 2022, and the acquisition of Vedefar in June 2025. Therefore, goodwill acquired through these business combinations was allocated to each of Vedkang Medical cash-generating unit (“CGU”), Penlon CGU and Vedefar CGU for impairment testing. The carrying amount of goodwill allocated to each of the CGUs is as follows:

	As of December 31,			As of
	2022	2023	2024	June 30, 2025
				(Unaudited)
				(RMB in thousands)
Vedkang Medical	894,049	894,049	894,049	894,049
Penlon*	10,608	11,425	11,468	12,420
Vedefar	—	—	—	1,911
	904,657	905,474	905,517	908,380

Note:

- * The carrying amount of Penlon CGU is denominated in GBP and is subject to the impact of foreign exchange rate changes of GBP.

The goodwill is tested by the management for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of our CGUs was determined based on a value-in-use calculation using cash flow projections based on financial forecasts covering a five-year period approved by the senior management. The management took into consideration, among others: (i) budgeted

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revenue, which is determined based on management’s expectation of the business and market development; (ii) budgeted gross margins, the value assigned to which is determined based on the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development; (iii) discount rates which are before tax and reflect specific risks relating to the relevant CGUs; and (iv) terminal growth rate which is based on management’s expectations of the market development and does not exceed the long-term average growth rate for the industry relevant to the CGUs.

In terms of Vedkang Medical CGU, the discount rates applied to its cash flow projections of were 13.15%, 12.92% and 12.31% for the years ended December 31, 2022, 2023 and 2024, respectively, and the growth rate used to extrapolate its cash flows beyond the five-year period was 2% for the years ended December 31, 2022, 2023 and 2024. The growth rate is based on management’s expectations and does not exceed the long-term average growth rate for the industry relevant to the CGU. As such, a decrease in the growth rate by 10.5%, 19.1% and 20.6% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount for the years ended December 31, 2022, 2023 and 2024, respectively, and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount.

In terms of Penlon CGU, the discount rates applied to its cash flow projections were 14.20%, 13.25% and 13.54% for the years ended December 31, 2022, 2023 and 2024, respectively, and the growth rate used to extrapolate its cash flows beyond the five-year period was 2% for the years ended December 31, 2022 and 2023. The growth rate is based on management’s expectations and does not exceed the long-term average growth rate for the industry relevant to the CGU. As such, a decrease in the growth rate by 21.0%, 24.8% and 30.0% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount for the years ended December 31, 2022, 2023 and 2024, respectively, and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount.

For details of the impairment tests, see Note 17 of Appendix I to this document.

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Inventories

Our inventories primarily comprised of (i) finished goods and work in progress, mainly representing life support, minimally invasive intervention and in vitro diagnostics medical equipment and consumables; and (ii) raw materials, such as plastics, metals, sensors, and other auxiliary materials and components. The following table sets forth our inventories as of the dates indicated:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	
				(Unaudited)
	(RMB in thousands)			
Raw materials	97,407	107,747	98,700	101,476
Work in progress	55,073	49,340	69,350	76,896
Finished goods	90,844	95,500	88,704	82,532
	243,324	252,587	256,754	260,904
Less: Impairment allowances on inventories	16,955	15,630	26,542	28,473
	226,369	236,957	230,212	232,431

Our inventories increased from RMB226.4 million as of December 31, 2022 to RMB237.0 million as of December 31, 2023, which was generally in line with our business expansion over time. Our inventories slightly decreased to RMB230.2 million as of December 30, 2024, primarily due to an increase of RMB10.9 million in impairment allowances for long-aged inventories. Our inventories then increased to RMB232.4 million as of June 30, 2025, primarily due to inventory build-up in line with our production and sales plan.

The following tables set forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	
				(Unaudited)
	(RMB in thousands)			
Within 1 year	196,044	207,182	199,351	191,612
1 to 2 years	23,948	22,137	23,309	27,990
Over 2 years	6,377	7,638	7,551	12,829
	226,369	236,957	230,212	232,431

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The following table sets forth our inventory turnover days for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30, 2025
	2022	2023	2024	
Inventory turnover days*	120	128	121	112

Note:

- * Inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of inventories in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period.

Our inventory turnover days increased from 120 days in 2022 to 128 days in 2023 primarily reflecting higher inventory levels in response to our business expansion. Our inventory turnover days decreased from 128 days in 2023 to 121 days in 2024, and further to 112 days for the six months ended June 30, 2025, mainly attributable to normal variations in sales pace and product delivery cycles.

As of July 31, 2025, approximately RMB132.8 million, or 57.1% of our inventories as of June 30, 2025, had been subsequently used or sold.

Trade and Bills Receivables

Our trade and bills receivables primarily consisted of amounts due from distributors and other customer for purchase of our products. The following table sets forth the details of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	
				(Unaudited)
				(RMB in thousands)
Bills receivables*	164	90	819	834
Trade receivables	102,162	106,820	135,543	186,344
	102,326	106,910	136,362	187,178
Less: Impairment loss	1,867	2,135	3,289	4,507
	100,459	104,775	133,073	182,671

Note:

- * Bills receivables is subject to impairment under the general approach and it is considered to be minimal

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During the Track Record Period, our trade and bills receivables recorded a steady increase, from RMB100.5 million as of December 31, 2022 to RMB104.8 million as of December 31, 2023 and RMB133.1 million as of December 31, 2024, and further to RMB182.7 million as of June 30, 2025, which was primarily due to the continuous growth of our overseas sales, for which credit terms are typically granted, resulting in a corresponding increase in trade and bills receivables from overseas customers.

The following table sets forth our trade and bills receivables turnover days for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30, 2025
	2022	2023	2024	
Trade and bills receivables turnover days*	25	29	31	36

Note:

- * Trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of gross trade and bills receivables in that period by revenue for the corresponding period and then multiplying by the number of days in that period.

Our trade and bills receivables turnover days increased from 25 days in 2022 to 29 days in 2023, 31 days in 2024 and further to 36 days for the six months ended June 30, 2025, primarily due to the rising proportion of sales to overseas customers, to whom we generally grant credit terms. As our overseas sales continued to expand during the Track Record Period, trade and bills receivables attributable to overseas customers also increased, resulting in a longer overall turnover cycle.

We generally require advance payments for domestic customers. However, for overseas customers and domestic customers that meet certain criteria, such as a longstanding partnership, significant purchase volumes, and a strong payment history, we may, upon their application, review and consider granting a credit period. For customers with an established good purchasing record, we typically grant a credit period of 30 to 90 days. Each customer is assigned a maximum credit limit to ensure financial discipline. We maintain strict control over outstanding receivables, and our senior management regularly reviews overdue balances to ensure timely follow-up and resolution. In addition, for overseas sales, we procure commercial export credit insurance to provide protection against payment default and mitigate associated credit risks. Given these measures, along with the fact that our trade receivables are spread across a diverse customer base, there is no significant concentration of credit risk within our accounts. The following table sets forth an aging analysis of our trade receivables as of the dates indicated presented based on invoice date and net of loss allowance:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	
				(Unaudited)
				(RMB in thousands)
Within 1 year	98,343	100,881	128,422	176,222

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	As of December 31,			As of
	2022	2023	2024	June 30, 2025
				(Unaudited)
				(RMB in thousands)
1 to 2 years	1,973	3,586	4,039	5,763
2 to 3 years	143	308	612	686
	100,459	104,775	133,073	182,671

As of July 31, 2025 approximately RMB46.4 million, or 25.4% of our trade and bills receivables as of June 30, 2025, had been settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consisted of (i) prepayments primarily including payments made in advance for raw materials, machinery and contracted services for manufacturing processes; (ii) value-added tax recoverable; and (iii) other receivables primarily including deposits. The following tables set forth the breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30, 2025
				(Unaudited)
				(RMB in thousands)
Prepayments	19,061	24,287	28,168	30,581
Tax recoverable	8,162	7,743	10,482	10,907
Other receivables	7,219	4,828	4,423	3,482
	34,442	36,858	43,073	44,970

Our prepayments, other receivables and other assets increased from RMB34.4 million as of December 31, 2022 to RMB36.9 million as of December 31, 2023, primarily due to an increase in prepayments associated with the expansion of our business lines. Our prepayments, other receivables and other assets further increased to RMB43.1 million as of December 31, 2024 and RMB45.0 million as of June 30, 2025, primarily due to an increase in prepayments for raw material and production service purchases driven by our business growth.

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Financial Assets at FVTPL and Financial Assets at FVOCI

During the Track Record Period, our financial assets at FVTPL comprised wealth management products, denominated in RMB, with expected yield rates ranging from 1.35% to 3.49% per annum. As of December 31, 2022, 2023, 2024, and June 30, 2025, our financial assets at FVTPL were RMB10 thousand, RMB156.1 million, RMB132.5 million and RMB203.8 million, respectively.

Our financial assets at FVOCI were certificate of deposits, denominated in RMB, with expected yield rates ranging from 3.10% to 3.85% per annum. As of December 31, 2022, 2023, 2024, and June 30, 2025, our financial assets at FVOCI were nil, RMB21.2 million, RMB21.9 million and nil, respectively.

We have treasury policy in place to ensure the rational and effective utilization of internal funds and to effectively manage related risks. We allocate surplus funds among bank deposits and other investment instruments such as low-risk wealth management products and structured deposits issued by large-scale commercial banks, in accordance with our annual and monthly budget. This aims to achieve capital preservation and returns while ensuring both security and liquidity. Our investment decisions are made on a case-by-case basis, taking into careful consideration various factors such as our overall financial condition, investment cost, investment duration, security and expected returns and potential risks. In terms of approval procedures, the purchase of financial products must adhere to our internal hierarchical approval process. Depending on the nature and risk of the investment, approval may be sought from our chief financial officer. Only after obtaining approval can the investments proceed. Our finance department is responsible for executing the approved investments, ensuring accurate recording in our financial statements and monitoring the performance of these investments on an ongoing basis.

Trade Payables

Our trade payables were RMB90.7 million and RMB88.9 million as of December 31, 2022 and 2023, remaining at a relatively stable level. Our trade payables increased to RMB154.2 million and RMB185.3 million as of December 31, 2024 and June 30, 2025, respectively, reflecting the ramp-up in procurement to support upcoming production plans. The following table sets forth our trade payables turnover days for the periods indicated:

	For the Year ended December 31,			For the Six Months Ended June 30, 2025
	2022	2023	2024	
Trade payables turnover days*	41	50	63	82

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Note:

- * Trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period.

Our trade payables turnover days increased from 41 days in 2022 to 50 days in 2023, and further increased to 63 days in 2024 and 82 days for the six months ended June 30, 2025, primarily due to the extension of payment terms granted by certain suppliers.

Our trade payables are non-interest-bearing. The following table sets forth an aging analysis of our trade payables as of the dates indicated based on the invoice date:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	
				(Unaudited)
				(RMB in thousands)
Within 3 months	86,188	84,912	134,446	157,323
3 to 12 months	3,323	2,592	18,876	27,251
Over 1 years	1,167	1,410	867	694
	90,678	88,914	154,189	185,268

As of July 31, 2025 approximately RMB64.8 million, or 35.0% of our trade payables as of June 30, 2025, had been settled.

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Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) payroll payable, which primarily represented the salaries payable to our employees; (ii) other payables, primarily representing expenditures incurred in the ordinary course of our business operations, such as office rental expenses, employee travel reimbursements and general office expenses; (iii) payables for non-current assets, primarily representing property, plant and equipment relating to our expansion of manufacturing center in Changzhou; (iv) other tax payables, which primarily represented value added taxes and stamp duties; (v) payable to investors, relating to investment funds collected on behalf of our investor in 2022, which have been returned to the investors; and (vi) accrued [REDACTED] expenses. The table below sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30, 2025
	2022	2023	2024	
				(Unaudited)
				(RMB in thousands)
Payroll payable	82,224	97,849	96,487	66,723
Other payables.	50,616	45,522	64,988	62,626
Payables for non-current assets	64	30,016	44,378	14,833
Other tax payables.	31,326	15,096	11,390	15,616
Payable to investors.	19,330	—	—	—
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	183,560	189,215	223,110	164,507

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Our other payables and accruals increased from RMB183.6 million as of December 31, 2022 to RMB189.2 million as of December 31, 2023, primarily due to (i) an increase in payables for property, plant, and equipment related to progress payments for our factory construction project in Changzhou; and (ii) an increase in payroll payables due to the addition of employees.

Our other payables and accruals increased to RMB223.1 million as of December 31, 2024, primarily due to an increase in payables for property, plant and equipment arising from our construction of the new R&D and manufacturing center in Changzhou.

Our other payables and accruals the decreased to RMB164.5 million as of June 30, 2025, primarily due to (i) a decrease in payables for property, plant and equipment as we made milestone payments based on the construction progress of our new R&D and manufacturing center; and (ii) a decrease in payroll payables as we made bonus provision for staff salary for half of the year of 2025.

Contract Liabilities

As we gradually fulfilled our product deliveries and the market returned to normal levels, our contract liabilities decreased from RMB129.6 million as of December 31, 2022 to RMB110.7 million as of December 31, 2023. Our contract liabilities increased to RMB159.3 million as of December 31, 2024, primarily due to an increase in customer advances reflecting the demand for our products. Our contract liabilities then decreased to RMB144.6 million as of June 30, 2025, primarily due to fulfillment of our product deliveries.

Financial Liabilities Measured at FVTPL

As of December 31, 2022, 2023, 2024 and June 30, 2025, our financial liabilities measured at fair value amounted to RMB17.3 million, RMB18.4 million, RMB1.0 million and RMB0.6 million, respectively. Our financial liabilities measured at FVTPL were primarily contingent consideration in relation to our acquisition of Penlon. For details, see Note 32 of the of the Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the daily operations of our business. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operations, bank borrowings and other financing activities. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, bank loans and other borrowings, net [REDACTED] from the [REDACTED] and other funds raised from the capital markets from time to time. Any significant decrease in the demand or market prices of our medical devices, or a significant decrease in the availability of bank loans or other financing may adversely impact our liquidity. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had cash and cash equivalents of RMB317.4 million, RMB262.3 million, RMB284.0 million and RMB245.8 million, respectively.

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Net Current Assets/Liabilities

	As of December 31,			As of	As of
	2022	2023	2024	June 30, 2025	July 31, 2025
				(Unaudited)	(Unaudited)
				(RMB in thousands)	
Current assets					
Inventories	226,369	236,957	230,212	232,431	247,715
Trade and bills receivables	100,459	104,775	133,073	182,671	159,984
Prepayments, other receivables and other assets	34,442	36,858	43,073	44,970	60,642
Amounts due from a related party	1,086	—	—	—	—
Financial assets at FVTPL	10	156,106	132,488	203,775	305,160
Financial assets at FVOCI	—	21,189	21,863	—	—
Pledged deposits	1,791	3,937	4,135	537	537
Cash and cash equivalents	317,350	262,267	283,988	245,810	174,835
Total current assets	681,507	822,089	848,832	910,194	948,873
Current liabilities					
Trade payables	90,678	88,914	154,189	185,268	177,966
Other payables and accruals	183,560	189,215	223,110	164,507	157,821
Contract liabilities	114,842	50,726	61,654	65,359	68,873
Interest-bearing bank borrowings	125,772	114,409	74,261	86,515	137,515
Lease liabilities	27,766	26,946	19,974	23,164	22,253
Deferred income	609	331	261	261	261
Tax payables	6,273	8,657	8,422	6,055	2,479
Financial liabilities measured at FVTPL . . .	1,872	17,588	797	639	562
Total current liabilities . .	551,372	496,786	542,668	531,768	567,730
Net current assets	130,135	325,303	306,164	378,426	381,143

Our net current assets increased from RMB130.1 million as of December 31, 2022 to RMB325.3 million as of December 31, 2023, primarily due to (i) an increase of RMB156.1 million in financial assets at FVTPL; (ii) a decrease of RMB64.1 million in contract liabilities; and (iii) an increase of RMB21.2 million in financial assets at FVOCI; partially offset by a decrease of RMB55.1 million in cash and cash equivalents.

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Our net current assets decreased from RMB325.3 million as of December 31, 2023 to RMB306.2 million as of December 31, 2024, primarily due to (i) an increase of RMB65.3 million in trade payables, (ii) an increase of RMB33.9 million in other payables and accruals, and (iii) a decrease of RMB23.6 million in financial assets at FVTPL; partially offset by (i) a decrease of RMB40.1 million in interest-bearing bank borrowings; (ii) an increase of RMB28.3 million in trade and bills receivables; and (iii) a decrease of RMB16.8 million in financial liabilities measured at FVTPL.

Our net current assets increased from RMB306.2 million as of December 31, 2024 to RMB378.4 million as of June 30, 2025, primarily due to (i) an increase of RMB71.3 million in financial assets at FVTPL; (ii) a decrease of RMB58.6 million in other payables and accruals; and (iii) an increase of RMB49.6 million in trade and bills receivables; partially offset by (i) a decrease of RMB38.2 million in cash and cash equivalents; (ii) a decrease of RMB21.9 million in financial assets at FVOCI; and (iii) an increase of RMB31.1 million in trade payables.

Our net current assets further increased to RMB381.1 million as of July 31, 2025, primarily due to (i) an increase of RMB101.4 million in financial assets at FVTPL; (ii) an increase of RMB15.7 million in prepayments, other receivables and other assets; (iii) a decrease of RMB 7.3 million in trade payables; partially offset by (i) a decrease of RMB71.0 million in cash and cash equivalents; and (ii) an increase of RMB51.0 million in interest-bearing bank borrowings.

Taking into account our net current assets status, the financial resources available to us, including cash flows from operating activities, cash and cash equivalents at the end of the Track Record Period and the estimated net [REDACTED] of the [REDACTED], the Directors are of the view that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this document.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the Year ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(Unaudited)				
	(RMB in thousands)				
Net cash flows from operating activities	113,358	64,845	183,350	62,156	56,682
Net cash flows from/(used in) investing activities	(560,360)	(260,424)	(118,345)	(3,943)	(105,240)
Net cash flows from/(used in) financing activities	369,850	127,272	(46,922)	(58,631)	414
Net increase/(decrease) in cash and cash equivalents	(77,152)	(68,307)	18,083	(418)	(48,144)
Cash and cash equivalents at beginning of the year/period .	389,058	317,350	262,267	262,267	283,988
Effect of foreign exchange rate changes, net.	5,444	13,224	3,638	4,050	9,966
Cash and cash equivalents at end of the year/period	<u>317,350</u>	<u>262,267</u>	<u>283,988</u>	<u>265,899</u>	<u>245,810</u>

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Net Cash Flows Generated From Operating Activities

For the six months ended June 30, 2025, net cash generated from our operating activities was RMB56.7 million while our profit before tax was RMB56.6 million. The difference between our profit before tax and our net cash generated from operating activities was primarily attributable to adding back non-cash items, including equity-settled share-based payments of RMB27.6 million, amortisation of intangible assets of RMB25.9 million, depreciation of property, plant and equipment of RMB18.1 million and depreciation of right-of-use assets of RMB13.5 million. The amount was further adjusted by (i) changes in working capital, including an increase in trade and bills receivables of RMB47.1 million, a decrease of RMB29.9 million in other payables and accruals, and a decrease of RMB14.7 million in contract liabilities, partially offset by an increase in trade payables of RMB29.8 million; and (ii) a payment of RMB21.1 million in income tax.

In 2024, net cash generated from our operating activities was RMB183.4 million while our loss before tax was RMB70.5 million. The difference between our loss before tax and our net cash generated from operating activities was primarily attributable to adding back non-cash items, including equity-settled share-based payments of RMB53.8 million, amortisation of intangible assets of RMB52.5 million, depreciation of property, plant and equipment of RMB38.8 million and depreciation of right-of-use assets of RMB31.0 million. Furthermore, additional working capital was released from an increase in trade payables of RMB65.3 million and contract liabilities of RMB48.6 million, partially offset by an increase of RMB30.1 million in trade and bills receivables. The amount was further adjusted by a payment of RMB35.0 million in income tax.

In 2023, net cash generated from our operating activities was RMB64.8 million while our loss before tax was RMB50.0 million. The difference between our loss before tax and our net cash generated from operating activities was primarily attributable to adding back non-cash items, including equity-settled share-based payments of RMB64.1 million, amortization of intangible assets of RMB48.9 million, depreciation of property, plant and equipment of RMB37.6 million, and depreciation of right-of-use assets of RMB29.3 million, finance costs of RMB21.4 million, partially offset by the net foreign exchange gains of RMB10.9 million. The amount was further adjusted by changes in working capital, including a decrease in other payables and accruals of RMB24.4 million and a decrease in contract liabilities of RMB18.9 million. The amount was further adjusted by a payment of RMB19.7 million in income tax.

In 2022, net cash generated from our operating activities was RMB113.4 million while our loss before tax was RMB227.2 million. The difference between our loss before tax and our net cash generated from operating activities was primarily the result of adding back non-cash items including equity-settled share-based payments of RMB87.5 million, amortization of intangible assets of RMB36.9 million, depreciation of property, plant and equipment of RMB30.5 million, depreciation of right-of-use assets of RMB28.1 million, finance costs of RMB14.5 million, partially offset by investment income on other investments classified as financial assets at FVOCI of RMB12.5 million and foreign exchange losses of RMB10.0 million. Furthermore, additional working capital was released from an increase in contract liabilities of RMB94.5 million, and an increase of RMB54.0 million in other payables and accruals, partially offset by an increase of RMB15.0 million in trade and bills receivables.

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Net Cash Flows Used in Investing Activities

For the six months ended June 30, 2025, net cash used in investing activities was RMB105.2 million, primarily attributable to purchase of financial assets at FVTPL of RMB683.5 million, and purchase of items of property, plant and equipment of RMB51.0 million, partially offset by proceeds from the disposal of financial assets at FVTPL of RMB616.3 million.

In 2024, net cash used in investing activities was RMB118.3 million, primarily attributable to purchase of financial assets at FVTPL of RMB1,005.0 million, and purchase of items of property, plant and equipment of RMB120.1 million, partially offset by proceeds from the disposal of financial assets at FVTPL of RMB1,031.2 million.

In 2023, net cash used in investing activities was RMB260.4 million, primarily attributable to purchase of financial assets at FVTPL of RMB1,037.5 million, partially offset by proceeds from the disposal of financial assets at FVTPL of RMB884.5 million.

In 2022, net cash used in investing activities was RMB560.4 million, primarily attributable to payment for the acquisition of subsidiaries of RMB865.9 million and purchase of financial assets at FVTPL of RMB301.0 million, partially offset by proceeds from the disposal of financial assets at FVOCI of RMB374.7 million and the disposal of financial assets at FVTPL of RMB325.9 million.

Net Cash Flows Generated From/Used in Financing Activities

For the six months ended June 30, 2025, net cash from financing activities was RMB0.4 million, primarily attributable to repayment of bank loans of RMB30.4 million and principal portion of lease payments of RMB13.0 million, partially offset by proceeds from new bank loans of RMB50.4 million.

In 2024, net cash used in financing activities was RMB46.9 million, primarily attributable to repayment of bank loans of RMB178.9 million and principal portion of lease payments of RMB27.9 million, partially offset by proceeds from issue of shares of RMB92.4 million and new bank loans of RMB87.6 million.

In 2023, net cash generated from financing activities was RMB127.3 million, primarily attributable to new bank loans of RMB188.7 million and the proceeds of RMB155.1 million from the issuance of shares, partially offset by repayment of bank loans of RMB166.8 million.

In 2022, net cash generated from financing activities was RMB369.9 million, primarily attributable to new bank loans of RMB468.0 million, partially offset by repayment of bank loans of RMB58.3 million.

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INDEBTEDNESS

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt, and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of July 31, 2025, being the most recent practicable date for purposes of the indebtedness disclosures in this document, except as otherwise disclosed in this document, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Since July 31, 2025, and up to the date of this document, there had been no material adverse change to our indebtedness. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of	As of
	2022	2023	2024	June 30, 2025	July 31, 2025
				(Unaudited)	(Unaudited)
	(RMB in thousands)				
Interest-bearing					
bank borrowings					
Current:	125,772	114,409	74,261	86,515	137,515
Non-current:	289,300	321,654	270,309	277,956	260,870
Lease liabilities					
Current:	27,766	26,946	19,974	23,164	22,253
Non-current:	56,713	85,743	67,279	81,988	100,589
	499,551	548,752	431,823	469,623	521,227

Borrowings

Our bank loans and other borrowings during the Track Record Period were primarily used for business development and working capital purpose. During the Track Record Period, the effective interest rates of our bank loans ranged within LPR minus 80 basis points to LPR plus 210 basis points. Certain of our bank borrowings are secured by mortgages over our buildings, with had a net carrying value of RMB15.5 million, RMB14.5 million, RMB13.8 million and RMB13.1 million, respectively, at the end of each period during the Track Record Period. For more details, see Note 30 to the Accountants’ Report in Appendix I to this document. As of July 31, 2025, we had bank loans and other borrowings of RMB398.4 million, and we had unutilized banking facilities of RMB231.0 million.

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Lease Liabilities

Our lease liabilities amounted to RMB84.5 million, RMB112.7 million, RMB87.3 million and RMB105.2 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, which were primarily in relation to the properties we leased for our R&D, manufacturing and office premises.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our operations, upgrade our facilities, enhance our development capabilities and increase our operating efficiency. Our capital expenditures primarily consisted of expenditures on purchases of property, plant and equipment and intangible assets during the Track Record Period. In 2022, 2023, 2024 and June 30, 2025, we incurred capital expenditure payments of RMB94.8 million, RMB90.2 million, RMB134.9 million and RMB53.9 million, respectively. The following table sets forth our capital expenditures for the periods indicated:

	For the Year ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>(Unaudited)</i>				
	<i>(RMB in thousands)</i>				
Purchases of property, plant and equipment	42,664	79,648	120,140	43,144	50,991
Purchase of a land use right . . .	50,398	—	—	—	—
Purchase of intangible assets . .	1,731	10,586	14,749	4,079	2,939
	94,793	90,234	134,889	47,223	53,930

CAPITAL COMMITMENTS

As of December 31, 2022, 2023, 2024 and June 30, 2025, we had capital commitments of RMB74.4 million, RMB13.3 million, RMB8.1 million and nil, respectively, primarily in connection with our purchase of property, plant and equipment.

CONTINGENT LIABILITIES

As of June 30, 2025, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

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KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios of our Group for the periods or as of the dates indicated:

	For the Year ended/As of December 31,			For the Six Months ended/As of June 30, 2025
	2022	2023	2024	
				(Unaudited)
Current ratio ⁽¹⁾	1.24	1.65	1.56	1.71
Quick ratio ⁽²⁾	0.83	1.18	1.14	1.27
Adjusted profit/(loss) margin (non-IFRS measure) (%) ⁽³⁾ .	(11.4)	3.5	1.5	11.7
Adjusted EBITDA margin (non-IFRS measure) (%) ⁽⁴⁾ .	(3.2)	11.7	10.0	18.9

Notes:

- (1) Current ratio represents current assets divided by current liabilities as of the same date.
- (2) Quick ratio represents current assets less inventories, divided by total current liabilities as of the same date.
- (3) Adjusted profit/(loss) margin (non-IFRS measure) is calculated by dividing the adjusted profit/loss (non-IFRS measure) by total revenue. We define adjusted profit/loss (non-IFRS measure) as the profit/loss for the period excluding share-based payment expenses, [REDACTED] expenses and amortization of patents and customer relationship as a result of business acquisitions.
- (4) Adjusted EBITDA margin (non-IFRS measure) is calculated by dividing the adjusted EBITDA (non-IFRS measure) by total revenue. We define adjusted EBITDA (non-IFRS measure) as the adjusted profit/(loss) (non-IFRS measure), adding back finance costs and income tax expenses or subtracting income tax benefits, and further adding back depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 43 to the Accountants’ Report included in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

As of December 31, 2022, 2023, 2024 and June 30, 2025, our outstanding balances due from related parties that was trade in nature and amounted to RMB1.1 million, nil, nil and nil, respectively. For details of the related party transactions, see Note 41 to the Accountants’ Report included in Appendix I to this document.

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MARKET RISK DISCLOSURE

Our principal financial instruments mainly comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group’s operations. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from our operations. The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarized below.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in countries or areas which we conduct business may affect our financial condition and results of operations.

Credit Risk

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows.

DIVIDEND

No dividend has been paid or declared by us during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Any future determination to pay dividends will be made at the discretion of our Directors subject to our Articles of Association and the PRC Company Law, and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China.

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According to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we did not have any distributable reserves.

[REDACTED]

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include (i) [REDACTED] expenses, such as [REDACTED] fees and commissions, and (ii) [REDACTED] expenses, comprising professional fees paid to our legal advisers, Reporting Accountants and other professional parties for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. [REDACTED] expenses in relation to the [REDACTED] are estimated to be approximately RMB[REDACTED] million (HK\$[REDACTED] million) (including [REDACTED] commission), at the [REDACTED] of HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised. As of June 30, 2025, we incurred a total of RMB[REDACTED] million (HK\$[REDACTED] million) in [REDACTED] expenses, among which RMB[REDACTED] million were recognized in our consolidated

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statement of comprehensive income, and RMB[REDACTED] million were recognized in the consolidated statement of financial position to be accounted for as a deduction from equity upon [REDACTED]. We estimate that additional [REDACTED] expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million) (including [REDACTED] commissions and incentives of approximately RMB[REDACTED] million (HK\$[REDACTED] million), assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]) will be incurred by our Company, approximately RMB[REDACTED] million (HK\$[REDACTED] million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million (HK\$[REDACTED] million) of which is attributable to the issue of shares and will be deducted from equity upon [REDACTED]. Our [REDACTED] expenses as a percentage of gross [REDACTED] is [REDACTED]%, at an [REDACTED] of HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited [REDACTED] adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of our Group attributable to the owners of our Company as of June 30, 2025 as if the [REDACTED] had taken place on June 30, 2025.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets attributable to the owners of our Company had the [REDACTED] been completed as of June 30, 2025 or as of any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the parent as at June 30, 2025 (unaudited)	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets as at June 30, 2025	Unaudited [REDACTED] adjusted consolidated net tangible assets per Share as at June 30, 2025	
	RMB'000 ⁽¹⁾	RMB'000 ⁽²⁾	RMB'000	RMB'000 ⁽³⁾	HK\$'000 ⁽⁴⁾
Based on an [REDACTED] of HKD[REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HKD[REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HKD[REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Notes:

- (1) The consolidated net tangible assets attributable to the owners of our Group as of June 30, 2025 was arrived at after deducting: (i) intangible assets of RMB539,057,000; and (ii) goodwill of RMB908,380,000 from the consolidated net assets attributable to owners of the parent as at June 30, 2025 of RMB1,836,616,000 set out in the Appendix I to this document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on an [REDACTED] of HKD[REDACTED] per Share, HKD[REDACTED] per Share and HKD[REDACTED] per Share, after deduction of the [REDACTED] fees and other related expenses paid or payable by the Company (excluding the [REDACTED] expenses of RMB[REDACTED] which have been expensed prior to June 30, 2025) and do not take into account any Shares which may be issued upon the exercise of the [REDACTED].
- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is calculated based on a total of [REDACTED] Shares, which comprise of: (i) [REDACTED] Ordinary Shares issued as of June 30, 2025; and (ii) [REDACTED] Shares in issue, assuming the [REDACTED] has been completed on June 30, 2025.
- (4) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is converted into HKD at an exchange rate of HKD1.00 to RMB0.91086 prevailing on September 3, 2025.
- (5) No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to June 30, 2025.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, other than as disclosed under the “Recent Developments and No Material Adverse Change” in the “Summary” section in this document, there had been no material adverse change in our financial, operational or prospects since June 30, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants’ Report included in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION OF VEDKANG MEDICAL

On April 12, 2022, the Group acquired an 100% equity interest in Vedkang Medical and its subsidiaries, which are primarily engaged in research and development and manufacturing and sales of minimally invasive intervention products. The acquisition is in line with our strategy of vertical integration in the industry chain and expansion into minimally invasive intervention products business and is expected to further strengthen our overall competitiveness to offer a variety of solutions and enable our customers to obtain a more comprehensive support from an integrated medical equipment development platform.

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The following table sets forth the consolidated statements of profit or loss of Vedkang Medical for the periods indicated:

	For the period from January 1, 2022 to April 12, 2022	
	<i>RMB'000</i>	<i>% of Revenue</i>
Revenue	111,036	100.0
Cost of sales	56,014	(50.4)
Gross profit	55,022	49.6
Other income and gains	872	0.8
Research and development expenses	(21,439)	(19.3)
Administrative expenses	(23,298)	(21.0)
Selling and marketing expenses	(29,955)	(27.0)
Impairment on assets, net	134	0.1
Other expenses	(954)	(0.9)
Finance costs	(102)	(0.1)
Share of losses of an associate	(533)	(0.5)
PROFIT/(LOSS) BEFORE TAX	(20,253)	(18.2)
Income tax expense	(2,665)	(2.4)
PROFIT/(LOSS) FOR THE YEAR/PERIOD	(22,918)	(20.6)
Attributable to:		
Owners of the parent	(22,170)	(20.0)
Non-controlling interests	(748)	(0.7)

Revenue

Revenue of Vedkang Medical amounted to RMB111.0 million for the period from January 1, 2022 to April 12, 2022. Revenue of Vedkang Medical was primarily generated from the sales of minimally invasive intervention consumables. These included general endoscopic consumables used for basic diagnostics and hemostasis closure, minimally invasive intervention consumables for endoscopic procedures targeting the digestive system such as ERCP and ESD as well as products designed for endoscopic procedures related to the urological system.

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Cost of Sales

The cost of sales of Vedkang Medical primarily consists of raw material expenses, staff costs for manufacturing of products and manufacturing expenses. The following table sets forth a breakdown of the cost of sales by nature for the period indicated:

	For the period from January 1, 2022 to April 12, 2022	
	RMB'000	%
Raw materials	40,339	72.0
Staff costs	6,916	12.3
Manufacturing expenses	8,759	15.6
	56,014	100.0

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales, while gross profit margin represents gross profit as a percentage of revenue. The gross profit of Vedkang Medical amounted to RMB55.0 million for the period between January 1, 2022 to April 12, 2022, respectively, while the gross profit margin reached 49.6%, respectively, during the same period.

Research and Development Expenses

The research and development expenses of Vedkang Medical primarily consisted of (i) staff costs, representing wages, benefits and bonuses for its in-house R&D team; (ii) share-based payments that it granted to its R&D employees; (iii) expenses for purchasing of raw materials; (iv) expenses for product testing and regulatory registration process; (v) depreciation and amortization; and (vi) contract service fees in relation to the R&D of its products. The following table sets forth a breakdown of research and development expenses for the periods indicated:

	For the period from January 1, 2022 to April 12, 2022	
	RMB'000	%
Staff costs	7,259	33.9
Share-based payments	9,452	44.1
Raw materials	2,038	9.5
Testing and registration process	901	4.2
Depreciation and amortization	557	2.6
Contract services	322	1.5
Others	910	4.2
	21,439	100.0

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Administrative Expenses

The administrative expenses of Vedkang Medical primarily consist of (i) staff costs, representing wages, benefits and bonuses for our administrative staff; (ii) share-based payments that it granted to its administrative employees; (iii) professional service fees; (iv) depreciation and amortization; and (v) taxation. The following table sets forth a breakdown of administrative expenses of Vedkang Medical for the periods indicated:

	For the period from January 1, 2022 to April 12, 2022	
	RMB'000	%
Staff costs	6,622	28.4
Share-based payments	12,150	52.2
Professional service fees	754	3.2
Depreciation and amortization	956	4.1
Taxation	1,290	5.5
Others	1,526	6.5
	23,298	100.0

Selling and Marketing Expenses

The selling and marketing expenses of Vedkang Medical mainly consisted of (i) staff costs, representing wages, benefits and bonuses for its in-house sales and marketing team; (ii) share-based payments granted to its sales and marketing staff; (iii) marketing and promotion expenses; and (iv) professional service fees for market research and sales channel expansion. The following table sets forth a breakdown of selling and distribution expenses for the periods indicated:

	For the period from January 1, 2022 to April 12, 2022	
	RMB'000	%
Staff costs	7,759	25.9
Share-based payments	13,232	44.2
Marketing and promotion expenses	7,039	23.5
Professional service fees	1,165	3.9
Others	760	2.5
	29,955	100.0

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DESCRIPTION OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table sets forth Vedkang Medical’s cash flows for the periods indicated:

	For the period from January 1, 2022 to April 12, 2022
	<i>RMB’000</i>
Net cash flows from operating activities	1,122
Net cash flows from investing activities	12,733
Net cash flows used in financing activities	(7,959)
Net increase in cash and cash equivalents	5,896
Cash and cash equivalents at beginning of the year	123,635
Effect of foreign exchange rate changes, net	(312)
Cash and cash equivalents at end of the year	129,219

Net Cash Flows From Operating Activities

Net cash from Vedkang Medical’s operating activities for the period between January 1, 2022 to April 12, 2022 was RMB1.1 million while its loss before tax was RMB20.3 million. The difference between its loss before tax and its net cash from operating activities was primarily the result of adding back non-cash items including equity-settled share-based payments of RMB39.1 million. The amount was then further adjusted negatively by changes in working capital, including a decrease of RMB19.5 million in other payables and accruals, and an increase of RMB11.5 million in inventories.

Net Cash Flows From Investing Activities

Net cash from Vedkang Medical’s investing activities for the period between January 1, 2022 to April 12, 2022 was RMB12.7 million, primarily attributable to the decrease in pledged bank deposits of RMB17.9 million.

Net Cash Flows Used in Financing Activities

Net cash used in Vedkang Medical’s financing activities for the period between January 1, 2022 to April 12, 2022 RMB8.0, primarily as a result of the dividend payments of RMB7.6 million.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Upon [REDACTED], our Board will consist of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The following table provides certain information about our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. LIU Jie ⁽¹⁾ . . .	56	Executive Director, chairman of our Board and general manager	July 2014	March 2016	Overall management, development strategy and oversight of the research and development, and sales and marketing of our Group
Mr. ZHONG Yaoqi 48 (鍾要齊).		Executive Director, vice chairman of our Board and deputy general manager	August 2013	April 2014	Overall management, development strategy and oversight of sales and marketing our Group
Mr. YAN Renzhong (顏仁仲).	43	Executive Director, board secretary and joint company secretary	May 2020	November 2020	Overall management, development strategy and investor relations
Ms. LI Hui (李輝) ⁽¹⁾	53	Non-executive Director	November 2015	November 2015	Providing advice to our Board and reviewing overall strategy, policies and operations of our Group
Mr. ZHANG Jiecheng (張劫鉞).	35	Non-executive Director	November 2020	November 2020	Providing advice to our Board and reviewing overall strategy, policies and operations of our Group

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Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Dr. ZHOU Yi (周伊)	44	Non-executive Director	February 2016	February 2016	Providing advice to our Board and reviewing overall strategy, policies and operations of our Group
Dr. SHAO Liyang (邵理陽).	45	Independent Non-executive Director	November 2020	November 2020	Supervising and providing independent judgement to our Board
Mr. ZHANG Hanbin (張漢斌)	59	Independent Non-executive Director	November 2020	November 2020	Supervising and providing independent judgement to our Board
Mr. LAW Kwok Tai (羅國泰) . . .	54	Independent Non-executive Director	June 2024	June 2024	Supervising and providing independent judgement to our Board

Note:

1. Mr. LIU Jie and Ms. LI Hui are spouses.

Executive Directors

Mr. LIU Jie, aged 56, joined our Company in July 2014 as general manager and has been our Director and chairman of our Board since March 2016. Mr. Liu has also been our general manager since November 2020 and has been re-designated as an executive Director with effect from the [REDACTED]. In addition, Mr. Liu is currently a director of a number of our subsidiaries, including Medcaptain HK, Intermed and Penlon. Mr. Liu is responsible for the overall management, development strategy and oversight of the research and development of our Group. Mr. Liu is the spouse of Ms. Li Hui, our non-executive Director.

Mr. Liu has over 20 years of experience in the medical and healthcare industry. Prior to joining Shenzhen Mindray Bio-Medical Electronics Co., Ltd. (“**Mindray**”) (a company listed on the Shenzhen Stock Exchange (stock code: 300760.SZ)) in June 2005, Mr. Liu had worked at Johnson & Johnson. During his tenure at Mindray, Mr. Liu initially held positions as a vice president and an executive vice president of international sales and marketing, and was

DIRECTORS AND SENIOR MANAGEMENT

promoted to the role of chief operation officer from August 2008 to April 2014. Mr. Liu also previously served as the chief financial officer. At both senior managerial roles at Mindray, Mr. Liu was in charge of overall financial planning and management, sales and marketing, and focused on enhancing the operations of the key departments across Mindray, as well as working with other senior management in providing strategic guidance, implementation procedures and budget planning.

Mr. Liu joined our Group in 2014 and subsequently took positions as our Director and chairman of our Board. His deep understanding of the healthcare industry and extensive management expertise as the chief operating officer of a listed medical device company steered the continuous growth of our Company’s business and the shift in our Company’s strategy towards an integrated medical device solutions provider. Benefiting from the leadership, insight and vision of Mr. Liu throughout the years, our Group focuses on its long pursuit of innovation and our highly diversified pipeline now spans across life support, minimally invasive intervention and in vitro diagnostics.

Our drug infusion system, the development of which was co-led by Mr. Liu and Mr. Zhong, was awarded the second prize in technological advancement (深圳市科技進步獎二等獎) by Shenzhen Municipal Government in December 2020. Mr. Liu was also recognized as a level B overseas high-caliber personnel (深圳市海外高層次B類人才) by Shenzhen Municipal Government in May 2021.

Mr. Liu obtained his Bachelor of Engineering in Optical Instrumentation from Zhejiang University (浙江大學) in July 1991. He obtained a Master of Science in Optics from Anhui Institute of Optics and Fine Mechanics of the Chinese Academy of Sciences (中國科學院安徽光學精密機械研究所) in the PRC in June 1994 and a Master of Business Administration from Stephen M. Ross School of Business, the University of Michigan in the U.S. in April 2002.

Mr. ZHONG Yaoqi (鍾要齊), aged 48, joined our Company in August 2013 as a vice president and has been appointed as a Director since April 2014, a deputy general manager since November 2020 and the vice-chairman of our Board since March 2021. Mr. Zhong has been re-designated as an executive Director with effect from the [REDACTED]. In addition, Mr. Zhong is currently a director of a number of our subsidiaries, including Mabsky, Intermed, Penlon and Medcaptain UK. Mr. Zhong is responsible for the overall management and development strategy of our Group and oversight of sales and marketing of our Group, including the after-sales segment and our mergers and acquisitions projects.

Mr. Zhong has over 24 years of experience in the medical and healthcare industry. Mr. Zhong worked at Mindray from December 2000 to August 2013, where he successively served as, amongst others, a vice president of international sales and marketing and senior vice president of the strategic development department. During his tenure at Mindray, Mr. Zhong was in charge of the international sales, marketing and mergers and acquisitions of Mindray and gained in-depth exposure to medical and healthcare industry.

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Mr. Zhong joined our Company and started participating in our management and operations in August 2013. Mr. Zhong has been assisting Mr. Liu in overseeing our sales and marketing strategies and expanding our product offerings and sales network. Under the leadership of Mr. Zhong, we have completed our acquisition of Runpu Biotech, Mabsky Bio-Tech, Vedkang Medical and Penlon in recent years, thereby growing our global sales footprint to customers in over 140 countries as of the Latest Practicable Date.

Our drug infusion system, the development of which was co-led by Mr. Liu and Mr. Zhong, was awarded the second prize in technological advancement (深圳市科技進步獎二等獎). Mr. Zhong was recognized as a reserve talent (深圳市後備級人才) by Shenzhen Municipal Government in December 2015.

Mr. Zhong obtained his bachelor’s degree in biomedical engineering from Southeast University (東南大學) in the PRC in June 2000. He obtained an Executive Master of Business Administration from the China Europe International Business School (CEIBS) in September 2013.

Mr. YAN Renzhong (顏仁仲), aged 43, has been our board secretary since May 2020, a Director since November 2020 and a joint company secretary with effect on the [REDACTED]. Mr. Yan has been re-designated as an executive Director with effect from the [REDACTED]. Mr. Yan is responsible for the overall management, development strategy and oversight of investor relations of our Group.

Mr. YAN has over 19 years of experience in corporate management, investor relations and company secretarial work. Mr. Yan was a service marketing and planning manager at China Mobile Group Guangdong Co., Ltd. (中國移動通信集團廣東有限公司), from July 2006 to September 2010. Mr. Yan subsequently worked at Huatai Securities Co., Ltd. (華泰證券股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 6886) and the Shanghai Stock Exchange (stock code: 601688), from September 2010 to July 2012. Mr. Yan was an assistant to the general manager of the brokerage department of Goldstate Securities Co., Ltd. (金元證券股份有限公司), from June 2012 to June 2016. He took up the positions of the general manager, legal representative and executive director of Beijing Yingtai Fengshun Asset Management Co., Ltd. (北京盈泰豐順資產管理有限公司), from June 2016 to March 2019. Mr. Yan was appointed as a board secretary of Guangdong King-Strong Technology Co., Ltd. (廣東新勁剛科技股份有限公司) (formerly known as Guangdong King-Strong New Materials Technology Co., Ltd. (廣東新勁剛新材料科技股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 300629), from March 2019 to May 2020, where he oversaw corporate governance of the company.

Mr. Yan graduated from Wuhan University (武漢大學) in the PRC with a bachelor’s degree in computer science and technology in June 2003. He obtained a master’s degree in computer software and theory from the Chinese Academy of Sciences (中國科學院) in the PRC in July 2006.

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Non-executive Directors

Ms. LI Hui (李輝), aged 53, was appointed as a Director in November 2015 and has been re-designated as a non-executive Director with effect from the [REDACTED]. Ms. Li is primarily responsible for providing advice to our Board and reviewing overall strategy, policies and operations of our Company. Ms. Li is the spouse of Mr. Liu, an executive Director, the chairman of our Board and the general manager of our Company.

Prior to joining our Group in 2015, Ms. Li was a merchandising manager at Lenovo Information Products (Shenzhen) Co., Ltd. (聯想信息產品(深圳)有限公司), a subsidiary of Lenovo Group Limited (a company listed on the Main Board of the Stock Exchange (stock code: 992)), from February 2006 to March 2011.

Ms. Li graduated from Zhengzhou University of Aeronautics (鄭州航空工業管理學院) in the PRC with her Bachelor in Materials Management Engineering in July 1994 and the College of William & Mary in the U.S. with her Master of Business Administration in May 2005.

Mr. ZHANG Jiecheng (張劭誠), aged 35, was appointed as a Director in November 2020 and has been re-designated as a non-executive Director with effect from the [REDACTED]. Mr. Zhang is primarily responsible for providing advice to our Board and reviewing the overall strategy, policies and operations of our Company.

Mr. Zhang has over 10 years of working experience in investment management industry. Mr. Zhang joined Hillhouse Investment in June 2015 and is currently serving as managing director of Zhuhai Gao Ling Private Fund Management Co., Ltd. (珠海高瓴私募基金管理有限公司). He was also a non-executive director of Suzhou Basecare Medical Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2170), from July 2020 to January 2023.

Mr. Zhang received his bachelor's degree in management from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2012.

Dr. ZHOU Yi (周伊), aged 44, was appointed as a Director in February 2016 and has been re-designated as a non-executive Director with effect from the [REDACTED]. Dr. Zhou is primarily responsible for providing advice to our Board and reviewing the overall strategy, policies and operations of our Company.

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Dr. Zhou has around 13 years of research and working experience in the chemistry, pharmaceutical and biotechnology industries. He joined Shenzhen Capital Group Co., Ltd. in May 2012 and is currently the general manager of healthcare investment sector at Shenzhen Capital Group Co., Ltd.. Dr. Zhou was (i) a director of Shenzhen YHLO Biotech Co., Ltd. (深圳市亞輝龍生物科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688575), from December 2016 to December 2022, and (ii) a non-executive director of Akeso, Inc., a company listed on the Main Board of the Stock Exchange (stock code: 9926), from November 2019 to June 2024. Dr. Zhou has been a non-executive director of OrbusNeich Medical Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6929), since September 2021.

Dr. Zhou obtained his bachelor’s degree in chemistry from Hengyang Normal University (衡陽師範學院) in Hunan, the PRC in June 2003, his master’s degree in organic chemistry from Hunan Normal University (湖南師範大學) in Hunan, the PRC in June 2007, and his Ph.D. degree in medicinal chemistry from Peking University (北京大學) in the PRC in July 2011.

Independent Non-executive Directors

Dr. SHAO Liyang (邵理陽), aged 45, was appointed as an independent Director in November 2020 and has been re-designated as an independent non-executive Director with effect from the [REDACTED]. He is primarily responsible for supervising and providing independent judgement to our Board and serving as the chairman and members of certain committees of our Board.

Dr. Shao has over 19 years of experience in intelligent distributed fiber optic sensing technology and engineering applications, fiber lasers and their sensing applications, optical and medical detection applications, smart ocean integrated perception and system equipment. Dr. Shao has a broad range of working experience at various domestic and overseas universities. He served as (i) a visiting scholar at the Hong Kong Polytechnic University from August 2006 to June 2009, (ii) a post-doctorate researcher at Carleton University in Canada from August 2009 to August 2011, (iii) a post-doctorate visiting scholar at the Hong Kong Polytechnic University from August 2011 to July 2013, (iv) a senior visiting scholar at the University of Sydney in Australia from March 2012 to September 2012, (v) a professor at the school of computer science and technology at Southwest Jiaotong University (西南交通大學) in the PRC from September 2013 to July 2019, (vi) a visiting professor at the School of Electrical Engineering and Computer Science at the University of Ottawa in Canada from July 2015 to August 2017, and (vii) a visiting professor at University of Technology Sydney in Australia from August 2018 to September 2018. Dr. Shao was also an independent director of Refond Optoelectronics Co., Ltd. (深圳市瑞豐光電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300241), from January 2023 to November 2023. Dr. Shao has taken up his current role at the Southern University of Science and Technology (南方科技大學) in the PRC as a researcher at the department of electronic and electrical engineering since August 2017 and the associate dean of the school of innovation and entrepreneurship since August 2018. Dr. Shao has been appointed as a corresponding member of the National Academy of Artificial Intelligence (“NAAI”) of USA and an executive vice president of the NAAI Asia Research Institute since February 2025.

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Dr. Shao obtained his bachelor’s degree in optoelectronic information science and engineering and his Ph.D. degree in optical engineering from Zhejiang University (浙江大學) in the PRC in June 2001 and June 2008, respectively.

Mr. ZHANG Hanbin (張漢斌), aged 59, was appointed as an independent Director in November 2020 and has been re-designated as an independent non-executive Director with effect from the [REDACTED]. He is primarily responsible for supervising and providing independent judgement to our Board and serving as the chairman and members of certain committees of our Board.

Mr. Zhang has over 38 years of experience in accounting and auditing. Mr. Zhang worked at Tianqin Accounting Firm (天勤會計師事務所) (previously known as Shekou Zhonghua Accounting Firm (蛇口中華會計師事務所)) from July 1987 to March 2000, where he consecutively served as an auditor, a project manager, an assistant to manager, department manager and a salary partner. He subsequently worked at Shenzhen Institute of Certified Public Accountants (深圳市註冊會計師協會) from April 2000 to May 2004, where he was responsible for regulatory matters and professional development of the accounting industry in Shenzhen. Mr. Zhang has been a chief partner at Shenzhen Mingding Accounting Firm (深圳銘鼎會計師事務所) since June 2004, and an independent director of (i) Shenzhen Leaguer Co., Ltd (深圳市力合科創股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002243.SZ), since September 2019, (ii) Sinosun Technology Co., Ltd. (深圳兆日科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300333.SZ), since May 2020, (iii) Shennan Circuits Co., Ltd. (深南電路股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002916.SZ), since October 2022, and (iv) Kexing Biopharm Co., Ltd. (科興生物製藥股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688136.SH), since August 2025. Mr. Zhang was previously an independent director of (i) OFILM Group Co., Ltd. (歐菲光集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002456.SZ), from September 2017 to October 2023, and (ii) Shenzhen Keanda Electronic Technology Corp., Ltd (深圳科安達電子科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002972.SZ), from April 2023 to December 2023.

Mr. Zhang completed his undergraduate course in Financial Accounting at Shenzhen University in July 1991, a Master of Economics from the Party School of Guangdong Committee of C.P.C. (中共廣東省委黨校) in July 1998 and a Master of Arts in International Accounting from the City University of Hong Kong in November 2007. Mr. Zhang is qualified as a Certified Public Accountant in the PRC and an overseas member of The Society of Chinese Accountants & Auditors in Hong Kong.

Mr. LAW Kwok Tai (羅國泰), aged 54, has been appointed as an independent Director in June 2024 and has been re-designated as an independent non-executive Director with effect from the [REDACTED]. He is primarily responsible for supervising and providing independent judgement to our Board and serving as the chairman and members of certain committees of our Board.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Law has over 20 years of experience in the corporate finance, investment banking and financial industry. Mr. Law was at KPMG from December 1996 to February 2000, where his last position was an assistant manager. From March 2000 to February 2005, Mr. Law worked at Anglo Chinese Corporate Finance, Limited, where his last position was senior manager. Mr. Law worked as an assistant vice president at BOCI Asia Limited from February 2005 to August 2006, and at BNP Paribas Hong Kong Branch from August 2006 to August 2015 with his last position as a director. Mr. Law was a director at Credit Suisse (Hong Kong) Limited from September 2015 to August 2018 and an executive director at Morgan Stanley Asia Limited from August 2018 to August 2023. Since August 2023, Mr. Law has been the chief financial officer and the company secretary of Palasino Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2536). Mr. Law has also been an independent non-executive director of G-Vision International (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 657), since June 2024.

Mr. Law graduated from the Hong Kong Polytechnic University with an honorary Bachelor of Science in Nursing in November 1994 and obtained his Master of Business Administration from Monash University in Melbourne, Australia in December 1996. Mr. Law is qualified as a Certified Public Accountant in Australia and in Hong Kong and was certified as a Chartered Financial Analyst in September 2001. Mr. Law is also a fellow of the Hong Kong Securities and Investment Institute and a life member of the Hong Kong Independent Non-Executive Director Association.

Confirmations by our Directors

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on August 8, 2025 and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Each of our independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointments.

As of the Latest Practicable Date and save as disclosed above, there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders or the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules in all material aspects.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

Name	Age	Position(s)	Date of joining our Group	Roles and responsibilities
Mr. LIU Jie	56	Executive Director, chairman of our Board and general manager	July 2014	Overall management, development strategy and oversight of the research and development, and sales and marketing of our Group
Mr. ZHONG Yaoqi (鍾要齊).	48	Executive Director, vice chairman of our Board and deputy general manager	August 2013	Overall management, development strategy and oversight of sales and marketing of our Group
Mr. YAN Renzhong (顏仁仲)	43	Executive Director, board secretary and joint company secretary	May 2020	Overall management, development strategy and investor relations
Mr. YUAN Jia (袁加)	46	Chief financial officer	September 2023	Overall financial management and corporate development of our Group
Mr. LIU Qisong (劉奇松)	49	Deputy general manager	April 2015	Research and development department of our headquarters and Vedkang Medical
Mr. WANG Bin (王斌)	51	Deputy general manager	June 2015	Production and supply chain management of our headquarters and Vedkang Medical
Mr. LUO Jun (羅軍)	45	Deputy general manager	January 2016	Sales of our life support and IVD products in the PRC

DIRECTORS AND SENIOR MANAGEMENT

Mr. LIU Jie, aged 56, is our executive Director, chairman of our Board and general manager. For details of his biography, see “— Board of Directors — Executive Director” in this section.

Mr. ZHONG Yaoqi (鍾要齊), aged 48, is our executive Director, vice chairman of our Board and deputy general manager. For details of his biography, see “— Board of Directors — Executive Director” in this section.

Mr. YAN Renzhong (顏仁仲), aged 43, is our executive Director, board secretary and (with effect from the [REDACTED]) joint company secretary. For details of his biography, see “— Board of Directors — Executive Director” in this section.

Mr. YUAN Jia (袁加), aged 46, joined our Group as the chief financial officer in September 2023. He is primarily responsible for overseeing the overall financial management and corporate development of our Group.

Mr. Yuan has over 24 years of experience in accounting and finance. Mr. Yuan worked as a senior financial manager at JDS Uniphase Shenzhen Limited (捷迪訊光電(深圳)有限公司) from November 2000 to February 2008. Mr. Yuan was a financial manager of SmartDrive Systems (Shenzhen) Co., Ltd.* (思瑪特智馳科技(深圳)有限公司) from March 2008 to February 2011, during which he was in charge financial management. He then worked as the vice president of finance at Innofidei, Inc. (北京創毅訊聯科技股份有限公司) from February 2011 to August 2014 managing its finance, commerce and procurement departments. From August 2014 to September 2016, Mr. Yuan worked as the head of finance APAC at Premium Sound Solutions (Shenzhen) Co., Ltd (普瑞姆揚聲器系統(深圳)有限公司), overseeing its financial planning, budgeting, auditing, financial and cash management and accounts management. Mr. Yuan subsequently served as the chief financial officer at Funde Holding Group Co., Ltd. (富德控股(集團)有限公司) from September 2016 to August 2023, where he was in charge of the overall financial management of its group companies.

Mr. Yuan obtained a bachelor’s degree in economics, majoring in the specialization of certified public accountants, from Wuhan University (武漢大學) in the PRC in July 1999. He subsequently obtained a Master of Business Administration, majoring in financial management, from the Chinese University of Hong Kong in November 2015. Mr. Yuan is also a non-practicing member of Chinese Institute of Certified Public Accountants (中國註冊會計師協會) and a Fellow of the Association of Chartered Certified Accountants (ACCA).

DIRECTORS AND SENIOR MANAGEMENT

Mr. LIU Qisong (劉奇松), aged 49, joined our Group in April 2015 and is currently our deputy general manager and a director of Vedkang Medical and certain of its subsidiaries. He is in charge of the research and development department of our headquarters and Vedkang Medical.

Mr. Liu has over 21 years of experience in engineering and research and development of medical devices. Mr. Liu joined Mindray as a product systems engineer in July 2004, until he joined our Group in April 2015.

Mr. Liu obtained a bachelor’s degree in engineering, majoring in mechanical design and manufacturing, from Qingdao Institute of Architectural Engineering (青島建築工程學院) (now renamed as Qingdao University of Technology (青島理工大學)) in the PRC in July 1998.

Mr. WANG Bin (王斌), aged 51, joined our Group in June 2015 and is currently our deputy general manager and a supervisor of Vedkang Medical and certain of its subsidiaries. He is in charge of the production and supply chain management of our headquarters and Vedkang Medical.

Mr. Wang has over 22 years of experience in factory management. Mr. Wang worked at Mindray from April 2003 to June 2015, with his last position as a senior manager of the machining department.

Mr. Wang obtained a bachelor’s degree in engineering, majoring in mechatronics, from Sichuan University of Science and Technology (四川工業學院) (currently known as Xihua University (西華大學)) in the PRC in July 1999.

Mr. LUO Jun (羅軍), aged 45, joined our Group in January 2016 and is currently our deputy general manager in charge of the sales of our life support and IVD products in the PRC.

Mr. Luo has around 19 years of experience in sales marketing. Mr. Luo subsequently served as the deputy director of international marketing for IVD products at Mindray from September 2006 to January 2016, where he gained broad experience in international sales of medical devices and pipeline management.

Mr. Luo obtained a bachelor’s degree in engineering, majoring in computer science and technology, from Hunan Normal University (湖南師範大學) in the PRC in June 2002.

OTHER INFORMATION

Save as disclosed above:

- (i) none of our Directors holds any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;

DIRECTORS AND SENIOR MANAGEMENT

- (ii) none of our Directors and members of senior management are related to other Directors, members of senior management, substantial shareholders or controlling shareholders of our Company;
- (iii) none of our members of senior management holds or has held other positions in our Company and/or any other members of our Group as at the Latest Practicable Date; and
- (iv) none of our Directors or members of senior management completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

See “Statutory and General Information” in Appendix IV to this document for further information about our Directors, including the particulars of their service contracts and remuneration, and details of the interests of our Directors in our Shares (within the meaning of Part XV of the SFO).

JOINT COMPANY SECRETARIES

Mr. YAN Renzhong (顏仁仲), aged 43, is our executive Director, board secretary and (with effect from the [REDACTED]) joint company secretary. For details of his biography, see “— Board of Directors — Executive Director” in this section.

Ms. Lee Mei Yi (李美儀) has been appointed as our joint company secretary with effect from the [REDACTED]. She is an executive director of corporate services of Tricor Services Limited. Ms. Lee has over 28 years of experience in the corporate secretarial and governance service field. She has been providing professional corporate secretarial and compliance services to companies listed on the Stock Exchange as well as multinational, private and offshore companies. She currently serves as the company secretary or joint company secretary positions in various companies listed on the Stock Exchange.

Ms. Lee is a Chartered Secretary and a Chartered Governance Professional. She obtained fellowship of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in October 2012. She obtained an honours bachelor’s degree in accountancy from City University of Hong Kong (formerly “City Polytechnic of Hong Kong”) in November 1992.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Our Company has established the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee in compliance with the Listing Rules. These committees operate in accordance with their respective terms of reference established by our Board.

DIRECTORS AND SENIOR MANAGEMENT

Audit Committee

We have established the Audit Committee in compliance with Rule 3.21 of the Listing Rules (with effect from the [REDACTED]) and with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

The primary duties of the Audit Committee include, but not limited to, proposing the appointment or change of external auditors to our Board; monitoring the independence of external auditors and evaluating their performance; reviewing and supervising our financial reporting progress and the internal control system of our Group; reviewing and advising on connected transactions; managing risk, performing internal audit, providing advice and comments to our Board; and performing other duties and responsibilities as may be assigned by our Board.

The Audit Committee consists of three members, namely Mr. LAW Kwok Tai, Dr. SHAO Liyang and Mr. ZHANG Hanbin. The chairman of the Audit Committee is Mr. LAW Kwok Tai, who is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules (with effect from the [REDACTED]) and with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

The primary duties of the Remuneration and Appraisal Committee include, but not limited to, establishing, reviewing and providing advice to our Board on the structure of remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning remuneration; making recommendation to our Board on the terms of the specific remuneration package for executive Directors and certain members of our senior management; reviewing and recommending the remuneration of our management by reference to corporate goals and objectives resolved by our Directors from time to time; and dealing with other matters that are authorized by our Board, and if necessary, engaging external experts to provide relevant independent services.

The Remuneration and Appraisal Committee comprises three members, namely Mr. LIU Jie, Mr. ZHANG Hanbin and Mr. LAW Kwok Tai. The chairman of the Remuneration and Appraisal Committee is Mr. ZHANG Hanbin.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

The primary duties of the Nomination Committee include, but not limited to, reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; identifying, selecting and making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; assessing the independence of our independent non-executive Directors; researching and developing standards and procedures for the election of our Board members, general managers and other members of the senior management, and making recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors; conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management; and dealing with other matters that are authorized by our Board.

The Nomination Committee comprises three members, namely Dr. SHAO Liyang, Mr. ZHANG Hanbin and Ms. LI Hui. The chairman of the Nomination Committee is Dr. SHAO Liyang.

Strategy and ESG Committee

We have established a Strategy and ESG Committee, whose primary duties comprises of considering, advising and making recommendations on the long-term strategy and major investment, financing and capital plans of our Group; assisting our Board and our management in formulating ESG practices and evaluating ESG performance; identifying and monitoring ESG-related risks and opportunities, and providing guidance to the management on taking appropriate responses to ESG risks and opportunities.

The Strategy and ESG Committee comprises three members, namely Mr. LIU Jie, Mr. ZHONG Yaoqi and Dr. SHAO Liyang. The chairman of the Strategy and ESG Committee is Mr. LIU Jie.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED] save for the below.

Code provision C.2.1 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules recommends, but does not require, that the roles of chairman and chief executive should be separate and should not be performed by the same person. Our Company deviates from this provision as Mr. Liu performs both the roles of the chairman of our Board and the general manager of our Company. Given Mr. Liu is one of the founders of our current business and has extensive experience in the operations and management of our Group, our Board believes that Mr. Liu serving as both the chairman of our Board and the general manager could ensure consistent leadership within our Group and enable effective and efficient overall

DIRECTORS AND SENIOR MANAGEMENT

strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively. Our Board considers that the balance of power and authority will not be impaired due to this arrangement. Further, our Company has put in place an appropriate check-and-balance mechanism through our Board, including through the appointment of three independent non-executive Directors. Our independent non-executive Directors are able to retain independence in terms of character and judgment and are able to express their views without undue constraint. In addition, our Board also consists of two other executive Directors, namely Mr. ZHONG Yaoqi and Mr. YAN Renzhong, who are familiar with the day-to-day business of our Company. In addition, all major decisions are made in consultation with members of our Board, including the relevant Board committees, three non-executive Directors and three independent non-executive Directors. Our Board will reassess the division of the roles of chairman and general manager from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Each of our executive and non-executive Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company’s competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on our Board and recommend them to our Board for formal adoption.

We recognize the particular importance of gender diversity. Our Board currently comprises nine Directors, including one female Director. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but not limited to at our Board and senior management levels. We will also ensure that there is gender diversity when recruiting staff at mid to senior level, as well as engaging more resources in training more female staff with the aim of providing a pipeline of female senior

DIRECTORS AND SENIOR MANAGEMENT

management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity in our Board and our Group companies with reference to the stakeholders’ expectation and international and local recommended best practices.

MANAGEMENT PRESENCE

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. See “Waivers and Exemptions” for further details.

COMPENSATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

For details of the service contracts and appointment letters that we have entered into with our Directors, see “Statutory and General Information — 3. Further Information about Our Directors — A. Particulars of Directors’ Contracts” in Appendix IV to this document.

The remuneration of our Directors are paid in the form of salaries, allowances, benefits in kind, pension scheme contributions and share-based compensation. The aggregate amount of remuneration (including wages, salaries, bonuses, pension costs, other employee benefits) for our Directors for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025 were approximately RMB39.32 million, RMB10.26 million, RMB21.91 million and RMB16.78 million, respectively.

For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, the aggregate amount of emolument (including wages, salaries, bonuses, pension costs and other employee benefits) for the five highest paid individuals of our Group (excluding one, one, four and three Director(s)) were RMB14.66 million, RMB12.33 million, RMB1.98 million and RMB3.02 million, respectively.

We estimate the remuneration and benefits-in-kind of our Directors in respect of the year ending December 31, 2025 to be approximately RMB[20.9] million in aggregate.

During the Track Record Period, no remuneration was paid to, or receivable by, any Director or any of the five highest paid individuals of our Group as an inducement to join or upon joining our Company or as a compensation for loss of office in the Track Record Period. None of our Directors waived any emolument during the Track Record Period.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, no other payments have been paid or are payable by our Company to our Directors or the five highest paid individuals of our Company during the Track Record Period.

For further details, please see Notes 9 and 10 in the Accountants’ Report in Appendix I to this document.

COMPLIANCE ADVISER

We have appointed UOB Kay Hian (Hong Kong) Limited as the compliance adviser (the “**Compliance Adviser**”) pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rules 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company, among others, in the following circumstances:

- (i) before the publication of any regulatory announcement, circular, or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, development or results of our Company deviate from any forecast, estimate or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Adviser shall commence on the [REDACTED] and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the [REDACTED] and such appointment shall be subject to extension by mutual agreement.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, our Company has adopted a WVR voting structure pursuant to our existing Articles, whereby holders of Class A Shares are entitled to ten votes at all general meetings of our Company saved for the certain resolutions as described in the section headed “History, Development and Corporate Structure — Major Shareholding Changes of Our Company — Joint Stock Company Reform and Establishment of the WVR Structure”, and holders of Class B Shares are entitled to one vote of Share. Our voting rights structure and the shareholding and voting control of our Controlling Shareholders as at the Latest Practicable Date are set out as follows:

- (i) Mr. Liu, Mr. Zhong and Ms. Li beneficially owns a total of 105,336,000 Class A Shares, which represents approximately 21.08% of our total issued share capital and 72.76% of voting rights at general meetings of our Company (save and except for the Reserved Matters in relation to which each Class A Share and each Class B Share shall entitle its holder to one vote on poll);
- (ii) (1) Mr. Zhong controlled through Ruixin Kangzhong LP, one of our Employees Incentive Platforms in which Mr. Zhong is the sole general partner, 1,928,812 Class B Shares; and (2) Ms. Li controlled through Juxian Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Jucai Kangzhong LP, Ruiqian Kangzhong LP and Ruiyu Kangzhong LP, all of which are our Employees Incentive Platforms in which Ms. Li is the sole general partner, a total of 90,385,000 Class B Shares, representing in aggregate 92,313,812 Class B Shares and approximately 18.47% of our total issued share capital and 6.38% of voting rights at general meetings of our Company; and
- (iii) Mr. Liu, Mr. Zhong and Ms. Li entered into the Concert Party Agreement on November 18, 2020 to acknowledge and confirm their acting-in-concert relationship with respect to our Company, pursuant to which Mr. Liu, Mr. Zhong and Ms. Li agreed that (1) they will act in concert when casting votes at the board meetings, Shareholders’ meetings and for all other major decisions of our Company; (2) such arrangement is not terminable until 36 months after the [REDACTED]; and (3) they will act in accordance with Mr. Liu’s instructions if a consensus cannot be reached.

Therefore, as at the Latest Practicable Date, our Controlling Shareholders were interested in approximately 39.55% of our total issued share capital and were entitled to exercise a total of approximately 79.14% of the voting rights at general meetings of our Company (save and except for the Reserved Matters in relation to which each Class A Share and each Class B Share shall entitle its holder to one vote on poll).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Upon completion of the [REDACTED], our Company will unwind the WVR structure and each issued Class A Share and Class B Share will be re-designated to one H Share or Unlisted Share, as the case may be. After the re-designation, all the issued Shares of our Company will entitle their holders to one vote per Share at a general meeting of our Company. Immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding):

- (i) Mr. Liu will hold [REDACTED] Shares;
- (ii) Mr. Zhong will (a) hold [REDACTED] Shares; and (b) be interested in and control [REDACTED] Shares held by Ruixin Kangzhong LP; and
- (iii) Ms. Li will (a) hold [REDACTED] Shares; and (b) be interested in and control (1) [REDACTED] Shares held by Juxian Kangzhong LP; (2) [REDACTED] Shares held by Ruisen Kangzhong LP; (3) [REDACTED] Shares held by Ruikun Kangzhong LP; (4) [REDACTED] Shares held by Jucai Kangzhong LP; (5) [REDACTED] Shares held by Ruiqian Kangzhong LP; and (6) [REDACTED] Shares held by Ruiyu Kangzhong LP.

Therefore, immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and the completion of the [REDACTED], (i) Mr. Liu, Mr. Zhong and Ms. Li; and (ii) their respective controlled corporations, namely, Ruixin Kangzhong LP, Juxian Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Jucai Kangzhong LP, Ruiqian Kangzhong LP and Ruiyu Kangzhong LP (all of which being our Employees Incentive Platforms), will continue to control the exercise of the voting rights of [REDACTED] Shares, which represents approximately [REDACTED]% of our total issued share capital (assuming that the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding), and accordingly, will be considered as a group of Controlling Shareholders of our Company upon [REDACTED] under the Listing Rules.

Our Controlling Shareholders may, from time to time, make minority investments or hold non-executive board positions in entities that operate in, or have subsidiaries that operate in, the broader industries in which our business segments also operate. As our Controlling Shareholders and/or Directors have no executive or shareholding control over any of these entities, and these entities have separate businesses with separate management and shareholder bases that control their entities, our Controlling Shareholders will not inject any of their interested entities into our Group; and to the extent our Directors hold non-executive board positions or make minority investments in these entities, we believe that this strengthens the experience and diversity of our Directors, as a group, and signifies their passion for the industries in which we operate.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders confirm that, as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [REDACTED], our Board will consist of nine Directors comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. For more information, see “Directors and Senior Management”.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

- (i) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (ii) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (iii) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See “— Corporate Governance Measures” in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Controlling Shareholders.

Operational Independence

We have full rights to make business decisions and to carry out our business independently from our Controlling Shareholders and their respective associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and their respective associates after the [REDACTED]:

- (i) we hold all relevant intellectual properties and research and development facilities necessary to carry out our business;
- (ii) we are the holder of all relevant licenses material to the operation of our business;
- (iii) we have independent access to our customers and suppliers;
- (iv) we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders;
- (v) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments; and
- (vi) none of our Controlling Shareholders or their respective associates have any interests in any business which competes or is likely to compete with the business of our Group.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with our Controlling Shareholders. Our Group has independent taxation registration

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with our Controlling Shareholders or any other entities controlled by them.

No loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates will be outstanding as of the [REDACTED]. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. We had received the [REDACTED] from various third-party investors independently. For details of the [REDACTED], see “History, Development and Corporate Structure — [REDACTED]”.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Company and Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

Under the Articles of Association, extraordinary general meetings of our Company may be convened on the written requisition of any one or more members holding, as of the date of deposit of the requisition, in aggregate not less than one-tenth of the issued shares of our Company. In addition, pursuant to the Shareholder communication policy to be adopted by our Company upon [REDACTED], Shareholders are encouraged to put governance related matters to our Directors and to our Company directly in writing.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (i) under the Articles of Association, where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, the Controlling Shareholders or associates will not vote on the relevant resolutions;
- (ii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of its associates, our Company will comply with the applicable Listing Rules;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iii) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (iv) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;
- (v) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (vi) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company’s expense;
- (vii) we have appointed UOB Kay Hian (Hong Kong) Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (viii) we have established our audit committee, remuneration and appraisal committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon completion of the [REDACTED] and without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED], the following persons will have interests and/or short positions (as applicable) in the Shares or underlying shares of our Company that (i) would fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, (ii) will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of substantial shareholder	Capacity/Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] ⁽²⁾		
		Number and description of Shares held	Approximate percentage of shareholding in the total share capital of our Company	Number and description of Shares held ⁽¹⁾	Approximate percentage of shareholding of H Shares/ Unlisted Shares in our Company	Approximate percentage of shareholding in the total share capital of our Company
Mr. Liu	Beneficial owner ⁽³⁾	54,450,000 Class A Shares	10.90%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse and held jointly with another person ⁽³⁾	50,886,000 Class A Shares and 92,313,812 Class B Shares	28.66%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Li	Beneficial owner	22,286,000 Class A Shares	4.46%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of controlled corporations ⁽³⁾	90,385,000 Class B Shares	18.09%	[REDACTED]	[REDACTED]	[REDACTED]
	Interests of spouse and held jointly with another person ⁽³⁾	83,050,000 Class A Shares and 1,928,812 Class B Shares	17.01%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhong . . .	Beneficial owner ⁽³⁾	28,600,000 Class A Shares	5.72%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of controlled corporations ⁽³⁾	1,928,812 Class B Shares	0.39%	[REDACTED]	[REDACTED]	[REDACTED]
	Interests held jointly with another person ⁽³⁾	76,736,000 Class A Shares and 90,385,000 Class B Shares	33.44%	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Name of substantial shareholder	Capacity/Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] ⁽²⁾		
		Number and description of Shares held	Approximate percentage of shareholding in the total share capital of our Company	Number and description of Shares held ⁽¹⁾	Approximate percentage of shareholding of H Shares/ Unlisted Shares in our Company	Approximate percentage of shareholding in the total share capital of our Company
ZHUANG Xiaojin (莊小金)	Beneficial owner	34,664,062 Class B Shares	6.94%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of controlled corporations ⁽⁵⁾	6,906,250 Class B Shares	1.38%	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Gao Ling Fund Management.	Interest of controlled corporations ⁽⁶⁾	103,900,000 Class B Shares	20.79%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Capital Group	Beneficial owner	10,544,885 Class B Shares	2.11%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of controlled corporations ⁽⁷⁾	32,125,115 Class B Shares	6.43%	[REDACTED]	[REDACTED]	[REDACTED]
Linkway Lingxin	Interest of controlled corporations ⁽⁸⁾	5,125,000 Class B Shares	1.03%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) Calculated based on the total number of [REDACTED] Shares in issue immediately following the unwinding of WVR structure, the Conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] and assuming the [REDACTED] has not been exercised, without taking into account any H Shares that may be issued pursuant to the exercise of Options which have been granted under the [REDACTED] Share Option Scheme.
- (3) Mr. Liu, Ms. Li and Mr. Zhong are directly interested in [REDACTED], [REDACTED] and [REDACTED] H Shares, respectively. Mr. Liu and Ms. Li are spouses. Mr. Liu, Mr. Zhong and Ms. Li are parties acting in concert pursuant to the acting-in-concert agreement dated 18 November 2020. See “History, Development and Corporate Structure — Concert Party Arrangement” for further information of such arrangement. In addition, the Concert Parties are also deemed to control and be interested in Shares held by certain of our Employee Share Incentive Platforms: (i) Ms. LI is the general partner of Juxian Kangzhong LP, Ruisen Kangzhong LP, Jucai Kangzhong LP, Ruiyu Kangzhong LP, Ruiqian Kangzhong LP and Ruikun Kangzhong LP; and (ii) Mr. Zhong is the general partner of Ruixin Kangzhong LP. Accordingly, the Concert Parties are deemed to be interested in and have control over Shares held by the aforesaid Employee Share Incentive Platforms pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS

- (4) Further, Mr. Liu and Mr. Zhong were granted share options under the [REDACTED] Share Option Scheme to subscribe for 3,210,000 and 2,500,000 H Shares, respectively, subject to the conditions (including exercise conditions) of those options. For details, please refer to the subsection headed “Statutory and General Information — 5. [REDACTED] Share Option Scheme” in Appendix IV to this document. As such, the Concert Parties are also deemed to be interested in the underlying H Shares of such share options.
- (5) ZHUANG Xiaojin is the general partner of Changzhou Zixi and Changzhou Zijing, which are two of our Employee Share Incentive Platforms. Accordingly, Shares held by the aforesaid Employee Share Incentive Platforms are also deemed to be interested in and controlled by ZHUANG Xiaojin pursuant to the SFO.
- (6) Each of Zhuhai Gao Ling and Suzhou Gao Ling are private equity funds managed by Zhuhai Gao Ling Fund Management. Tianjin Zhenying and Zhuhai Aiheng are limited partnerships established in the PRC, of which the limited partners are all private equity funds managed by Zhuhai Gao Ling Fund Management. Accordingly, Zhuhai Gao Ling Fund Management is deemed to be interested in the Shares held by Zhuhai Gao Ling, Suzhou Gao Ling, Tianjin Zhenying and Zhuhai Aiheng. See “History, Development and Corporate Structure — [REDACTED] — Information about the [REDACTED]” in this document for details of the relationship between Zhuhai Gao Ling Fund Management and the aforesaid entities.
- (7) Hongtu Healthcare, Guangdong Hongtu, Hongtu Peacock and Shenzhen Pingshan Hongtu are controlled by Shenzhen Capital Group. Accordingly, Shenzhen Capital Group is deemed to be interested in the Shares held by each of the aforesaid entities under the SFO. See “History, Development and Corporate Structure — [REDACTED] — Information about the [REDACTED]” in this document for details of Shenzhen Capital Group and the aforesaid entities.
- (8) Lingxin Cornerstone is the general partner of Linkway Cornerstone and is therefore deemed to be interested in the Shares held by Linkway Cornerstone. See “History, Development and Corporate Structure — [REDACTED] — Information about the [REDACTED]” in this document for details of the relationship between Linkway Cornerstone and Lingxin Cornerstone.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and taking into account the share options granted under the [REDACTED] Share Option Scheme), without taking into account the [REDACTED] that may be taken up under the [REDACTED], have any interest and/or short positions in our Shares or underlying Shares which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and upon the completion of the [REDACTED].

BEFORE THE [REDACTED]

Our Company has adopted the WVR structure under which our Company’s share capital comprises Class A Shares and Class B Shares. As of the Latest Practicable Date, the registered share capital of our Company was RMB499,716,086 comprising (i) 105,336,000 Class A Shares; and (ii) 394,380,086 Class B Shares, with a nominal value of RMB1.00 each.

Each Class A Share shall entitle its holder to ten votes, and each Class B Share shall entitle its holder to one vote, on each resolution subject to a vote at our Company’s general meetings on a poll, except for the certain resolutions as described in the section headed “History, Development and Corporate Structure — Major Shareholding Changes of Our Company — Joint Stock Company Reform and Establishment of the WVR Structure”, and holders of Class B Shares are entitled to one vote of Share.

Upon completion of the [REDACTED], our Company will unwind the WVR structure and each issued Class A Share and Class B Share will be re-designated to one H Share or Unlisted Share, as the case may be. After the re-designation, all the issued Shares of our Company will entitle their holders to one vote per Share at a general meeting of our Company.

UPON COMPLETION OF THE [REDACTED]

Immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and the completion of the [REDACTED], assuming the [REDACTED] is not exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
<i>Unlisted Shares</i>		
Unlisted Shares in issue that are not converted into H Shares	[REDACTED]	[REDACTED]
<i>H Shares</i>		
H Shares to be converted from Unlisted Shares ^(Note)	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00%

SHARE CAPITAL

Immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and the completion of the [REDACTED], assuming the [REDACTED] is fully exercised and the share options granted under the [REDACTED] Share Option Scheme have not been exercised and remain outstanding, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
Unlisted Shares		
Unlisted Shares in issue that are not converted into H Shares	[REDACTED]	[REDACTED]
H Shares		
H Shares to be converted from Unlisted Shares ^(Note)	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00 %

Note: For details of the identities of the Shareholders whose Unlisted Shares will be converted into H Shares upon [REDACTED], see “History, Development and Corporate Structure — Public Float and Free Float” and “History, Development and Corporate Structure — Capitalization of our Company”.

SHARE CLASSES

Our Company’s share capital comprises two classes of shares, being the Class A Shares and the Class B Shares as of the Latest Practicable Date.

Following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and the completion of the [REDACTED], our Company would have Unlisted Shares and H Shares (comprise of Unlisted Shares converted into H Shares and H Shares to be issued pursuant to the [REDACTED]). The Unlisted Shares are currently not listed or traded on any stock exchange or authorized trading facility. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and the rights attached to all classes of Shares are identical. Our Unlisted Shares and H Shares will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares. For further information about the rights, preferences, privileges and restrictions of the Unlisted Shares and H Shares, see “Summary of Articles of Association — Shareholders and Shareholders’ General Meetings” in Appendix III to this document.

SHARE CAPITAL

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the Unlisted Shares may be converted into H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been filed by the securities regulatory authorities of the State Council. In addition, such conversion, trading and listing shall complete any requisite internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, [REDACTED] and traded as H Shares on the Stock Exchange, such conversion, [REDACTED] and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. Based on the procedures for the conversion of Unlisted Shares into H Shares as described below, we may apply for the [REDACTED] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any [REDACTED] of additional Shares after our [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong. Class shareholder voting is not required for the conversion of such Shares or the [REDACTED] and trading of such converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted shares on the Stock Exchange after our initial [REDACTED] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Unlisted Shares will be withdrawn from the Unlisted Shares register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our H Share register will be conditional on (i) our [REDACTED] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to [REDACTED] on the Stock Exchange in compliance with the Listing Rules, the General Rules of [REDACTED] and the [REDACTED] Operational Procedures in force from time to time. Until the converted shares are re-registered on our [REDACTED], such Shares would not be [REDACTED] as H Shares.

SHARE CAPITAL

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares pursuant to the [REDACTED] will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

Our Directors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the H Shares are [REDACTED] and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company.

RESTRICTIONS ON SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice on Adjustment of Business Acceptance of Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《關於境外上市公司非境外上市股份登記存管業務受理調整的通知》) and Business Guidelines for the Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《境外上市公司非境外上市股份登記存管業務指南》) our Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the China Securities Depository and Clearing Corporation Limited after the [REDACTED].

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” in this document for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the [REDACTED] range of between HK\$[REDACTED] and HK\$[REDACTED] per Share), after deducting the [REDACTED] and estimated expenses paid or payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised.

In line with our strategies, we intend to apply the net [REDACTED] from the [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for ongoing and planned R&D to further enrich our product lines to build a competitive portfolio:
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used in the R&D of our life support products, including: (i) the R&D of our medication delivery products; (ii) the R&D of our anesthesia machines and airway management products; (iii) the R&D of our rehabilitation products; and (iv) the R&D of life support consumable products;
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used in the R&D of our minimally invasive interventional products, including (i) the development of our endoscope products; and (ii) the development of our minimally invasive interventional products for digestive and urological systems;
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used in the R&D of our IVD products, including the R&D of our IVD equipment products and the development of our IVD reagents and test kits;

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to develop our manufacturing centers to expand our production capacity, including investments in production facilities and upgrades of production lines. This expansion aims at optimizing and integrating production lines and increasing production capacity, thereby further propelling our continuous growth. In particular, we intend to allocate the net [REDACTED] as follows:
 - approximately [REDACTED]%, or HK\$[REDACTED] million, to be used to support the development of our new R&D and manufacturing center in Changzhou, including among others, procurement of production equipment, upgrades to intelligent manufacturing lines, and construction of supporting facilities;
 - approximately [REDACTED]%, or HK\$[REDACTED] million, to be used for production line upgrades and capacity optimization at our other manufacturing facilities, including equipment replacement and procurement, upgrades to intelligent production lines, as well as plant renovation and supporting infrastructure improvements;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to further enhance our sales and marketing capabilities to support scalable business growth:
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used in the sales and marketing activities in overseas markets; and
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used in our domestic sales and marketing activities in China;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to fund potential strategic investments and acquisitions globally that could complement and expand our product portfolio and technologies, and in turn further drive our business growth. For details, see “Business — Our Strategies” in this document. We plan to prudently evaluate and consider a wide array of potential investments in emerging businesses that are expected to have synergetic effects on our business. Specifically, we will consider relevant criteria including: (i) medical device companies with moderate size; (ii) business that are complementary to our existing business units; and (iii) business with industry know-how in the verticals that we intend to increase the penetration in the future. According to CIC, there are ample potential acquisition and investment targets in the medical product industry or upper- and down-stream industries in China as of the Latest Practicable Date, which could be the targets of potential acquisitions and investments for us. As of the Latest Practicable Date, we did not identify any investment or acquisition target in

FUTURE PLANS AND USE OF [REDACTED]

this regard. The primary focus and core of our development strategy revolve leveraging our strengths, deepening our presence in the medical device industry, continuously expanding our market penetration, and increasing our average customer spending.

- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to upgrade our IT infrastructure and digital platform; and
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for our working capital and other general corporate purposes.

The above allocation of the net [REDACTED] from the [REDACTED] will be adjusted on a *pro rata* basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range stated in this document.

If the [REDACTED] is exercised in full, we will receive additional net [REDACTED] of approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the [REDACTED] range stated in this document). In the event that the [REDACTED] is exercised, we intend to apply the additional net [REDACTED] to the above purposes on a *pro rata* basis.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately required for the above purposes and to the extent permitted by applicable laws and regulations or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term interest-bearing deposits or money market instruments with authorized financial institutions as defined under SFO or applicable laws and regulations in the other jurisdictions and/or licensed banks so long as it is deemed to be in the best interests of our Company.

If any part of our plans does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED]. We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

“[To insert the firm’s letterhead]”

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MEDCAPTAIN MEDICAL TECHNOLOGY CO., LTD., MORGAN STANLEY ASIA LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Medcaptain Medical Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [5] to [133], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2022, 2023 and 2024 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [5] to [133] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at December 31, 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended June 30, 2024 and 2025 and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at June 30, 2025 and other explanatory information (the “Interim Financial Information”).

The directors of the Company are responsible for the preparation of the Interim Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [4] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods and the six months ended June 30, 2024 and 2025.

[●]

Certified Public Accountants

Hong Kong

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I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below are the Historical Financial Information and the Interim Financial Information which form an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information and Interim Financial Information are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
REVENUE	5	917,369	1,313,297	1,399,361	682,148	786,567
Cost of sales		(516,507)	(661,861)	(704,289)	(333,673)	(370,845)
Gross profit		<u>400,862</u>	<u>651,436</u>	<u>695,072</u>	<u>348,475</u>	<u>415,722</u>
Other income and gains	5	57,388	82,417	56,331	15,732	21,593
Selling and marketing expenses		(258,659)	(328,322)	(332,538)	(164,749)	(167,044)
Administrative expenses		(172,623)	(145,950)	(177,003)	(90,853)	(80,026)
Research and development expenses		(235,609)	(281,099)	(290,508)	(141,772)	(126,568)
Impairment on financial assets, net	7	(125)	(96)	(1,761)	(1,124)	(255)
Other expenses	6	(3,525)	(5,517)	(3,201)	(1,755)	(753)
Finance costs	8	(14,535)	(21,419)	(15,998)	(10,420)	(6,086)
Share of losses of an associate	18	(386)	(1,274)	(896)	(896)	–
(LOSS)/PROFIT BEFORE TAX	7	(227,212)	(49,824)	(70,502)	(47,362)	56,583
Income tax benefit/(expense)	11	<u>1,051</u>	<u>(14,684)</u>	<u>(26,115)</u>	<u>(10,664)</u>	<u>(15,615)</u>
(LOSS)/PROFIT FOR THE YEAR/PERIOD		<u>(226,161)</u>	<u>(64,508)</u>	<u>(96,617)</u>	<u>(58,026)</u>	<u>40,968</u>
Attributable to:						
Owners of the parent		(222,725)	(63,709)	(96,400)	(57,769)	40,189
Non-controlling interests . . .		<u>(3,436)</u>	<u>(799)</u>	<u>(217)</u>	<u>(257)</u>	<u>779</u>
		<u>(226,161)</u>	<u>(64,508)</u>	<u>(96,617)</u>	<u>(58,026)</u>	<u>40,968</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB) . . .	13	<u>(0.51)</u>	<u>(0.14)</u>	<u>(0.19)</u>	<u>(0.12)</u>	<u>0.08</u>

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<i>Notes</i>	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(5,651)	12,836	1,852	(400)	16,090
Financial assets at fair value through other comprehensive income ("FVOCI")					
Changes in fair value	—	145	674	336	233
Reclassification adjustments included in the consolidated statement of profit or loss					
– gains on disposal	(9,144)	—	—	—	(1,052)
	(14,795)	12,981	2,526	(64)	15,271
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:					
Equity investments designated at FVOCI					
Reclassification adjustments upon disposal	(109)	—	—	—	—
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX	(14,904)	12,981	2,526	(64)	15,271
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR/PERIOD	(241,065)	(51,527)	(94,091)	(58,090)	56,239
Attributable to:					
Owners of the parent	(237,548)	(50,590)	(94,040)	(57,867)	55,460
Non-controlling interests . .	(3,517)	(937)	(51)	(223)	779
	(241,065)	(51,527)	(94,091)	(58,090)	56,239

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31,			June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
NON-CURRENT					
ASSETS					
Property, plant and					
equipment	14	178,615	231,255	342,733	347,948
Intangible assets	15	618,245	597,431	550,169	539,057
Right-of-use assets . . .	16	140,552	166,925	138,802	155,577
Goodwill	17	904,657	905,474	905,517	908,380
Investment in an					
associate	18	8,574	7,300	—	—
Equity investments					
designated at					
FVOCI	19	645	645	645	645
Other non-current					
assets	20	16,849	24,444	18,263	17,460
Total non-current		1,868,137	1,933,474	1,956,129	1,969,067
CURRENT ASSETS					
Inventories	21	226,369	236,957	230,212	232,431
Trade and bills					
receivables	22	100,459	104,775	133,073	182,671
Prepayments, other					
receivables and					
other assets	23	34,442	36,858	43,073	44,970
Amounts due from a					
related party	41	1,086	—	—	—
Financial assets at fair					
value through profit					
or loss (“FVTPL”) .	24	10	156,106	132,488	203,775
Financial assets at					
FVOCI	25	—	21,189	21,863	—
Pledged deposits	26	1,791	3,937	4,135	537
Cash and bank					
balances	26	317,350	262,267	283,988	245,810
Total current assets . . .		681,507	822,089	848,832	910,194

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ACCOUNTANTS’ REPORT

		December 31,			June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)
CURRENT					
LIABILITIES					
Trade payables	27	90,678	88,914	154,189	185,268
Other payables and					
accruals	28	183,560	189,215	223,110	164,507
Contract liabilities . . .	29	114,842	50,726	61,654	65,359
Interest-bearing bank					
borrowings	30	125,772	114,409	74,261	86,515
Lease liabilities	16	27,766	26,946	19,974	23,164
Deferred income	31	609	331	261	261
Tax payables		6,273	8,657	8,422	6,055
Financial liabilities at					
FVTPL	32	1,872	17,588	797	639
Total current					
liabilities		551,372	496,786	542,668	531,768
NET CURRENT					
ASSETS		130,135	325,303	306,164	378,426
TOTAL ASSETS					
LESS CURRENT					
LIABILITIES		1,998,272	2,258,777	2,262,293	2,347,493

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ACCOUNTANTS’ REPORT

		December 31,			June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
NON-CURRENT					
LIABILITIES					
Contract liabilities . . .	29	14,714	59,976	97,612	79,254
Interest-bearing bank					
borrowings	30	289,300	321,654	270,309	277,956
Deferred income	31	693	7,300	799	704
Lease liabilities	16	56,713	85,743	67,279	81,988
Financial liabilities at					
FVTPL	32	15,437	805	201	—
Deferred tax					
liabilities	33	88,801	83,013	74,879	72,514
Total non-current					
liabilities		465,658	558,491	511,079	512,416
Net assets		1,532,614	1,700,286	1,751,214	1,835,077
EQUITY					
Equity attributable					
to owners of the					
parent					
Share capital	34	454,662	476,624	499,716	499,716
Other reserves	35	1,082,536	1,229,183	1,253,816	1,336,900
		1,537,198	1,705,807	1,753,532	1,836,616
Non-controlling					
interests		(4,584)	(5,521)	(2,318)	(1,539)
Total equity		1,532,614	1,700,286	1,751,214	1,835,077

Year ended December 31, 2022

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Attributable to owners of the parent

	Share capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Exchange fluctuation reserve*	Fair value reserve of financial assets at FVOCI*	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 34)	(note 35)	(note 37)	(note 35)	(note 35)	(note 35)			
At January 1, 2023	454,662	1,463,615	502,841	(875,368)	(8,552)	—	1,537,198	(4,584)	1,532,614
Loss for the year	—	—	—	(63,709)	—	—	(63,709)	(799)	(64,508)
Other comprehensive income for the year:									
Changes in fair value of financial assets									
at FVOCI	—	—	—	—	—	145	145	—	145
Exchange differences on translation of foreign operations	—	—	—	—	12,974	—	12,974	(138)	12,836
Total comprehensive loss for the year	—	—	—	(63,709)	12,974	145	(50,590)	(937)	(51,527)
Issue of shares	21,962	133,118	—	—	—	—	155,080	—	155,080
Equity-settled share-based payments									
(note 37)	—	—	64,119	—	—	—	64,119	—	64,119
At December 31, 2023	476,624	1,596,733	566,960	(939,077)	4,422	145	1,705,807	(5,521)	1,700,286

Attributable to owners of the parent

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Six months ended June 30, 2025 (unaudited)

	Attributable to owners of the parent					Fair value reserve of financial assets at FVOCI*	Exchange fluctuation reserve*	Share-based payment reserve*	Share premium*	Share capital	Non-controlling interests	Total
	Share capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Exchange fluctuation reserve*							
	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 37)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)					RMB'000	RMB'000
At January 1, 2025	499,716	1,666,010	620,782	(1,039,903)	6,108	819	1,753,532	(2,318)	1,751,214			
Profit for the period	–	–	–	40,189	–	–	40,189	779	40,968			
Other comprehensive income for the period:												
Reclassification adjustments upon disposal	–	–	–	–	–	(819)	(819)	–	(819)			
Exchange differences on translation of foreign operations	–	–	–	–	16,090	–	16,090	–	16,090			
Total comprehensive income for the period	–	–	–	40,189	16,090	(819)	55,460	779	56,239			
Equity-settled share-based payments (note 37)	–	–	27,624	–	–	–	27,624	–	27,624			
At June 30, 2025 (unaudited)	499,716	1,666,010	648,406	(999,714)	22,198	–	1,836,616	(1,539)	1,835,077			

* These reserve accounts comprised the consolidated other reserves of RMB1,082,536,000, RMB1,229,183,000, RMB1,253,816,000 and RMB1,336,900,000 in the consolidated statements of financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025 (unaudited), respectively.

Attributable to owners of the parent

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Six months ended June 30,	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
CASH FLOWS FROM						
OPERATING ACTIVITIES						
(Loss)/profit before tax		(227,212)	(49,824)	(70,502)	(47,362)	56,583
Adjustments for:						
Finance costs	8	14,535	21,419	15,998	10,420	6,086
Interest income	5	(3,523)	(2,974)	(6,122)	(3,106)	(1,077)
Loss/(gain) on disposal of items of property, plant and equipment	6/5	153	(265)	(202)	280	(467)
Loss/(gain) on disposal of right of use assets.	6/5	34	63	(353)	–	253
Depreciation of property, plant and equipment	14	30,495	37,628	38,786	18,680	18,050
Amortisation of intangible assets	15	36,945	48,900	52,522	27,877	25,900
Depreciation of right-of-use assets.	16	28,056	29,300	30,971	15,278	13,518
Loss on disposal of an associate		–	–	896	896	–
Investment income on other investments classified as financial assets at FVTPL	5	(709)	(1,940)	(1,163)	(536)	(440)
Investment income on other investments classified as financial assets at FVOCI	5	(12,454)	–	–	–	(1,052)
Fair value gains on other investments classified as financial assets at FVTPL	5	–	(1,106)	(1,382)	(519)	(2,603)
Fair value losses on financial liabilities at FVTPL	6	1,749	2,956	1,623	972	281
Share of losses of an associate	18	386	1,274	–	–	–
Impairment on inventories, net	7	7,408	(2,083)	10,415	5,561	2,192
Impairment on financial assets, net		125	96	1,761	1,124	255

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	<i>Notes</i>	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Government grants recognised from deferred income		(674)	(671)	(331)	(165)	(95)
Foreign exchange gains, net	5	(9,997)	(10,918)	(1,733)	(3,207)	(5,199)
Equity-settled share-based payments	37	87,455	64,119	53,822	33,994	27,624
		<u>179,984</u>	<u>185,798</u>	<u>195,508</u>	<u>107,549</u>	<u>83,226</u>
Decrease/(increase) in inventories		12,330	(8,505)	(3,670)	(785)	(3,478)
(Increase)/decrease in pledged deposits		(1,791)	(2,146)	(198)	1,450	3,598
Increase in trade and bills receivables		(15,045)	(4,412)	(30,059)	(19,072)	(47,100)
Decrease in other non-current assets		3,263	804	1,111	1,784	(580)
(Increase)/decrease in amounts due from a related party		(1,065)	1,086	–	–	–
Decrease/(increase) in prepayments, other receivables and other assets . . .		10,382	(2,416)	(6,215)	(15,036)	(798)
Increase/(decrease) in trade payables		7,575	(1,764)	65,275	3,535	29,796
Increase/(decrease) in other payables and accruals		53,957	(24,422)	12,420	8,514	(29,904)
Increase/(decrease) in contract liabilities		94,505	(18,854)	48,564	23,816	(14,653)
Increase in deferred income . . .		<u>300</u>	<u>6,240</u>	<u>–</u>	<u>–</u>	<u>–</u>
Cash generated from operating activities		<u>117,183</u>	<u>81,585</u>	<u>212,234</u>	<u>64,393</u>	<u>76,690</u>
Interest received		3,523	2,974	6,122	3,106	1,077
Income tax paid		<u>(7,348)</u>	<u>(19,714)</u>	<u>(35,006)</u>	<u>(5,343)</u>	<u>(21,085)</u>
Net cash flows from operating activities		<u>113,358</u>	<u>64,845</u>	<u>183,350</u>	<u>62,156</u>	<u>56,682</u>

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<i>Notes</i>	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>	<i>RMB’000</i> <i>(unaudited)</i>
CASH FLOWS USED IN INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment	(42,664)	(79,648)	(120,140)	(43,144)	(50,991)
Purchase of a land use right . . .	(50,398)	–	–	–	–
Purchase of intangible assets . .	(1,731)	(10,586)	(14,749)	(4,079)	(2,939)
Receipt of government grants for property, plant and equipment	–	760	–	–	–
Payment for acquisition of subsidiaries	(865,908)	–	(18,096)	(18,096)	(7,772)
Proceeds from disposal of items of property, plant and equipment	761	3,144	2,073	773	1,645
Purchase of financial assets at FVTPL	(301,000)	(1,037,500)	(1,005,000)	(629,000)	(683,523)
Purchase of financial assets at FVOCI	–	(21,044)	–	–	–
Proceeds from disposal of financial assets at FVTPL . . .	325,891	884,450	1,031,163	683,199	616,330
Proceeds from disposal of financial assets at FVOCI . . .	374,679	–	–	–	22,010
Proceeds from disposal of an associate	–	–	6,404	6,404	–
Proceeds from disposal of Equity investments designated at FVOCI	10	–	–	–	–
Net cash flows used in investing activities	<u>(560,360)</u>	<u>(260,424)</u>	<u>(118,345)</u>	<u>(3,943)</u>	<u>(105,240)</u>
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from issue of shares . .	100	155,080	92,369	–	–
[REDACTED] expenses paid . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
New bank loans	468,010	188,654	87,555	38,243	50,364
Interest paid for bank loans . . .	(7,657)	(17,476)	(10,638)	(5,880)	(3,852)
Interest paid for lease	(4,847)	(4,800)	(5,508)	(2,855)	(2,297)
Principal portion of lease payments	(27,496)	(27,174)	(27,865)	(14,976)	(13,028)

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	<i>Notes</i>	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Repayment of bank loans		(58,260)	(166,806)	(178,900)	(71,352)	(30,400)
Acquisition of non-controlling interests of a subsidiary		—	—	(1,172)	—	—
Net cash flows from/(used in) financing activities		369,850	127,272	(46,922)	(58,631)	414
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(77,152)	(68,307)	18,083	(418)	(48,144)
Cash and cash equivalents at beginning of year/period		389,058	317,350	262,267	262,267	283,988
Effect of foreign exchange rate changes, net		5,444	13,224	3,638	4,050	9,966
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>317,350</u>	<u>262,267</u>	<u>283,988</u>	<u>265,899</u>	<u>245,810</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances as stated in the consolidated statements of financial position	26	<u>317,350</u>	<u>262,267</u>	<u>283,988</u>	<u>265,899</u>	<u>245,810</u>
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>317,350</u>	<u>262,267</u>	<u>283,988</u>	<u>265,899</u>	<u>245,810</u>

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STATEMENTS OF FINANCIAL OF THE COMPANY

		December 31,			June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
NON-CURRENT					
ASSETS					
Property, plant and					
equipment	14	44,760	44,966	47,143	43,038
Intangible assets	15	5,108	21,569	18,296	18,520
Investments in					
subsidiaries	1	1,965,952	1,985,605	2,001,989	2,075,433
Right-of-use assets . . .	16	37,123	26,597	14,509	32,352
Other non-current					
assets	20	10,051	12,839	14,237	13,545
Total non-current					
assets		2,062,994	2,091,576	2,096,174	2,182,888
CURRENT ASSETS					
Inventories	21	71,224	62,616	97,337	86,268
Trade receivables	22	3,891	11,414	5,095	7,652
Prepayments, other					
receivables and					
other assets	23	9,213	14,394	13,082	12,733
Amounts due from					
subsidiaries	41	64,227	131,579	118,178	132,399
Financial assets at					
FVTPL	24	10	—	—	—
Financial assets at					
FVOCI	25	—	21,189	21,863	—
Cash and bank					
balances	26	111,904	43,933	71,014	32,460
Total current assets . . .					
		260,469	285,125	326,569	271,512
CURRENT					
LIABILITIES					
Trade payables	27	35,693	30,222	53,612	60,426
Other payables and					
accruals	28	98,761	84,441	88,068	66,841
Contract liabilities . . .	29	81,056	15,840	18,388	24,221
Interest-bearing bank					
borrowings	30	113,772	109,509	49,258	52,201
Deferred income	31	570	140	—	—

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	<i>Notes</i>	December 31,			June 30,
		2022	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Amounts due to					
subsidiaries	41	53	–	270,510	365,050
Lease liabilities	16	13,574	13,863	9,580	14,059
Total current					
liabilities		343,479	254,015	489,416	582,798
NET CURRENT					
(LIABILITIES)/					
ASSETS		(83,010)	31,110	(162,847)	(311,286)
TOTAL ASSETS					
LESS CURRENT					
LIABILITIES		1,979,984	2,122,686	1,933,327	1,871,602
NON-CURRENT					
LIABILITIES					
Contract liabilities . . .	29	14,714	59,976	97,612	79,254
Interest-bearing bank					
borrowings	30	289,300	300,900	186,900	174,400
Deferred income	31	140	6,240	–	–
Lease liabilities	16	27,163	16,170	7,366	20,150
Deferred tax					
liabilities		2,713	2,664	1,915	1,489
Total non-current					
liabilities		334,030	385,950	293,793	275,293
Net assets		1,645,954	1,736,736	1,639,534	1,596,309
EQUITY					
Share capital	34	454,662	476,624	499,716	499,716
Other reserves	35	1,191,292	1,260,112	1,139,818	1,096,593
Total equity		1,645,954	1,736,736	1,639,534	1,596,309

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Medcaptain Medical Technology Co., Ltd. (the “Company”) is a joint stock company with limited liability established in Shenzhen, People’s Republic of China (“Mainland China”) on April 26, 2011. The registered office address of the Company is Room 701, Block A, Building 7, Shenzhen International Innovation Hub, Xili, Nanshan District, Shenzhen, People’s Republic of China (“PRC”).

During the Relevant Periods and the six months ended June 30, 2024 and 2025, the Group was involved in the research and development, manufacturing and sales of life support products, minimally invasive intervention products and in vitro diagnostic medical devices.

As at June 30, 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Medcaptain Life Science Co., Ltd.* (“深圳麥科田生命科學有限公司”) (“Medcaptain Life Science”) (note (b)(h))	Mainland China May 2, 2018	RMB60,000,000	100%	–	Research and development and manufacturing and sales of life support products
Medcaptain Software Technology Co., Ltd.* (“深圳麥科田軟件技術有限公司”) (“Medcaptain Software”) (note (a))	Mainland China May 13, 2015	RMB1,000,000	100%	–	Research and development activities
Shanghai Runpu Biotechnology Co., Ltd.* (“上海潤普生物技術有限公司”) (“Runpu Biotech”) (note (b)(h))	Mainland China November 16, 2010	RMB28,080,000	100%	–	Research and development and manufacturing and sales of in vitro diagnostic medical devices
Shanghai Runpu Biomedical Technology Co., Ltd.* (“上海潤普生科醫學科技有限公司”) (“Runpu Biomedical”) (note (a))	Mainland China June 24, 2015	RMB1,000,000	–	100%	Manufacturing and sales of in vitro diagnostic medical devices
Changzhou Runpu Electronics Co., Ltd.* (“常州潤樸電子有限公司”) (“Changzhou Runpu”) (note (a))	Mainland China September 26, 2022	RMB350,000	–	100%	Manufacturing and sales of in vitro diagnostic medical devices
Mabsky Bio-Tech Co., Ltd.* (“深圳生科原生物有限公司”) (“Mabsky”) (note (b)(h))	Mainland China September 13, 2004	RMB26,691,558	100%	–	Research and development and manufacturing and sales of in vitro diagnostic medical devices

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Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenzhen Mabsky Technology Co., Ltd.* (“深圳生科原技術有限公司”) (“Mabsky Technology”) <i>(note (b)(h))</i>	Mainland China August 1, 2024	RMB2,000,000	–	100%	Research and development and manufacturing and sales of in vitro diagnostic medical devices
Shenzhen Baiyou Biotechnology Co., Ltd.* (“深圳市百優生物有限公司”) (“Shenzhen Baiyou”) <i>(note (a))</i>	Mainland China December 8, 2020	RMB1,000,000	–	100%	Manufacturing and sales of in vitro diagnostic medical devices
Hangzhou Xinghaohui Biotechnology Co., Ltd.* (“杭州興浩暉生物科技股份有限公司”) (“Xinghaohui”) <i>(note (a)(j))</i>	Mainland China February 2, 2018	RMB1,360,000	–	100%	Manufacturing and sales of in vitro diagnostic medical devices
Sichuan Medcaptain Medical Technology Co., Ltd.* (“四川麥科田醫療技術有限公司”) (“Sichuan Medcaptain”) <i>(note (a))</i>	Mainland China June 17, 2025	RMB50,000,000	100%	–	Sales of life support products
Jiangsu Vedkang Medical Science and Technology Co., Ltd.* (“江蘇唯德康醫療科技有限公司”) (“Vedkang Medical”) <i>(note (b)(e)(f)(g))</i>	Mainland China October 15, 2012	RMB81,880,092	100%	–	Research and development and manufacturing and sales of minimally invasive intervention products
Changzhou Jiuhong Medical Instrument Co., Ltd.* (“常州市久虹醫療器械有限公司”) (“Changzhou Jiuhong”) <i>(note (b)(e))</i>	Mainland China July 28, 2003	RMB16,000,000	–	100%	Research and development and manufacturing and sales of minimally invasive intervention products
Changzhou Fortunmed Co., Ltd.* (“常州錦福瑞醫療器械有限公司”) (“Changzhou Fortunmed”) <i>(note (b)(e))</i>	Mainland China July 11, 2017	RMB5,000,000	–	100%	Sales of minimally invasive intervention products
Changzhou Hengke Molding Technology Co., Ltd.* (“常州市恆可模塑科技有限公司”) (“Changzhou Hengke”) <i>(note (b)(e))</i>	Mainland China June 22, 2021	RMB5,000,000	–	100%	Manufacturing and sales of minimally invasive intervention products

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Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hunan Vedkang Medical Science and Technology Co., Ltd.* (“湖南唯德康醫療科技有限公司”) (“Hunan Vedkang”) (note (b)(e))	Mainland China January 18, 2022	RMB3,000,000	–	100%	Research and development and manufacturing and sales of minimally invasive intervention products
Jiangsu Tuyun Medical Technology Co., Ltd.* (“江蘇圖雲醫療科技有限公司”) (“Jiangsu Tuyun”) (note (b)(e))	Mainland China February 8, 2021	RMB10,000,000	–	80%	Research and development and manufacturing and sales of minimally invasive intervention products
VD-JH GmbH (“Vedkang German”) (note (a))	Germany October 5, 2021	EUR50,000	–	100%	Sales of minimally invasive intervention products
Medcaptain Medical Technology (Hong Kong) Limited (“Medcaptain Hong Kong”) (note (c))	Hong Kong June 4, 2015	HKD280,300,000	100%	–	Sales of life support products
Medcaptain Europe B.V. (“Medcaptain Europe”) (note (a))	Netherlands February 11, 2016	EUR100	–	100%	Sales of life support products
Medcaptain UK Limited (“Medcaptain UK”) (note (a))	United Kingdom (“UK”) October 22, 2021	GBP26,095,504	–	100%	Investment holding
Intermed Limited (“Intermed”) (note (d)(g))	United Kingdom May 16, 2007	GBP8,907,415	–	100%	Investment holding
Penlon Limited (“Penlon”) (note (d))	United Kingdom July 23, 1996	GBP12,265,340	–	100%	Research and development and manufacturing and sales of life support products
Penlon Inc. (“Penlon Inc”) (note (a)(i))	United States of America (“USA”) October 29, 2007	USD\$1	–	100%	Investment holding
PT Medcaptain Medical Indonesia (“Medcaptain Indonesia”) (note (a))	Indonesia June 9, 2022	RP10,100,000,000	–	99%	Sales of life support products
Medcaptain Medical Colombia S.A.S (“Medcaptain Colombia”) (note (a))	Colombia March 17, 2023	COB100,000,000,000	–	100%	Sales of life support products

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Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Medcaptain Medical (Thailand) Co., Ltd. (“Medcaptain Thailand”) (note (a)).	Thailand October 4, 2022	THB3,500,000	–	99.99%	Sales of life support products

Notes:

- (a) As at the date of this report, no audited financial statements have been prepared for these entities, as they had limited level of business operations and no compulsory local regulatory requirement.
 - (b) The statutory financial statements of these entities for the year ended December 31, 2022 prepared in accordance with accepted accounting principles and financial regulations in Mainland China were audited by RSM CPA Partnership (容誠會計師事務所(特殊普通合伙)), certified public accountants registered in Mainland China. The statutory financial statements of these entities for the year ended December 31, 2023 prepared in accordance with accepted accounting principles and financial regulations in Mainland China were audited by Shenzhen Chenghua CPA Ltd. (深圳誠華會計師事務所有限公司), certified public accountants registered in Mainland China.
 - (c) The statutory financial statements of this entity for the year ended December 31, 2022 prepared in accordance with accepted accounting principles and financial regulations in Hong Kong were audited by Profit Accounting (盈大會計師事務所), certified public accountants registered in Hong Kong. The statutory financial statements of this entity for the year ended December 31, 2023 and 2024 prepared in accordance with accepted accounting principles and financial regulations in Hong Kong were audited by Ernst & Young, certified public accountants registered in Hong Kong.
 - (d) The statutory financial statements of this entity for the years ended March 31, 2023 and December 31, 2023 prepared in accordance with accepted accounting principles and financial regulations in the United Kingdom were audited by Crowe U.K. LLP, certified public accountants registered in the UK.
 - (e) The statutory financial statements of these entities for the year ended December 31, 2024 prepared in accordance with accepted accounting principles and financial regulations in Mainland China were audited by Jiangsu Huayun CPA Ltd. (華雲(江蘇)會計師事務所有限公司), certified public accountants registered in Mainland China.
 - (f) 100% of Vedkang Medical’s share capital was pledged to secure certain bank borrowings.
 - (g) During the reporting periods, the Group acquired 100% equity of Vedkang Medical and Intermed. Further details of these acquisitions are included in note 36 to the Historical Financial Information and Interim Financial Information.
 - (h) The statutory financial statements of these entities for the year ended December 31, 2024 prepared in accordance with accepted accounting principles and financial regulations in Mainland China were audited by Shenzhen Huaqin CPA Ltd. (深圳華勤會計師事務所有限公司), certified public accountants registered in Mainland China.
 - (i) The entity was dissolved on March 31, 2023.
 - (j) The entity was dissolved on September 5, 2023.
- * The English names of these companies registered in Mainland China represent the best effort made by the directors of the Company (the “Directors”) to translate the Chinese names as these companies have not been registered with any official English names.

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The carrying amounts of the Company’s investments in subsidiaries are as follows:

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Investment in subsidiaries, at cost . .	2,290,356	2,230,573	2,251,897	2,327,407
Impairment*	(324,404)	(244,968)	(249,908)	(251,974)
Net carrying amount	<u>1,965,952</u>	<u>1,985,605</u>	<u>2,001,989</u>	<u>2,075,433</u>

* The Company has performed impairment testing for investment in subsidiaries which has impairment indicators as at each reporting periods. The Company has recognised impairment losses on investment in subsidiaries amounted to RMB4,754,000, RMB4,858,000, RMB4,940,000 and RMB2,066,000 (unaudited) as at each reporting periods.

2.1 BASIS OF PREPARATION

The Historical Financial Information and the Interim Financial Information have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the period covered by the Interim Financial Information.

The Historical Financial Information and Interim Financial Information have been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each reporting periods.

Basis of consolidation

The Historical Financial Information and the Interim Financial Information include the financial information of the Group for the reporting periods and 2024. 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 information of the subsidiaries is prepared for the same reporting periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective, in the Historical Financial Information and Interim Financial Information. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7 . . .	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7 . . .	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IFRS 28 .	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
<i>Annual Improvements to IFRS Accounting Standards – Volume II . .</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

1 Effective for annual periods beginning on or after January 1, 2026

2 Effective for annual/reporting periods beginning on or after January 1, 2027

3 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group’s financial statements. The application of IFRS 18 will have no impact on the consolidated statement of financial position of the Group, but is expected to have impact on the presentation of the consolidated statement of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that the application of these new and revised IFRS Accounting Standards will have no material impact on the Group’s financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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The Group’s investment in an associate is stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group’s share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group’s investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations under common control are accounted for using the pooling of interest method. On the acquisition date, the carrying amounts of the assets and liabilities of the acquiree recognised in the consolidated financial statements of its former parent are reflected in the Group’s consolidated financial statements, and no new goodwill is recognised as a result of the combination.

All other business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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An assessment is made at the end of each reporting periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

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

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

Property, plant and equipment and depreciation

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

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

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

	Shorter of remaining lease terms and estimated useful lives
Leasehold improvements	
Buildings	4.75%
Office equipment	19% to 32%
Plant and machinery	9.5% to 19%
Transportation equipment	19% to 32%

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Intangible assets with definite useful lives are amortised on the straight-line basis over the following useful economic lives:

Software	2 to 10 years
Patents	10 years
Customer relationship	10 years

Intangible assets with indefinite useful lives are summarised as follows:

Brands

Brands were acquired from business combinations. Acquired brands are stated initially at acquisition date fair value, and are subsequently measured at cost less any impairment losses.

Research and development costs

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

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

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Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Plant, offices and laboratories	2 to 15 years
Leasehold land	50 years

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at FVOCI (debt instruments)

For debt investments at FVOCI, interest income is recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at FVOCI (equity investments)

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

Gains and losses on these financial assets are never recycled to profit or loss. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at FVTPL

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

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Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

At each reporting periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting periods with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at FVOCI, the Group applies the low credit risk simplification. At each reporting periods, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. Debt investments graded in the top investment categories are considered to be low credit risk investments. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.

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

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

- Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 Financial assets that are credit-impaired at the reporting periods (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, or payables, as appropriate.

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

The Group’s financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and financial liabilities at FVTPL.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

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Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

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Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

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

Sales of life support products, minimally invasive intervention products and in vitro diagnostic medical devices

Revenue from the sale of life support products, minimally invasive intervention products and in vitro diagnostic medical devices is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products for export sales and acceptance of the products for domestic sales.

Some contracts for the sale of products provide customers with rights of volume rebates, giving rise to variable consideration.

Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against future amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

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Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards meaning the fair value of the underlying ordinary shares of the Company on the respective dates of grant. Further details are included in note 37 to the Historical Financial Information and Interim Financial Information.

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

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

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

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

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

Other employee benefits

Pension schemes

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group’s subsidiaries in the United Kingdom operate a defined contribution pension plan, in which fixed costs are required to be contributed to a separate entity. The contributions are charged to profit or loss as they become payable in accordance with the rules of the defined pension scheme.

Events after the reporting periods

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

Foreign currencies

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

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

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

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

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

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Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information and Interim Financial Information require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information and Interim Financial Information:

Research and development expenses

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

Recognition of income taxes and deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has tax losses of RMB568,288,000, RMB835,953,000, RMB1,261,480,000 and RMB1,382,446,000 during the reporting periods carried forward, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all carried forward unrecognised deferred tax assets, the profit and equity would have increased by RMB17,690,000, RMB42,242,000, RMB65,782,000 and RMB18,587,000 during the reporting periods, respectively. Further details on deferred taxes are disclosed in note 33 to the Historical Financial Information and Interim Financial Information.

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Revenue from contracts with customers

The Group applied the following judgement that significantly affects the determination of the amount and timing of revenue from contracts with customers:

- (a) Determining the method to estimate variable consideration and assessing the constraint for the sale of life support products, minimally invasive intervention products and in vitro diagnostic medical devices.

Certain contracts for the sale of life support products, minimally invasive intervention products and in vitro diagnostic medical devices include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

In estimating the variable consideration for the sale of products with volume rebates, the Group determined that using the most likely amount method is appropriate. The most likely amount method that better predicts the amount of variable consideration related to volume rebates is primarily driven by a single volume threshold contained in the contract.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at December 31, 2022, 2023 and 2024 and June 30, 2025 (unaudited) were RMB904,657,000, RMB905,474,000, RMB905,517,000 and RMB908,380,000 respectively. Further details are disclosed in note 17.

Variable consideration for volume rebates

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

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

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

Leases — Estimating the incremental borrowing rate (“IBR”)

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing

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transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade and bills receivables is disclosed in note 22 to the Historical Financial Information and Interim Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimated useful lives and residual values of property, plant and equipment, and patents and customer relationship

The Group’s management determines the estimated useful lives, residual values and related depreciation and amortisation charges for the Group’s property, plant and equipment, patents and customer relationship with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortisation charges where useful lives are different to that of previously estimated, or 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 and 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 and amortisation charges in future periods.

4. OPERATING SEGMENT INFORMATION

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

- (a) Life support product segment provides complete integration of advanced infusion equipment, anesthesia equipment, and associated consumables;
- (b) Minimally invasive intervention product segment provides high-tech medical devices designed for endoscopic procedures, boasting superior performance and advanced functionality; and
- (c) In vitro diagnostic (“IVD”) medical device segment provides seamlessly integrated cutting-edge medical testing equipment with tailored reagents.

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Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment gross profit.

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.

There were no separate segment assets and segment liabilities information provided to management, as management does not use this information to allocate resources or to evaluate the performance of the operating segments.

Year ended December 31, 2022

	Life support	Minimally invasive intervention	IVD	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Revenue	415,844	385,997	115,528	917,369
Segment results	144,732	197,553	58,577	400,862
<u>Reconciliation:</u>				
Other income and gains				57,388
Selling and marketing expenses				(258,659)
Administrative expenses				(172,623)
Research and development expenses				(235,609)
Impairment on financial assets, net				(125)
Other expenses				(3,525)
Finance costs				(14,535)
Share of losses of an associate				(386)
Loss before tax				(227,212)

Year ended December 31, 2023

	Life support	Minimally invasive intervention	IVD	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Revenue	564,146	586,545	162,606	1,313,297
Segment results	232,838	324,125	94,473	651,436
<u>Reconciliation:</u>				
Other income and gains				82,417
Selling and marketing expenses				(328,322)
Administrative expenses				(145,950)
Research and development expenses				(281,099)
Impairment on financial assets, net				(96)
Other expenses				(5,517)
Finance costs				(21,419)
Share of losses of an associate				(1,274)
Loss before tax				(49,824)

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Year ended December 31, 2024

	Life support	Minimally invasive intervention	IVD	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Revenue	494,057	721,327	183,977	1,399,361
Segment results	172,500	416,078	106,494	695,072
<u>Reconciliation:</u>				
Other income and gains				56,331
Selling and marketing expenses				(332,538)
Administrative expenses				(177,003)
Research and development expenses				(290,508)
Impairment on financial assets, net				(1,761)
Other expenses				(3,201)
Finance costs				(15,998)
Share of losses of an associate				(896)
Loss before tax				(70,502)

Six months ended June 30, 2024 (unaudited)

	Life support	Minimally invasive intervention	IVD	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Revenue	246,590	344,472	91,086	682,148
Segment results	97,868	197,538	53,069	348,475
<u>Reconciliation:</u>				
Other income and gains				15,732
Selling and marketing expenses				(164,749)
Administrative expenses				(90,853)
Research and development expenses				(141,772)
Impairment on financial assets, net				(1,124)
Other expenses				(1,755)
Finance costs				(10,420)
Share of losses of an associate				(896)
Loss before tax				(47,362)

Six months ended June 30, 2025 (unaudited)

	Life support	Minimally invasive intervention	IVD	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Revenue	297,833	402,518	86,216	786,567
Segment results	130,890	240,342	44,490	415,722
<u>Reconciliation:</u>				
Other income and gains				21,593
Selling and marketing expenses				(167,044)
Administrative expenses				(80,026)
Research and development expenses				(126,568)
Impairment on financial assets, net				(255)
Other expenses				(753)
Finance costs				(6,086)
Profit before tax				56,583

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Geographical information

(a) Revenue from external customers

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Mainland China	525,941	809,572	769,527	390,863	435,914
Europe, Middle East and Africa (“EMEA”)	244,994	247,404	313,911	137,360	176,085
Asia Pacific Area (“APAC”) (excluding Mainland China)	65,857	154,657	144,653	76,307	78,184
North America and South America (“AMER”)	80,577	101,664	171,270	77,618	96,384
Total	917,369	1,313,297	1,399,361	682,148	786,567

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

(b) Non-current assets

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Mainland China	1,467,324	1,523,948	1,508,415	1,487,406
EMEA	145,280	149,731	184,125	193,015
APAC	245,026	250,092	254,997	279,474
Total	1,857,630	1,923,771	1,947,537	1,959,895

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

Since none of the Group’s sales to a single customer amounted to 10% or more of the Group’s revenue during the Relevant Periods and six months ended June 30, 2024 and 2025 (unaudited), no major customer information in accordance with IFRS 8 *Operating Segments* is presented.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue from contracts with customers	917,369	1,313,297	1,399,361	682,148	786,567

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Revenue from contracts with customers

(a) Disaggregated revenue information

Year ended December 31, 2022

	Life support	Minimally invasive intervention	IVD	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods				
Sale of products	415,844	385,997	115,528	917,369
Geographical markets				
Mainland China	163,099	256,109	106,733	525,941
EMEA	152,695	89,113	3,186	244,994
APAC	34,640	29,151	2,066	65,857
AMER	65,410	11,624	3,543	80,577
Total revenue from contracts with customers.	415,844	385,997	115,528	917,369
Timing of revenue recognition				
Goods transferred at a point in time .	415,844	385,997	115,528	917,369

Year ended December 31, 2023

	Life support	Minimally invasive intervention	IVD	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods				
Sale of products	564,146	586,545	162,606	1,313,297
Geographical markets				
Mainland China	265,904	400,388	143,280	809,572
EMEA	125,579	115,350	6,475	247,404
APAC	102,316	47,945	4,396	154,657
AMER	70,347	22,862	8,455	101,664
Total revenue from contracts with customers.	564,146	586,545	162,606	1,313,297
Timing of revenue recognition				
Goods transferred at a point in time .	564,146	586,545	162,606	1,313,297

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Year ended December 31, 2024

	Life support	Minimally invasive intervention	IVD	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods				
Sale of products	494,057	721,327	183,977	1,399,361
Geographical markets				
Mainland China	122,488	493,697	153,342	769,527
EMEA	147,058	152,480	14,373	313,911
APAC	94,810	43,773	6,070	144,653
AMER	129,701	31,377	10,192	171,270
Total revenue from contracts with customers.	494,057	721,327	183,977	1,399,361
Timing of revenue recognition				
Goods transferred at a point in time.	494,057	721,327	183,977	1,399,361

Six months ended June 30, 2024 (unaudited)

	Life support	Minimally invasive intervention	IVD	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods				
Sale of products	246,590	344,472	91,086	682,148
Geographical markets				
Mainland China	70,991	239,720	80,152	390,863
EMEA	65,369	68,478	3,513	137,360
APAC	51,669	20,929	3,709	76,307
AMER	58,561	15,345	3,712	77,618
Total revenue from contracts with customers.	246,590	344,472	91,086	682,148
Timing of revenue recognition				
Goods transferred at a point in time.	246,590	344,472	91,086	682,148

Six months ended June 30, 2025 (unaudited)

	Life support	Minimally invasive intervention	IVD	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods				
Sale of products	297,833	402,518	86,216	786,567
Geographical markets				
Mainland China	83,183	285,754	66,977	435,914
EMEA	86,648	78,063	11,374	176,085
APAC	53,662	20,915	3,607	78,184
AMER	74,340	17,786	4,258	96,384
Total revenue from contracts with customers.	297,833	402,518	86,216	786,567
Timing of revenue recognition				
Goods transferred at a point in time.	297,833	402,518	86,216	786,567

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The following table shows the amounts of revenue recognised in the Relevant Periods and the six months ended June 30, 2024 and 2025 that were included in the contract liabilities at the beginning of those periods and recognised from performance obligations satisfied in previous periods:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the year/period:					
Sale of products	17,276	114,842	50,726	48,385	57,545
Total	17,276	114,842	50,726	48,385	57,545

(b) Performance obligations

Information about the Group’s performance obligations is summarized below:

Sales of products

The performance obligation is satisfied upon delivery of the products for export sales and acceptance of the products for domestic sales. Payment is generally due within 1 to 3 months from delivery of the products or acceptance of the products based on the type of sales, where payment in advance is required for certain sales. Some contracts provide customers with a right of volume rebates which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at December 31, 2022, 2023 and 2024 and June 30, 2024 and 2025 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Amounts expected to be recognised as revenue:					
Within one year	114,842	50,726	61,654	37,125	65,359
After one year	14,714	59,976	97,612	97,393	79,254
Total	129,556	110,702	159,266	134,518	144,613

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to service-type warranties and a research and development service, of which the performance obligations are to be satisfied within two to ten years. The research and development services are highly correlated to the purchases of goods from the Group by a third party and the revenue from the research and development services is recognised based on future purchases of goods from the Group. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

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	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
<u>Other income</u>					
Government grants					
income*	29,443	64,174	44,600	7,677	10,489
Bank interest income	3,523	2,974	6,122	3,106	1,077
Investment income on					
investments classified as					
financial assets at					
FVTPL	709	1,940	1,163	536	440
Investment income on					
investments classified as					
financial assets at					
FVOCI	12,454	–	–	–	1,052
Others	1,262	1,040	776	687	266
Total other income	<u>47,391</u>	<u>70,128</u>	<u>52,661</u>	<u>12,006</u>	<u>13,324</u>
<u>Gains</u>					
Foreign exchange gains,					
net	9,997	10,918	1,733	3,207	5,199
Gain on disposal of					
property, plant and					
equipment	–	265	202	–	467
Gain on termination of					
lease	–	–	353	–	–
Fair value gains on					
financial assets at					
FVTPL	–	1,106	1,382	519	2,603
Total gains	<u>9,997</u>	<u>12,289</u>	<u>3,670</u>	<u>3,726</u>	<u>8,269</u>
Total other income and					
gains	<u>57,388</u>	<u>82,417</u>	<u>56,331</u>	<u>15,732</u>	<u>21,593</u>

* The government grants mainly represent subsidies received from the government that are related to both expenses and assets. Government grants were released to profit or loss either over the periods that the expenses for which it is intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with.

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6. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Fair value losses on financial liabilities at FVTPL	1,749	2,956	1,623	972	281
Donations	805	1,792	650	260	70
Loss on disposal of property, plant and equipment	153	–	–	280	–
Loss on termination of lease	34	63	–	–	253
Others	784	706	928	243	149
Total	3,525	5,517	3,201	1,755	753

7. (LOSS)/PROFIT BEFORE TAX

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

	Notes	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Cost of inventory sold*		516,507	661,861	704,289	333,673	370,845
Depreciation of property, plant and equipment		30,495	37,628	38,786	18,680	18,050
Depreciation of right of use assets		28,056	29,300	30,971	15,278	13,518
Amortisation of intangible assets		36,945	48,900	52,522	27,877	25,900
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Loss/(gain) on disposal of property, plant and equipment	6/5	153	(265)	(202)	280	(467)
Loss/(gain) on termination of lease	6/5	34	63	(353)	–	253
Lease payments not included in the measurement of lease liabilities	16(c)	4,512	4,536	5,362	1,851	4,691
Fair value gains on financial assets at FVTPL	5	–	(1,106)	(1,382)	(519)	(2,603)
Fair value losses on financial liabilities at FVTPL	6	1,749	2,956	1,623	972	281
Government grants income	5	(29,443)	(64,174)	(44,600)	(7,677)	(10,489)
Foreign exchange gains, net	5	(9,997)	(10,918)	(1,733)	(3,207)	(5,199)
Investment income on investments classified as financial assets at FVOCI	5	(12,454)	–	–	–	(1,052)
Investment income on investments classified as financial assets at FVTPL	5	(709)	(1,940)	(1,163)	(536)	(440)

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	<i>Notes</i>	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Bank interest income	5	(3,523)	(2,974)	(6,122)	(3,106)	(1,077)
Auditor’s remuneration		3,405	1,266	1,558	906	966
Impairment on financial assets, net		125	96	1,761	1,124	255
Impairment on inventories, net		7,408	(2,083)	10,415	5,561	2,192
Employee benefit expenses (excluding directors’ and chief executive’s remuneration (<i>note 9</i>))						
– Salaries, bonuses, allowances and benefits in kind		438,346	520,371	550,396	272,824	273,634
– Pension scheme contributions**		14,004	16,975	17,661	9,010	8,652
– Share-based payment expenses		50,695	56,936	35,214	19,440	12,719
Total employee benefit expenses		<u>503,045</u>	<u>594,282</u>	<u>603,271</u>	<u>301,274</u>	<u>295,005</u>

* Cost of inventories sold include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, impairment on inventories and employee benefit expense, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Interest on:					
Bank borrowings	7,979	16,619	10,490	7,565	3,789
Lease liabilities	4,847	4,800	5,508	2,855	2,297
Payables in relation to a business acquisition . .	1,709	—	—	—	—
Total	14,535	21,419	15,998	10,420	6,086

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9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration as recorded during the Relevant Periods and the six months ended June 30, 2024 and 2025 disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Fees	288	288	288	144	144
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	2,188	2,709	2,915	1,438	1,679
Pension scheme contributions	83	83	96	43	47
Share-based payment expenses	36,760	7,183	18,608	14,554	14,905
Total other emoluments . .	39,031	9,975	21,619	16,035	16,631
Total fees and other emoluments	39,319	10,263	21,907	16,179	16,775

During the Relevant Periods and the six months ended June 30, 2024 and 2025, restricted share units were granted to Mr. Liu Jie and Mr. Li Hui, further details of which are included in the disclosures in note 37 to the Historical Financial Information and Interim Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information and Interim Financial Information for the Relevant Periods and the six months ended June 30, 2024 and 2025 is included in the above directors’ remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended June 30, 2024 and 2025 are as follows:

	Year ended 31 December			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Mr. Feng Ruiqing	96	96	48	48	—
Mr. Shao Liyang	96	96	96	48	48
Mr. Zhang Hanbin	96	96	96	48	48
Mr. Law Kwok Tai	—	—	48	—	48
Total	288	288	288	144	144

Mr. Feng Ruiqing, Mr. Shao Liyang and Mr. Zhang Hanbin were appointed as independent non-executive directors of the Company from November 17, 2020. Mr. Feng Ruiqing resigned as an independent non-executive director of the Company with effective from June 27, 2024 and Mr. Law Kwok Tai was appointed as an independent non-executive director of the Company from June 28, 2024.

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

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2022					
Executive director and chief executive:					
Mr. Liu Jie (<i>note (i)</i>) . . .	—	689	39	—	728
Executive directors:					
Mr. Zhong Yaoqi (<i>note (iii)</i>)	—	678	19	276	973
Mr. Yan Renzhong (<i>note (v)</i>)	—	815	19	1,144	1,978
Non-executive directors:					
Ms. Li Hui (<i>note (ii)</i>) . .	—	6	6	35,340	35,352
Mr. Zhou Yi (<i>note (iv)</i>) .	—	—	—	—	—
Mr. Zhang Jiecheng (<i>note (vi)</i>)	—	—	—	—	—
Total	—	2,188	83	36,760	39,031

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023					
Executive director and chief executive:					
Mr. Liu Jie (<i>note (i)</i>) . . .	—	809	42	4,063	4,914
Executive directors:					
Mr. Zhong Yaoqi (<i>note (iii)</i>)	—	972	18	276	1,266
Mr. Yan Renzhong (<i>note (v)</i>)	—	922	18	1,691	2,631
Non-executive directors:					
Ms. Li Hui (<i>note (ii)</i>) . .	—	6	5	1,153	1,164
Mr. Zhou Yi (<i>note (iv)</i>) .	—	—	—	—	—
Mr. Zhang Jiecheng (<i>note (vi)</i>)	—	—	—	—	—
Total	—	2,709	83	7,183	9,975

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	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2024					
Executive director and chief executive:					
Mr. Liu Jie (<i>note (i)</i>). . .	—	877	47	3,000	3,924
Executive directors:					
Mr. Zhong Yaoqi (<i>note (iii)</i>)	—	1,214	20	229	1,463
Mr. Yan Renzhong (<i>note (v)</i>)	—	824	19	770	1,613
Non-executive directors:					
Ms. Li Hui (<i>note (ii)</i>) . .	—	—	10	14,609	14,619
Mr. Zhou Yi (<i>note (iv)</i>) .	—	—	—	—	—
Mr. Zhang Jiecheng (<i>note (vi)</i>)	—	—	—	—	—
Total	—	2,915	96	18,608	21,619

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended June 30, 2024 (unaudited)					
Executive director and chief executive:					
Mr. Liu Jie (<i>note (i)</i>). . .	—	498	22	1,175	1,695
Executive directors:					
Mr. Zhong Yaoqi (<i>note (iii)</i>)	—	597	9	138	744
Mr. Yan Renzhong (<i>note (v)</i>)	—	343	9	453	805
Non-executive directors:					
Ms. Li Hui (<i>note (ii)</i>) . .	—	—	3	12,788	12,791
Mr. Zhou Yi (<i>note (iv)</i>) .	—	—	—	—	—
Mr. Zhang Jiecheng (<i>note (vi)</i>)	—	—	—	—	—
Total	—	1,438	43	14,554	16,035

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	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended June 30, 2025 (unaudited)					
Executive director and chief executive:					
Mr. Liu Jie (<i>note (i)</i>) . . .	—	451	25	4,296	4,772
Executive directors:					
Mr. Zhong Yaoqi (<i>note (iii)</i>)	—	759	11	114	884
Mr. Yan Renzhong (<i>note (v)</i>)	—	469	11	321	801
Non-executive directors:					
Ms. Li Hui (<i>note (ii)</i>) . .	—	—	—	10,174	10,174
Mr. Zhou Yi (<i>note (iv)</i>) .	—	—	—	—	—
Mr. Zhang Jiecheng (<i>note (vi)</i>)	—	—	—	—	—
Total	—	1,679	47	14,905	16,631

There was no arrangement under which the directors or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended June 30, 2024 and 2025.

Notes:

- (i) Mr. Liu Jie was appointed as an executive director, the chief executive of the Company and the chairman of the Board with effect from October 2016.
- (ii) Ms. Li Hui was appointed as a non-executive director of the Company with effect from December 2015.
- (iii) Mr. Zhong Yaoqi was appointed as an executive director of the Company with effect from October 2014.
- (iv) Mr. Zhou Yi was appointed as a non-executive director of the Company with effect from August 2016.
- (v) Mr. Yan Renzhong was appointed as an executive director of the Company with effect from November 2020.
- (vi) Mr. Zhang Jiecheng was appointed as a non-executive director of the Company with effect from November 2020.

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended June 30, 2024 and 2025 included one, one, four, three and three directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining four, four, one, two and two highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the six months ended June 30, 2024 and 2025 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Salaries, bonuses, allowances and benefits in kind	4,886	5,225	1,781	1,515	1,429
Pension scheme contributions	67	104	35	47	34
Share-based payment expenses	9,707	6,999	165	2,210	1,557
Total	14,660	12,328	1,981	3,772	3,020

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	(unaudited)
HK\$500,001 to HK\$1,000,000	–	–	–	–	–
HK\$1,000,001 to HK\$1,500,000	–	–	–	–	1
HK\$1,500,001 to HK\$2,000,000	–	–	–	1	1
HK\$2,000,001 to HK\$2,500,000	–	–	1	1	–
HK\$2,500,001 to HK\$3,000,000	1	–	–	–	–
HK\$3,000,001 to HK\$3,500,000	1	3	–	–	–
HK\$3,500,001 to HK\$4,000,000	1	1	–	–	–
HK\$4,500,001 to HK\$5,000,000	1	–	–	–	–
Total	4	4	1	2	2

During the Relevant Periods and the six months ended June 30, 2024 and 2025, restricted share units were granted to four, four, one, two and two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 37 to the Historical Financial Information and Interim Financial Information. The fair value of such restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information and Interim Financial Information for the Relevant Periods and the six months ended June 30, 2024 and 2025 is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

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11. INCOME TAX

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

United Kingdom

The subsidiary incorporated in the United Kingdom is subject to income tax at a rate of 19% on the estimated assessable profits.

Netherlands

A subsidiary incorporated in the Netherlands is subject to income tax at a rate of 15% on the estimated assessable profits.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to income tax at a rate of 16.5% on the estimated profits.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the Corporate Income Tax Law which was approved and became effective on January 1, 2008, except for the company and certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

The company, Vedkang Medical, Changzhou Jiuhong, Medcaptain Life Science, Runpu Biotech, and Mabsky were qualified as High and New Technology Enterprises and entitled to a preferential income tax rate of 15% from 2021 to 2023. The renewal of the above qualifications for 2024 to 2026 was obtained in December 2024. These qualifications are subject to review by the relevant tax authority in Mainland China for every three years.

In addition, from 2022 to 2025, certain small and low-profit subsidiaries of the Group in Mainland China were entitled to a 75% discount on taxable income between RMB1,000,000 and RMB3,000,000, and total taxable income was taxed at a preferential tax rate of 20%.

The income tax (benefit)/expense of the Group for the Relevant Periods and the six months ended June 30, 2024 and 2025 is analysed as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Current income tax	10,899	22,098	34,771	14,444	18,718
Deferred income tax	(11,950)	(7,414)	(8,656)	(3,780)	(3,103)
Total	(1,051)	14,684	26,115	10,664	15,615

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A reconciliation of the tax (benefit)/expense applicable to (loss)/profit before tax at the preferential tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax (benefit)/expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the preferential tax rates) to the effective tax rates, are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
(Loss)/profit before tax . . .	(227,212)	(49,824)	(70,502)	(47,362)	56,583
Tax at the preferential tax rate of 15%	(34,082)	(7,474)	(10,575)	(7,104)	8,487
Effect of different tax rates enacted by local authorities	(2,257)	1,959	982	500	1,124
Additional deductible allowance for qualified research and development expenses . .	(27,730)	(34,532)	(40,763)	(17,143)	(18,101)
Deductible temporary difference and tax losses not recognised	58,044	52,275	73,905	34,307	23,577
Tax losses utilised from previous periods	(46)	(3,323)	(1,103)	(1,133)	(1,239)
Additional deductible allowance for fixed assets	(177)	—	—	—	—
Loss attributable to an associate	58	191	134	134	—
Expenses not deductible for tax	5,139	5,588	3,535	1,103	1,767
Tax charge at the Group’s effective tax rate	(1,051)	14,684	26,115	10,664	15,615

12. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods and the six months ended June 30, 2024 and 2025.

13. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods and the six months ended June 30, 2024 and 2025.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the Relevant Periods and the six months ended June 30, 2024 and 2025 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the six months ended June 30, 2024 and 2025.

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The calculations of basic and diluted (loss)/earnings per share are based on:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
<u>(Loss)/profit</u>					
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(222,725)	(63,709)	(96,400)	(57,769)	40,189
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Number of shares				
	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
<u>Shares</u>					
Weighted average number of ordinary shares in issue during the year/period, used in the basic (loss)/profit per share calculation	439,815	464,500	499,716	499,716	499,716
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	RMB per share				
	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	(unaudited)
(Loss)/earnings per share (basic and diluted)	(0.51)	(0.14)	(0.19)	(0.12)	0.08
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Office equipment	Plant and machinery	Transportation equipment	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2022							
At January 1, 2022							
Cost	19,786	18,861	71,061	2,334	44,143	50	156,235
Accumulated depreciation and impairment	(3,368)	(11,817)	(31,641)	(1,800)	(22,943)	–	(71,569)
Net carrying amount .	<u>16,418</u>	<u>7,044</u>	<u>39,420</u>	<u>534</u>	<u>21,200</u>	<u>50</u>	<u>84,666</u>
At January 1, 2022, net of accumulated depreciation	16,418	7,044	39,420	534	21,200	50	84,666
Additions	–	4,625	27,835	93	3,472	4,818	40,843
Acquisition of subsidiaries	46,248	8,914	21,447	441	1,621	6,005	84,676
Transfers	5,882	–	–	–	1,182	(7,064)	–
Depreciation provided during the year	(2,941)	(5,283)	(13,930)	(356)	(7,985)	–	(30,495)
Disposals	–	(178)	(736)	–	–	–	(914)
Exchange realignment	–	(54)	(166)	–	59	–	(161)
At December 31, 2022, net of accumulated depreciation and impairment	<u>65,607</u>	<u>15,068</u>	<u>73,870</u>	<u>712</u>	<u>19,549</u>	<u>3,809</u>	<u>178,615</u>
At December 31, 2022:							
Cost	71,916	31,535	116,898	2,868	50,458	3,809	277,484
Accumulated depreciation and impairment	(6,309)	(16,467)	(43,028)	(2,156)	(30,909)	–	(98,869)
Net carrying amount .	<u>65,607</u>	<u>15,068</u>	<u>73,870</u>	<u>712</u>	<u>19,549</u>	<u>3,809</u>	<u>178,615</u>

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	Buildings	Office equipment	Plant and machinery	Transportation equipment	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2023							
At January 1, 2023:							
Cost	71,916	31,535	116,898	2,868	50,458	3,809	277,484
Accumulated depreciation and impairment	(6,309)	(16,467)	(43,028)	(2,156)	(30,909)	–	(98,869)
Net carrying amount .	<u>65,607</u>	<u>15,068</u>	<u>73,870</u>	<u>712</u>	<u>19,549</u>	<u>3,809</u>	<u>178,615</u>
At January 1, 2023, net of accumulated depreciation and impairment	65,607	15,068	73,870	712	19,549	3,809	178,615
Additions	–	9,172	12,921	1,137	4,138	65,164	92,532
Transfers	124	–	3,190	–	–	(3,314)	–
Depreciation provided during the year	(5,009)	(8,309)	(16,500)	(400)	(7,410)	–	(37,628)
Disposals	–	(1,856)	(919)	(87)	(17)	–	(2,879)
Exchange realignment	–	185	354	7	69	–	615
At December 31, 2023, net of accumulated depreciation and impairment	<u>60,722</u>	<u>14,260</u>	<u>72,916</u>	<u>1,369</u>	<u>16,329</u>	<u>65,659</u>	<u>231,255</u>
At December 31, 2023:							
Cost	72,040	36,774	130,637	3,874	54,628	65,659	363,612
Accumulated depreciation and impairment	(11,318)	(22,514)	(57,721)	(2,505)	(38,299)	–	(132,357)
Net carrying amount .	<u>60,722</u>	<u>14,260</u>	<u>72,916</u>	<u>1,369</u>	<u>16,329</u>	<u>65,659</u>	<u>231,255</u>

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	Buildings	Office equipment	Plant and machinery	Transportation equipment	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2024							
At January 1, 2024:							
Cost	72,040	36,774	130,637	3,874	54,628	65,659	363,612
Accumulated depreciation and impairment	(11,318)	(22,514)	(57,721)	(2,505)	(38,299)	–	(132,357)
Net carrying amount .	<u>60,722</u>	<u>14,260</u>	<u>72,916</u>	<u>1,369</u>	<u>16,329</u>	<u>65,659</u>	<u>231,255</u>
At January 1, 2024, net of accumulated depreciation and impairment	60,722	14,260	72,916	1,369	16,329	65,659	231,255
Additions	–	7,443	23,028	–	208	121,482	152,161
Transfers	–	–	1,001	–	–	(1,001)	–
Depreciation provided during the year	(3,325)	(5,426)	(21,307)	(338)	(8,390)	–	(38,786)
Disposals	–	(389)	(1,480)	–	(2)	–	(1,871)
Exchange realignment	–	22	(13)	(1)	(34)	–	(26)
At December 31, 2024, net of accumulated depreciation and impairment	<u>57,397</u>	<u>15,910</u>	<u>74,145</u>	<u>1,030</u>	<u>8,111</u>	<u>186,140</u>	<u>342,733</u>
At December 31, 2024							
Cost	72,040	41,547	148,641	3,871	54,688	186,140	506,927
Accumulated depreciation and impairment	(14,643)	(25,637)	(74,496)	(2,841)	(46,577)	–	(164,194)
Net carrying amount .	<u>57,397</u>	<u>15,910</u>	<u>74,145</u>	<u>1,030</u>	<u>8,111</u>	<u>186,140</u>	<u>342,733</u>

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ACCOUNTANTS’ REPORT

	Buildings	Office equipment	Plant and machinery	Transportation equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At June 30, 2025 (unaudited)							
At January 1, 2025:							
Cost	72,040	41,547	148,641	3,871	54,688	186,140	506,927
Accumulated depreciation and impairment	(14,643)	(25,637)	(74,496)	(2,841)	(46,577)	–	(164,194)
Net carrying amount .	<u>57,397</u>	<u>15,910</u>	<u>74,145</u>	<u>1,030</u>	<u>8,111</u>	<u>186,140</u>	<u>342,733</u>
At January 1, 2025, net of accumulated depreciation and impairment	57,397	15,910	74,145	1,030	8,111	186,140	342,733
Additions	–	2,568	9,626	85	303	9,871	22,453
Acquisition of a subsidiary	–	1,536	–	–	–	–	1,536
Transfers	–	–	192	–	–	(192)	–
Depreciation provided during the period	(1,663)	(2,911)	(10,218)	(168)	(3,090)	–	(18,050)
Disposals	–	(162)	(1,013)	(3)	–	–	(1,178)
Exchange realignment	–	113	281	2	39	19	454
At June 30, 2025, net of accumulated depreciation and impairment	<u>55,734</u>	<u>17,054</u>	<u>73,013</u>	<u>946</u>	<u>5,363</u>	<u>195,838</u>	<u>347,948</u>
At June 30, 2025							
Cost	72,040	45,054	154,706	3,902	55,249	195,838	526,789
Accumulated depreciation and impairment	(16,306)	(28,000)	(81,693)	(2,956)	(49,886)	–	(178,841)
Net carrying amount .	<u>55,734</u>	<u>17,054</u>	<u>73,013</u>	<u>946</u>	<u>5,363</u>	<u>195,838</u>	<u>347,948</u>

* At the end of each Relevant Periods and the six months ended June 30, 2025, certain Group’s buildings with net carrying amounts of approximately RMB15,478,000, RMB14,538,000, RMB13,833,000 and RMB13,129,000 (unaudited), respectively, were pledged to secure certain bank borrowings of the Group (note 30).

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The Company

	Office equipment	Plant and machinery	Transportation equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2022						
At January 1, 2022						
Cost	10,630	32,161	1,276	15,122	–	59,189
Accumulated depreciation . . .	(5,389)	(10,597)	(850)	(3,457)	–	(20,293)
Net carrying amount	<u>5,241</u>	<u>21,564</u>	<u>426</u>	<u>11,665</u>	<u>–</u>	<u>38,896</u>
At January 1, 2022, net of accumulated depreciation . . .	5,241	21,564	426	11,665	–	38,896
Additions	1,309	15,089	–	1,008	773	18,179
Depreciation provided during the year	(2,668)	(5,787)	(225)	(3,557)	–	(12,237)
Disposals	(29)	(49)	–	–	–	(78)
At December 31, 2022, net of accumulated depreciation . . .	<u>3,853</u>	<u>30,817</u>	<u>201</u>	<u>9,116</u>	<u>773</u>	<u>44,760</u>
At December 31, 2022						
Cost	11,725	47,182	1,276	16,130	773	77,086
Accumulated depreciation . . .	(7,872)	(16,365)	(1,075)	(7,014)	–	(32,326)
Net carrying amount	<u>3,853</u>	<u>30,817</u>	<u>201</u>	<u>9,116</u>	<u>773</u>	<u>44,760</u>
	Office equipment	Plant and machinery	Transportation equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2023						
At January 1, 2023:						
Cost	11,725	47,182	1,276	16,130	773	77,086
Accumulated depreciation . . .	(7,872)	(16,365)	(1,075)	(7,014)	–	(32,326)
Net carrying amount	<u>3,853</u>	<u>30,817</u>	<u>201</u>	<u>9,116</u>	<u>773</u>	<u>44,760</u>
At January 1, 2023, net of accumulated depreciation . . .	3,853	30,817	201	9,116	773	44,760
Additions	7,583	4,778	1,137	138	1,470	15,106
Transfers	–	1,303	–	–	(1,303)	–
Depreciation provided during the year	(3,147)	(7,552)	(227)	(3,135)	–	(14,061)
Disposals	(147)	(692)	–	–	–	(839)
At December 31, 2023, net of accumulated Depreciation . . .	<u>8,142</u>	<u>28,654</u>	<u>1,111</u>	<u>6,119</u>	<u>940</u>	<u>44,966</u>
At December 31, 2023:						
Cost	18,345	52,435	2,413	16,268	940	90,401
Accumulated depreciation . . .	(10,203)	(23,781)	(1,302)	(10,149)	–	(45,435)
Net carrying amount	<u>8,142</u>	<u>28,654</u>	<u>1,111</u>	<u>6,119</u>	<u>940</u>	<u>44,966</u>

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	Office equipment	Plant and machinery	Transportation equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024						
At January 1, 2024:						
Cost	18,345	52,435	2,413	16,268	940	90,401
Accumulated depreciation	(10,203)	(23,781)	(1,302)	(10,149)	–	(45,435)
Net carrying amount	<u>8,142</u>	<u>28,654</u>	<u>1,111</u>	<u>6,119</u>	<u>940</u>	<u>44,966</u>
At January 1, 2024, net of						
accumulated depreciation	8,142	28,654	1,111	6,119	940	44,966
Additions	6,152	11,977	–	–	–	18,129
Transfers	–	217	–	–	(217)	–
Depreciation provided during the						
year	(3,036)	(8,527)	(270)	(3,017)	–	(14,850)
Disposals	(222)	(880)	–	–	–	(1,102)
At December 31, 2024, net of						
accumulated depreciation	<u>11,036</u>	<u>31,441</u>	<u>841</u>	<u>3,102</u>	<u>723</u>	<u>47,143</u>
At December 31, 2024:						
Cost	24,086	62,528	2,413	16,268	723	106,018
Accumulated depreciation	(13,050)	(31,087)	(1,572)	(13,166)	–	(58,875)
Net carrying amount	<u>11,036</u>	<u>31,441</u>	<u>841</u>	<u>3,102</u>	<u>723</u>	<u>47,143</u>
	Office equipment	Plant and machinery	Transportation equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At June 30, 2025 (unaudited)						
At January 1, 2025:						
Cost	24,086	62,528	2,413	16,268	723	106,018
Accumulated depreciation	(13,050)	(31,087)	(1,572)	(13,166)	–	(58,875)
Net carrying amount	<u>11,036</u>	<u>31,441</u>	<u>841</u>	<u>3,102</u>	<u>723</u>	<u>47,143</u>
At January 1, 2025, net of						
accumulated depreciation	11,036	31,441	841	3,102	723	47,143
Additions	2,312	1,343	–	105	71	3,831
Transfers	–	174	–	–	(174)	–
Depreciation provided during the						
period	(1,854)	(4,568)	(135)	(937)	–	(7,494)
Disposals	(142)	(300)	–	–	–	(442)
At June 30, 2025, net of						
accumulated depreciation	<u>11,352</u>	<u>28,090</u>	<u>706</u>	<u>2,270</u>	<u>620</u>	<u>43,038</u>
At June 30, 2025:						
Cost	25,838	63,391	2,413	16,373	620	108,635
Accumulated depreciation	(14,486)	(35,301)	(1,707)	(14,103)	–	(65,597)
Net carrying amount	<u>11,352</u>	<u>28,090</u>	<u>706</u>	<u>2,270</u>	<u>620</u>	<u>43,038</u>

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15. INTANGIBLE ASSETS

The Group

	Patents	Software	Customer relationship	Brands	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2022					
At January 1, 2022:					
Cost	26,556	7,127	–	–	33,683
Accumulated amortisation and impairment	(25,917)	(2,111)	–	–	(28,028)
Net carrying amount	639	5,016	–	–	5,655
At January 1, 2022, net of accumulated amortisation and impairment	639	5,016	–	–	5,655
Additions	–	1,731	–	–	1,731
Acquisition of subsidiaries	220,197	3,008	231,000	196,262	650,467
Disposals	(581)	–	–	–	(581)
Exchange realignment	(972)	–	–	(1,110)	(2,082)
Amortisation provided during the year	(17,296)	(2,324)	(17,325)	–	(36,945)
At December 31, 2022, net of accumulated amortisation and impairment	201,987	7,431	213,675	195,152	618,245
At December 31, 2022					
Cost	245,062	11,866	231,000	195,152	683,080
Accumulated amortisation and impairment	(43,075)	(4,435)	(17,325)	–	(64,835)
Net carrying amount	201,987	7,431	213,675	195,152	618,245
	Patents	Software	Customer relationship	Brands	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2023					
At January 1, 2023:					
Cost	245,062	11,866	231,000	195,152	683,080
Accumulated amortisation and impairment	(43,075)	(4,435)	(17,325)	–	(64,835)
Net carrying amount	201,987	7,431	213,675	195,152	618,245
At January 1, 2023, net of accumulated amortisation and impairment	201,987	7,431	213,675	195,152	618,245
Additions	17,000	2,586	–	–	19,586
Disposals	–	(39)	–	–	(39)
Exchange realignment	3,363	–	–	5,176	8,539
Amortisation provided during the year	(22,159)	(3,641)	(23,100)	–	(48,900)
At December 31, 2023, net of accumulated amortisation and impairment	200,191	6,337	190,575	200,328	597,431
At December 31, 2023:					
Cost	265,944	14,353	231,000	200,328	711,625
Accumulated amortisation and impairment	(65,753)	(8,016)	(40,425)	–	(114,194)
Net carrying amount	200,191	6,337	190,575	200,328	597,431

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	Patents	Software	Customer relationship	Brands	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2024					
At January 1, 2024:					
Cost	265,944	14,353	231,000	200,328	711,625
Accumulated depreciation and impairment	(65,753)	(8,016)	(40,425)	–	(114,194)
Net carrying amount	<u>200,191</u>	<u>6,337</u>	<u>190,575</u>	<u>200,328</u>	<u>597,431</u>
At January 1, 2024, net of accumulated depreciation and impairment	200,191	6,337	190,575	200,328	597,431
Additions	–	5,749	–	–	5,749
Disposals	(959)	–	–	–	(959)
Exchange realignment	201	(15)	–	284	470
Amortisation provided during the year	(24,300)	(5,122)	(23,100)	–	(52,522)
At December 31, 2024, net of accumulated depreciation and impairment	<u>175,133</u>	<u>6,949</u>	<u>167,475</u>	<u>200,612</u>	<u>550,169</u>
At December 31, 2024					
Cost	265,254	20,701	231,000	200,612	717,567
Accumulated depreciation and impairment	(90,121)	(13,752)	(63,525)	–	(167,398)
Net carrying amount	<u>175,133</u>	<u>6,949</u>	<u>167,475</u>	<u>200,612</u>	<u>550,169</u>
	Patents	Software	Customer relationship	Brands	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At June 30, 2025 (unaudited)					
At January 1, 2025:					
Cost	265,254	20,701	231,000	200,612	717,567
Accumulated depreciation and impairment	(90,121)	(13,752)	(63,525)	–	(167,398)
Net carrying amount	<u>175,133</u>	<u>6,949</u>	<u>167,475</u>	<u>200,612</u>	<u>550,169</u>
At January 1, 2025, net of accumulated depreciation and impairment	175,133	6,949	167,475	200,612	550,169
Additions	–	2,939	–	–	2,939
Acquisition of a subsidiary	–	1,882	–	–	1,882
Exchange realignment	3,202	737	–	6,028	9,967
Amortisation provided during the period	(12,401)	(1,949)	(11,550)	–	(25,900)
At June 30, 2025, net of accumulated depreciation and impairment	<u>165,934</u>	<u>10,558</u>	<u>155,925</u>	<u>206,640</u>	<u>539,057</u>
At June 30, 2025					
Cost	269,775	26,309	231,000	206,640	733,724
Accumulated depreciation and impairment	(103,841)	(15,751)	(75,075)	–	(194,667)
Net carrying amount	<u>165,934</u>	<u>10,558</u>	<u>155,925</u>	<u>206,640</u>	<u>539,057</u>

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Note: Brands were identified from the acquisitions of Intermed Limited and Jiangsu Vedkang Medical Science & Technology Co., Ltd. Details of the acquisitions are disclosed in note 36. The Group is unable to predict the useful life during which the Brands will bring economic benefits to the Group, and thus recognises Brands as an intangible asset with an indefinite useful life. For the years ended December 31, 2022, 2023 and 2024, the Group performed impairment tests over Brands based on whether the recoverable amount of the Group’s Brands can be reliably estimated. The recoverable amount was determined based on the present value of expected future cash flows.

For the Brand identified through acquiring Jiangsu Vedkang Medical Science & Technology Co., Ltd., the present value of the future cash flows was determined in accordance with a five-year forecast approved by the management. Discount rates applied were 13.15%, 12.92% and 12.31% for the years ended December 31, 2022, 2023 and 2024, respectively, which has already reflected the specific risks of the relevant assets. Cash flows after the forecast period were extrapolated at a long-term average growth rate of 2%.

For the Brand identified through acquiring Intermed Limited, the present value of the future cash flows was determined in accordance with a five-year forecast approved by the management. Discount rates applied were 14.20%, 13.25% and 13.54% for the years ended December 31, 2022, 2023 and 2024, respectively, which has already reflected the specific risks of the relevant assets. Cash flows after the forecast period were extrapolated at a long-term average growth rate of 2%.

For the years ended December 31, 2022, 2023 and 2024, the Group did not recognise any impairment losses for Brands as the recoverable amounts were greater than the carrying amounts.

The Company

	Patents	Software	Total
	RMB'000	RMB'000	RMB'000
At December 31, 2022			
At January 1, 2022			
Cost	19	6,826	6,845
Accumulated amortisation.	(19)	(2,005)	(2,024)
Net carrying amount	–	4,821	4,821
At January 1, 2022, net of accumulated amortisation	–	4,821	4,821
Additions	–	1,707	1,707
Amortisation provided during the year	–	(1,420)	(1,420)
At December 31, 2022, net of accumulated amortisation	–	5,108	5,108
At December 31, 2022			
Cost	19	8,533	8,552
Accumulated amortisation.	(19)	(3,425)	(3,444)
Net carrying amount	–	5,108	5,108

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	Patents	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2023			
At January 1, 2023			
Cost	19	8,533	8,552
Accumulated amortisation.	(19)	(3,425)	(3,444)
Net carrying amount	–	5,108	5,108
At January 1, 2023, net of accumulated amortisation	–	5,108	5,108
Additions	17,000	1,682	18,682
Amortisation provided during the year	–	(2,221)	(2,221)
At December 31, 2023, net of accumulated amortisation	17,000	4,569	21,569
At December 31, 2023			
Cost	17,019	10,215	27,234
Accumulated amortisation.	(19)	(5,646)	(5,665)
Net carrying amount	17,000	4,569	21,569
	Patents	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2024:			
At January 1, 2024:			
Cost	17,019	10,215	27,234
Accumulated depreciation.	(19)	(5,646)	(5,665)
Net carrying amount	17,000	4,569	21,569
At January 1, 2024, net of accumulated depreciation	17,000	4,569	21,569
Additions	–	3,069	3,069
Amortisation provided during the year	(2,007)	(3,376)	(5,383)
Disposals	(959)	–	(959)
At December 31, 2024, net of accumulated depreciation	14,034	4,262	18,296
At December 31, 2024			
Cost	16,060	13,284	29,344
Accumulated amortisation.	(2,026)	(9,022)	(11,048)
Net carrying amount	14,034	4,262	18,296

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ACCOUNTANTS’ REPORT

	Patents	Software	Total
	RMB'000	RMB'000	RMB'000
At June 30, 2025 (unaudited)			
At January 1, 2025:			
Cost	16,060	13,284	29,344
Accumulated depreciation	(2,026)	(9,022)	(11,048)
Net carrying amount	14,034	4,262	18,296
At January 1, 2025, net of accumulated depreciation	14,034	4,262	18,296
Additions	–	2,620	2,620
Amortisation provided during the period	(1,002)	(1,394)	(2,396)
At June 30, 2025, net of accumulated depreciation	13,032	5,488	18,520
At June 30, 2025			
Cost	16,060	15,904	31,964
Accumulated amortisation	(3,028)	(10,416)	(13,444)
Net carrying amount	13,032	5,488	18,520

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant, offices and laboratory, and leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant, offices and laboratories generally have lease term between 2 and 15 years.

(a) Right-of-use assets

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

	Plant, offices and laboratories	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2022	81,868	5,812	87,680
Additions	3,250	50,398	53,648
Acquisition of subsidiaries	22,260	6,864	29,124
Termination	(2,139)	–	(2,139)
Modification	515	–	515
Depreciation charge	(27,800)	(256)	(28,056)
Exchange realignment	(220)	–	(220)
At December 31, 2022	77,734	62,818	140,552
At January 1, 2023	77,734	62,818	140,552
Additions	7,764	–	7,764
Termination	(535)	–	(535)
Modification	46,284	–	46,284
Depreciation charge	(27,992)	(1,308)	(29,300)
Exchange realignment	2,160	–	2,160
At December 31, 2023	105,415	61,510	166,925
At January 1, 2024	105,415	61,510	166,925

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	Plant, offices and laboratories	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Additions	5,279	–	5,279
Termination	(2,576)	–	(2,576)
Depreciation charge	(29,663)	(1,308)	(30,971)
Exchange realignment	145	–	145
At December 31, 2024	<u>78,600</u>	<u>60,202</u>	<u>138,802</u>
At January 1, 2025	78,600	60,202	138,802
Additions	27,995	–	27,995
Termination	(2,158)	–	(2,158)
Depreciation charge	(12,782)	(736)	(13,518)
Exchange realignment	4,456	–	4,456
At June 30, 2025 (unaudited)	<u>96,111</u>	<u>59,466</u>	<u>155,577</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the reporting periods are as follows:

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Carrying amount at January 1.	87,561	84,479	112,689	87,253
New leases	2,822	7,764	5,279	27,995
Acquisition of subsidiaries . .	23,395	–	–	–
Termination	(2,105)	(472)	(2,929)	(1,905)
Modification	515	46,284	–	–
Accretion of interest recognised during the year/period	4,847	4,800	5,508	2,297
Lease payments	(32,343)	(31,974)	(33,373)	(15,325)
Exchange realignment	(213)	1,808	79	4,837
Carrying amount at the end of the year/period	<u>84,479</u>	<u>112,689</u>	<u>87,253</u>	<u>105,152</u>
Analysed into:				
Current portion.	27,766	26,946	19,974	23,164
Non-current portion	56,713	85,743	67,279	81,988
Total	<u>84,479</u>	<u>112,689</u>	<u>87,253</u>	<u>105,152</u>

The maturity analysis of lease liabilities is disclosed in note 44 to the Historical Financial Information and Interim Financial Information.

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Expenses relating to short-term leases	4,512	4,536	5,362	1,851	4,691
Interest on lease liabilities	4,847	4,800	5,508	2,855	2,297
Loss/(gains) on termination of lease	34	63	(353)	–	253
Depreciation charge of right-of-use assets	28,056	29,300	30,971	15,278	13,518
Total amount recognised in profit or loss	37,449	38,699	41,488	19,984	20,759

(d) The total cash outflows for leases are disclosed in note 38(c) to the Historical Financial Information and Interim Financial Information.

The Company as a lessee

The Company has lease contracts for various items of factory, offices and laboratory. Leases of factory, offices and laboratory generally have lease term between 2 and 7 years.

(a) *Right-of-use assets*

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

	Factory, offices and laboratory
	RMB'000
At January 1, 2022	48,659
Additions	1,846
Modification	78
Depreciation charge	(13,460)
At December 31, 2022	37,123
At January 1, 2023	37,123
Additions	3,407
Termination	(535)
Depreciation charge	(13,398)
At December 31, 2023	26,597
At January 1, 2024	26,597
Additions	1,477
Termination	(97)
Depreciation charge	(13,468)
At December 31, 2024	14,509
At January 1, 2025	14,509
Additions	24,540
Termination	(1,756)
Depreciation charge	(4,941)
At June 30, 2025 (unaudited)	32,352

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(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the reporting periods are as follows:

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Carrying amount at January 1.	52,032	40,737	30,033	16,946
New leases	1,846	3,407	1,477	24,540
Termination	–	(472)	(90)	(1,904)
Modification	78	–	–	–
Accretion of interest recognised during the year/period	2,400	2,252	1,296	439
Lease payments	(15,619)	(15,891)	(15,770)	(5,812)
Carrying amount at the end of the year/period	40,737	30,033	16,946	34,209
Analysed into:				
Current portion	13,574	13,863	9,580	14,059
Non-current portion	27,163	16,170	7,366	20,150
Total	40,737	30,033	16,946	34,209

17. GOODWILL

RMB'000

At January 1, 2022	
Cost	83,430
Accumulated impairment	(83,430)
Net carrying amount	–
Cost at January 1, 2022, net of accumulated impairment	–
Acquisition of subsidiaries	904,834
Exchange realignment	(177)
At December 31, 2022	904,657
At December 31, 2022 and January 1, 2023	
Cost	988,087
Accumulated impairment	(83,430)
Net carrying amount	904,657
Cost at January 1, 2023, net of accumulated impairment	904,657
Exchange realignment	817
At December 31, 2023	905,474
At December 31, 2023 and January 1, 2024	
Cost	988,904
Accumulated impairment	(83,430)
Net carrying amount	905,474
Cost at January 1, 2024, net of accumulated impairment	905,474
Exchange realignment	43
At December 31, 2024	905,517

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RMB’000

At December 31, 2024 and January 1, 2025	
Cost	988,947
Accumulated impairment	(83,430)
Net carrying amount	905,517
Cost at January 1, 2025, net of accumulated impairment	905,517
Acquisition of subsidiaries	1,911
Exchange realignment	952
At June 30, 2025 (unaudited)	908,380
At June 30, 2025 (unaudited)	
Cost	991,810
Accumulated impairment	(83,430)
Net carrying amount	908,380

Impairment testing of goodwill

Goodwill acquired through business combinations was allocated to the following cash-generating units (“CGUs”) for impairment testing:

- Vedkang Medical cash-generating unit*
- Penlon cash-generating unit**
- Mabsky cash-generating unit
- Runpu Biotech cash-generating unit
- Xinghaohui cash-generating unit; and
- Vedefar cash-generating unit***

Vedkang Medical cash-generating unit

The recoverable amount of the cash-generating unit named Vedkang Medical was determined based on a value-in-use calculation using cash flow projections based on financial forecasts covering a five-year period approved by senior management. The discount rates applied to the cash flow projections were 13.15%, 12.92% and 12.31% for the years ended December 31, 2022, 2023 and 2024, respectively. The growth rate used to extrapolate the cash flows beyond the five-year period was 2% for the years ended December 31, 2022, 2023 and 2024. The growth rate is based on management’s expectations and does not exceed the long-term average growth rate for the industry relevant to the CGU.

In the opinion of the Company’s management, a decrease in the revenue growth rate by 10.5%, 19.1% and 20.6% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount for the years ended December 31, 2022, 2023 and 2024, respectively, and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount.

* On April 12, 2022, the Group acquired 100.00% ownership of Vedkang Medical, together with its subsidiaries, Changzhou Jiuhong, Changzhou Fortunmed, Changzhou Hengke, Hunan Vedkang, Jiangsu Tuyun and Vedkang Germany (“Vedkang Group”).

** On January 19, 2022, the Group acquired 100.00% ownership of Intermed, together with its subsidiaries, Penlon and Penlon Inc. (“Penlon Group”).

*** On June 17, 2025, the Group acquired 100.00% ownership of Vedefar.

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Penlon cash-generating unit

The recoverable amount of the cash-generating unit named Penlon was determined based on a value-in-use calculation using cash flow projections based on financial forecasts covering a five-year period approved by senior management. The discount rates applied to the cash flow projections were 14.20%, 13.25% and 13.54% for the years ended December 31, 2022, 2023 and 2024, respectively. The growth rate used to extrapolate the cash flows beyond the five-year period was 2% for the years ended December 31, 2022 and 2023. The growth rate is based on management’s expectations and does not exceed the long-term average growth rate for the industry relevant to the CGU.

In the opinion of the Company’s management, a decrease in the revenue growth rate by 21.0%, 24.8% and 30.0% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount for the years ended December 31, 2022, 2023 and 2024, respectively, and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount.

The carrying amounts of goodwill allocated to each of the CGUs are as follows:

	December 31,			June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Vedkang Medical	894,049	894,049	894,049	894,049
Penlon	10,608	11,425	11,468	12,420
Vedefar	—	—	—	1,911
Runpu Biotech	—	—	—	—
Mabsky	—	—	—	—
Xinghaohui	—	—	—	—
Total	904,657	905,474	905,517	908,380

The carrying amount of brands with indefinite useful lives allocated to each of the CGUs is as follows:

	December 31,			June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Vedkang Medical	128,000	128,000	128,000	128,000
Penlon	67,152	72,328	72,612	78,640
Total	195,152	200,328	200,612	206,640

Assumptions were used in the value in use calculation of the CGUs for the years ended December 31, 2022, 2023 and 2024. The following describes each key assumptions on which management has based its cash flow budgets to undertake impairment testing of goodwill:

- Budgeted revenue: the basis used to determine the budgeted revenue is based on management’s expectation of the business and market development.
- Budgeted gross margins: the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.
- Discount rates: the discount rates used are before tax and reflect specific risks relating to the relevant units.
- Terminal growth rate: the budgeted terminal growth rate is based on management’s expectations of the market development and does not exceed the long-term average growth rate for the industry relevant to the CGUs.

The values assigned to the key assumptions on market development of each of the CGUs, discount rates and terminal growth rate are consistent with external information sources.

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18. INVESTMENT IN AN ASSOCIATE

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Share of net assets	8,574	7,300	—	—

The Group’s shareholdings in the associate held through a wholly-owned subsidiary of the Company.

The following table illustrates the financial information of the Group’s associate that is not material:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Share of the associate’s loss for the year/period	386	1,274	896	896	—
Share of the associate’s total comprehensive loss	386	1,274	896	896	—
Aggregate carrying amount of the Group’s investment in the associate	8,574	7,300	—	—	—

19. EQUITY INVESTMENTS DESIGNATED AT FVOCI

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Unlisted equity investments, at fair value: Changzhou Medical Instrument Institute Co., Ltd.	645	645	645	645

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. Management has assessed that the fair value is approximate to its carrying amounts. The related changes in fair values are reasonable and immaterial.

20. OTHER NON-CURRENT ASSETS

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Prepayments for property, plant and equipment	6,987	15,055	6,350	4,791
Deposits	9,862	9,058	7,947	8,527
Prepaid [REDACTED] expenses. . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	16,849	24,444	18,263	17,460

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The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Prepayments for property, plant and equipment	3,090	5,839	4,945	3,528
Deposits	6,961	6,669	5,326	5,875
Prepaid [REDACTED] expenses . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	10,051	12,839	14,237	13,545

21. INVENTORIES

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Raw materials	97,407	107,747	98,700	101,476
Work in progress	55,073	49,340	69,350	76,896
Finished goods	90,844	95,500	88,704	82,532
Subtotal	243,324	252,587	256,754	260,904
Impairment allowances on inventories	(16,955)	(15,630)	(26,542)	(28,473)
Total	226,369	236,957	230,212	232,431

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Raw materials	26,948	24,955	30,674	31,204
Work in progress	25,139	23,023	41,237	36,448
Finished goods	26,066	22,805	37,421	35,157
Subtotal	78,153	70,783	109,332	102,809
Impairment allowances on inventories	(6,929)	(8,167)	(11,995)	(16,541)
Total	71,224	62,616	97,337	86,268

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22. TRADE AND BILLS RECEIVABLES

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Bills receivable*	164	90	819	834
Trade receivables	102,162	106,820	135,543	186,344
Subtotal	102,326	106,910	136,362	187,178
Impairment losses	(1,867)	(2,135)	(3,289)	(4,507)
Net carrying amount	100,459	104,775	133,073	182,671

* Bills receivable are subject to impairment under the general approach and the impairment is considered to be minimal.

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Trade receivables	4,007	11,618	5,410	8,271
Subtotal	4,007	11,618	5,410	8,271
Impairment losses	(116)	(204)	(315)	(619)
Net carrying amount	3,891	11,414	5,095	7,652

The Group’s trade terms with its certain customers are on credit, except for most customers, where payment in advance is normally required. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

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

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year.	98,343	100,881	128,422	176,222
1 to 2 years.	1,973	3,586	4,039	5,763
2 to 3 years.	143	308	612	686
Total	100,459	104,775	133,073	182,671

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The Company

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Within 1 year.	3,245	11,176	3,655	5,529
1 to 2 years.	638	209	1,401	1,853
2 to 3 years.	8	29	39	270
Total	<u>3,891</u>	<u>11,414</u>	<u>5,095</u>	<u>7,652</u>

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

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
At beginning of year/period	358	1,867	2,135	3,289
Impairment losses	1,509	268	1,154	1,218
At end of year/period	<u>1,867</u>	<u>2,135</u>	<u>3,289</u>	<u>4,507</u>

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
At beginning of year/period	69	116	204	315
Impairment losses	47	88	111	304
At end of year/period	<u>116</u>	<u>204</u>	<u>315</u>	<u>619</u>

An impairment analysis is performed at the end of each of the reporting periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the reporting periods about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than three years and are not subject to enforcement activity.

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

The Group

At December 31, 2022

	Past due				Total
	Less than 1 year	1-2 years	2-3 years	Over 3 years	
Expected credit loss rate	0.5-1%	10%	50%	100%	1.83%
Gross carrying amount (RMB’000) . .	98,920	2,192	285	765	102,162
Expected credit losses (RMB’000) . .	741	219	142	765	1,867

At December 31, 2023

	Past due				Total
	Less than 1 year	1-2 years	2-3 years	Over 3 years	
Expected credit loss rate	0.5-1%	10%	50%	100%	2.00%
Gross carrying amount (RMB’000) . .	101,604	3,984	615	617	106,820
Expected credit losses (RMB’000) . .	813	398	307	617	2,135

At December 31, 2024

	Past due				Total
	Less than 1 year	1-2 years	2-3 years	Over 3 years	
Expected credit loss rate	0.5-1%	10%	50%	100%	2.43%
Gross carrying amount (RMB’000) . .	128,121	4,488	2,095	839	135,543
Expected credit losses (RMB’000) . .	954	449	1,047	839	3,289

At June 30, 2025 (unaudited)

	Past due				Total
	Less than 1 year	1-2 years	2-3 years	Over 3 years	
Expected credit loss rate	0.5-1%	10%	50%	100%	2.42%
Gross carrying amount (RMB’000) . .	176,767	6,403	1,372	1,802	186,344
Expected credit losses (RMB’000) . .	1,379	640	686	1,802	4,507

The Company

At December 31, 2022

	Past due				Total
	Less than 1 year	1-2 years	2-3 years	Over 3 years	
Expected credit loss rate	1%	10%	50%	100%	2.89%
Gross carrying amount (RMB’000) . .	3,278	709	16	4	4,007
Expected credit losses (RMB’000) . .	33	71	8	4	116

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At December 31, 2023

	Past due				Total
	Less than 1 year	1-2 years	2-3 years	Over 3 years	
Expected credit loss rate	1%	10%	50%	100%	1.76%
Gross carrying amount (RMB’000) . .	11,289	232	59	38	11,618
Expected credit losses (RMB’000) . .	113	23	30	38	204

At December 31, 2024

	Past due				Total
	Less than 1 year	1-2 years	2-3 years	Over 3 years	
Expected credit loss rate	1%	10%	50%	100%	5.82%
Gross carrying amount (RMB’000) . .	3,692	1,557	79	82	5,410
Expected credit losses (RMB’000) . .	37	156	40	82	315

At June 30, 2025 (unaudited)

	Past due				Total
	Less than 1 year	1-2 years	2-3 years	Over 3 years	
Expected credit loss rate	1%	10%	50%	100%	7.48%
Gross carrying amount (RMB’000) . .	5,585	2,058	540	88	8,271
Expected credit losses (RMB’000) . .	55	206	270	88	619

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Prepayments	19,061	24,287	28,168	30,581
VAT tax recoverable	8,162	7,743	10,482	10,907
Other receivables	7,219	4,828	4,423	3,482
Total	34,442	36,858	43,073	44,970

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Prepayments	6,364	12,360	9,359	10,744
VAT tax recoverable	660	72	860	64
Other receivables	2,189	1,962	2,863	1,925
Total	9,213	14,394	13,082	12,733

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The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group’s other receivables related to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its prepayments and other receivable balances.

Other receivables had no historical default. The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of each of the reporting periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the reporting periods, the Group estimated that the expected credit loss rate for other receivables is minimal.

24. FINANCIAL ASSETS AT FVTPL

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Wealth management products	10	156,106	132,488	203,775

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Wealth management products	10	—	—	—

The financial assets measured at FVTPL are wealth management products, denominated in RMB, with expected yield rates ranging from 1.35% to 3.49% per annum. These wealth management products were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

25. FINANCIAL ASSETS AT FVOCI

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Certificates of deposit*.	—	21,189	21,863	—

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Certificates of deposit*.	—	21,189	21,863	—

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- * The financial assets measured at FVOCI are certificates of deposit, denominated in RMB, with expected yield rates ranging from 3.1% to 3.85% per annum. The certificates of deposit were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through other comprehensive income as they were held for trading or until maturity.

26. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Cash and bank balances	317,350	262,267	283,988	245,810
Pledged deposits*	1,791	3,937	4,135	537
Denominated in				
RMB	277,642	144,631	153,970	155,541
USD	18,961	84,694	99,576	50,122
EUR	5,592	19,879	12,284	11,411
Others	15,155	13,063	18,158	28,736
Total cash and cash equivalents and pledged deposits	319,141	266,204	288,123	246,347

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

- * It represents deposits pledged to secure the Group’s certain construction in progress. None of these deposits are past due or impaired.

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Cash and bank balances	111,904	43,933	71,014	32,460
Denominated in				
RMB	109,862	37,378	67,412	31,389
USD	1,043	3,940	1,351	725
EUR	999	2,615	2,251	346
Total cash and bank balances	111,904	43,933	71,014	32,460

The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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27. TRADE PAYABLES

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

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Within 3 months	86,188	84,912	134,446	157,323
3 to 12 months	3,323	2,592	18,876	27,251
Over 1 year	1,167	1,410	867	694
Total	<u>90,678</u>	<u>88,914</u>	<u>154,189</u>	<u>185,268</u>

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Within 3 months	33,354	28,256	39,779	50,643
3 to 12 months	2,023	1,677	13,833	9,783
Over 1 year	316	289	—	—
Total	<u>35,693</u>	<u>30,222</u>	<u>53,612</u>	<u>60,426</u>

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

28. OTHER PAYABLES AND ACCRUALS

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Payroll payable	82,224	97,849	96,487	66,723
Other payables	50,616	45,522	64,988	62,626
Payables for non-current assets . . .	64	30,016	44,378	14,833
Other tax payables	31,326	15,096	11,390	15,616
Payable to investors*	19,330	—	—	—
Accrued [REDACTED] expenses . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>183,560</u>	<u>189,215</u>	<u>223,110</u>	<u>164,507</u>

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The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Payroll payable	45,881	59,738	56,016	39,711
Other payables	23,302	18,208	23,147	18,988
Other tax payables	10,248	4,863	3,038	3,433
Payables for non-current assets . . .	—	900	—	—
Payable to investors*	19,330	—	—	—
Accrued [REDACTED] expenses . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	98,761	84,441	88,068	66,841

* Certain investors inappropriately made capital injection payments for one of the Group’s employee share incentive platform, Zhuhai Hualong Kangzhong Investment Partnership Enterprise (Limited Partnership) to the Company and the Group in 2022, which were returned in 2023.

Other payables are non-interest-bearing and have no fixed terms of settlement.

29. CONTRACT LIABILITIES

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Advances received from customers				
Sale of products	129,556	110,702	159,266	144,613
Analysed into:				
Current portion.	114,842	50,726	61,654	65,359
Non-current portion	14,714	59,976	97,612	79,254
Total	129,556	110,702	159,266	144,613

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Advances received from customers				
Sale of products	95,770	75,816	116,000	103,475
Analysed into:				
Current portion.	81,056	15,840	18,388	24,221
Non-current portion	14,714	59,976	97,612	79,254
Total	95,770	75,816	116,000	103,475

Contract liabilities mainly include advances received to deliver products.

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30. INTEREST-BEARING BANK BORROWINGS

The Group

December 31, 2022				December 31, 2023				December 31, 2024				June 30, 2025			
Effective Interest rate		Maturity	Effective Interest rate		Maturity	Effective Interest rate		Maturity	Effective Interest rate		Maturity	Effective Interest rate		Maturity	
(%)	RMB'000		(%)	RMB'000		(%)	RMB'000		(%)	RMB'000		(%)	RMB'000		
Current															
Secured bank loan*	LPR-80- LPR+210bp	2023	73,720	LPR-80- LPR+210bp	2024	79,481	LPR-80- LPR-15bp	2025	49,341	LPR-80- LPR-15bp	2025-2026	61,615			
Secured bank loan*	3.70-4.30	2023	50,052	3.00-3.50	2024	34,928	2.50-3.10	2025	24,920	2.50-3.10	2025-2026	24,900			
Unsecured bank loan	4.00	2023	2,000	-	-	-	-	-	-	-	-	-			
Subtotal			125,772			114,409			74,261			86,515			
Non-current															
Secured bank loan*	LPR-80- LPR+210bp	2024 to 2029	289,300	LPR-80- LPR+210bp	2025 to 2029	321,654	LPR-80- LPR-15bp	2026 to 2029	270,309	LPR-80- LPR-15bp	2026- 2029	277,956			
Subtotal			289,300			321,654			270,309			277,956			
Total			415,072			436,063			344,570			364,471			

December 31,				June 30,
2022	2023	2024		2025
RMB’000	RMB’000	RMB’000		RMB’000
				(unaudited)

Analysed into:

Bank borrowings repayable:

Within one year or on demand	125,772	114,409	74,261	86,515
In the second year.	55,700	79,000	60,931	93,008
In the third to fifth years, inclusive	157,100	202,754	209,378	184,948
Beyond five years	76,500	39,900	-	-
Total	415,072	436,063	344,570	364,471

The Company

December 31, 2022				December 31, 2023				December 31, 2024				June 30, 2025			
Effective Interest rate		Maturity		Effective Interest rate		Maturity		Effective Interest rate		Maturity		Effective Interest rate		Maturity	
(%)			RMB'000	(%)			RMB'000	(%)			RMB'000	(%)			RMB'000
(unaudited)															
Current															
Secured bank loan*	LPR-80- LPR+210bp	2023	73,720	LPR-80- LPR+210bp	2024	79,481	LPR-80- LPR-35bp	2025	49,258	LPR-80- LPR-35bp	2025-2026	52,201			
Secured bank loan*	4.30	2023	40,052	3.00	2024	30,028	-	-	-	-	-	-			
Subtotal			113,772			109,509			49,258			52,201			
Non-current															
Secured bank loan*	LPR-80- LPR+210bp	2024 to 2029	289,300	LPR-80- LPR+210bp	2025 to 2029	300,900	LPR-80- LPR-35bp	2026 to 2029	186,900	LPR-80- LPR-35bp	2026-2029	174,400			
Subtotal			289,300			300,900			186,900			174,400			
Total			403,072			410,409			236,158			226,601			

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	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Analysed into:				
Bank borrowings repayable:				
Within one year or on demand	113,772	109,509	49,258	52,201
In the second year.	55,700	79,000	49,000	61,000
In the third to fifth years, inclusive .	157,100	182,000	137,900	113,400
Beyond five years	76,500	39,900	–	–
Total	403,072	410,409	236,158	226,601

* Certain of the Group and the Company’s bank borrowings are secured by mortgages over the Group’s property plant and equipment, which had net carrying values of approximately RMB15,478,000, RMB14,538,000, RMB13,833,000 and RMB175,069,000, respectively, as at December 31, 2022, 2023 and 2024 and June 30, 2025 (unaudited). Certain of the Group and the Company’s bank borrowings are secured by mortgages over the Group’s land use right, which had net carrying values of approximately RMB49,306,000, RMB48,550,000 and RMB47,794,000 respectively, as at December 31, 2023 and 2024 and June 30, 2025 (unaudited). In addition, 100% of Vedkang Medical’s share capital was pledged to secure certain bank borrowings up to RMB255,074,000, RMB285,235,000, RMB236,158,000 and RMB211,591,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025 (unaudited). Certain bank borrowings are subjected to loan covenants. The Group and the Company are in complying with these covenants as at December 31, 2022, 2023 and 2024 and June 30, 2025 (unaudited).

All borrowings are denominated in RMB.

31. DEFERRED INCOME

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Government grants*.	1,302	7,631	1,060	965
Analysed into:				
Current portion.	609	331	261	261
Non-current portion	693	7,300	799	704
Total	1,302	7,631	1,060	965

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Government grants*.	710	6,380	–	–
Analysed into:				
Current portion.	570	140	–	–
Non-current portion	140	6,240	–	–
Total	710	6,380	–	–

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- * The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants were released to profit or loss either over the periods that the expenses for which it is intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with.

32. FINANCIAL LIABILITIES AT FVTPL

	Contingent consideration
	RMB'000
At January 1, 2022	–
Additions	38,565
Amounts paid/utilised during the year	(23,005)
Changes in fair value	1,749
At December 31, 2022	17,309
Analysed into:	
Current portion	1,872
Non-current portion	15,437
At January 1, 2023	17,309
Amounts utilised during the year	(1,872)
Changes in fair value	2,956
At December 31, 2023	18,393
Analysed into:	
Current portion	17,588
Non-current portion	805
At January 1, 2024	18,393
Amounts paid/utilised during the year	(19,018)
Changes in fair value	1,623
At December 31, 2024	998
Analysed into:	
Current portion	797
Non-current portion	201
At January 1, 2025	998
Amounts utilised during the year/period	(640)
Changes in fair value	281
At June 30, 2025 (unaudited)	639
Analysed into:	
Current portion	639
Non-current portion	–

The contingent consideration was recognised in relation to the acquisition of Penlon Group on January 19, 2022.

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33. DEFERRED TAX

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

Deferred tax assets

	Impairment of financial assets	Pre-tax deductible losses	Accrued expense	Leases liabilities	Impairment allowance for inventories	Government grants	Unrealised internal transactions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	–	–	–	12,455	–	–	–	12,455
Acquisition of subsidiaries . . .	94	11,026	1,608	3,252	348	–	148	16,476
(Debited)/credited to total comprehensive loss	(9)	(177)	884	(4,098)	77	–	(42)	(3,365)
Gross deferred tax assets								
At December 31, 2022	85	10,849	2,492	11,609	425	–	106	25,566
At December 31, 2022 and January 1, 2023	85	10,849	2,492	11,609	425	–	106	25,566
(Debited)/credited to comprehensive loss	(53)	836	(1,301)	6,475	126	105	416	6,604
Gross deferred tax assets								
At December 31, 2023	32	11,685	1,191	18,084	551	105	522	32,170
At December 31, 2023 and January 1, 2024	32	11,685	1,191	18,084	551	105	522	32,170
Credited/(debited) to total comprehensive loss	23	46	697	(3,847)	(35)	(105)	(522)	(3,743)
Gross deferred tax assets								
At December 31, 2024	55	11,731	1,888	14,237	516	–	–	28,427
At December 31, 2024 and January 1, 2025	55	11,731	1,888	14,237	516	–	–	28,427
Credited/(debited) to total comprehensive profit	20	974	(810)	2,255	(14)	–	–	2,425
Gross deferred tax assets								
At June 30, 2025 (unaudited)	75	12,705	1,078	16,492	502	–	–	30,852

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Right-of-use assets	Fair value change of financial assets at FVTPL	Fair value adjustments arising from acquisition of subsidiaries	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	3,034	12,455	24	464	15,977
Acquisition of subsidiaries	–	3,219	–	110,066	113,285
Credited to total comprehensive loss	(145)	(4,039)	(24)	(10,687)	(14,895)
Gross deferred tax liabilities					
At December 31, 2022	2,889	11,635	–	99,843	114,367
At December 31, 2022 and January 1, 2023	2,889	11,635	–	99,843	114,367
(Credited)/debited to total comprehensive loss	(71)	6,452	146	(5,711)	816
Gross deferred tax liabilities					
At December 31, 2023	2,818	18,087	146	94,132	115,183

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	Depreciation allowance in excess of related depreciation	Right-of-use assets	Fair value change of financial assets at FVTPL	Fair value adjustments arising from acquisition of subsidiaries	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2023 and January 1, 2024	2,818	18,087	146	94,132	115,183
(Credited)/debited to comprehensive loss	(946)	(3,825)	208	(7,314)	(11,877)
Gross deferred tax liabilities At December 31, 2024.	<u>1,872</u>	<u>14,262</u>	<u>354</u>	<u>86,818</u>	<u>103,306</u>
At December 31, 2024 and January 1, 2025	1,872	14,262	354	86,818	103,306
(Credited)/debited to total comprehensive loss	(276)	2,224	58	(1,946)	60
Gross deferred tax liabilities At June 30, 2025 (unaudited) .	<u>1,596</u>	<u>16,486</u>	<u>412</u>	<u>84,872</u>	<u>103,366</u>

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

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Net deferred tax assets recognised in the consolidated statements of financial position	–	–	–	–
Net deferred tax liabilities recognised in the consolidated statements of financial position . .	<u>(88,801)</u>	<u>(83,013)</u>	<u>(74,879)</u>	<u>(72,514)</u>

Deferred tax assets have not been recognised in respect of the following items:

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Tax losses	568,288	835,953	1,261,408	1,382,446
Deductible temporary differences . .	<u>73,056</u>	<u>38,235</u>	<u>60,647</u>	<u>84,624</u>
Total	<u>641,344</u>	<u>874,188</u>	<u>1,322,055</u>	<u>1,467,070</u>

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Tax losses that are not recognised as deferred tax assets will expire in the following years:

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
2023	1,390	—	—	—
2024	1,276	1,276	—	—
2025	5,215	5,215	5,215	—
2026	4,482	4,482	4,482	4,482
2027	4,699	4,699	4,699	4,699
2028 and later	551,226	820,281	1,247,012	1,373,265
Total	568,288	835,953	1,261,408	1,382,446

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group has tax losses arising in Hong Kong and the UK that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China that will expire in one to ten years for offsetting against future taxable profits.

34. SHARE CAPITAL

The Group and the Company

	December 31, 2022	December 31, 2023	December 31, 2024	June 30, 2025
	Number of shares	Number of shares	Number of shares	Number of shares
				(unaudited)
Ordinary shares of RMB1 each	454,662,299	476,623,586	499,716,086	499,716,086

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At January 1, 2022	401,512,300	401,512
New issue of ordinary shares of RMB1 each*.	53,149,999	53,150
At December 31, 2022	454,662,299	454,662
New issue of ordinary shares of RMB1 each**.	21,961,287	21,962
At December 31, 2023	476,623,586	476,624
New issue of ordinary shares of RMB1 each***.	23,092,500	23,092
At December 31, 2024 and June 30, 2025 (unaudited).	499,716,086	499,716

* On April 12, 2022, the Company completed its acquisition of 100% equity interest in Vedkang Group. As part of the consideration, 53,124,999 ordinary shares were issued to the shareholders of Vedkang Group. Further details are included in note 36 to the Historical Financial Information and Interim Financial Information.

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On January 9, 2022, the Company issued 25,000 ordinary shares to Zhuhai Hualong Kangzhong Investment Partnership Enterprise (Limited Partnership) with a consideration of RMB100,000.

** On June 26, 2023 and September 20, 2023, the Company issued 4,303,030 and 1,075,757 ordinary shares to external investors, respectively, with considerations of RMB71,000,000 and RMB17,750,000, respectively.

During 2023, the Company issued 16,582,500 ordinary shares to Zhuhai Hualong Kangzhong Investment Partnership Enterprise (Limited Partnership) with a consideration of RMB66,330,000.

*** With the enforcement of the revised Company Law of the People’s Republic of China with effect on July 1, 2024, 23,092,500 unpaid ordinary shares issued to Zhuhai Hualong Kangzhong Investment Partnership Enterprise (Limited Partnership) were deemed as the share capital of the Company, together with the shareholders’ commitment to make its contribution by the end of December 2024. On September 9, 2024, 6,666,667 unpaid ordinary shares to Zhuhai Hualong Kangzhong Investment Partnership Enterprise (Limited Partnership) were transferred to a third party and the Company has received a total consideration of RMB26,666,664 on September 23, 2024. The consideration of RMB65,703,336 of the other 16,425,833 ordinary shares was received on December 31, 2024.

35. OTHER RESERVES

The Group

The amounts of the Group’s other reserves and the movements therein for the Relevant Periods and the six months ended June 30, 2024 and 2025 are presented in the consolidated statements of changes in equity.

Share premium

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

Share-based payment reserve

Share-based payment reserve represents the share-based compensation reserve arising from equity-settled share awards, details of which were set out in note 37 to the Historical Financial Information and Interim Financial Information.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the Historical Financial Information and Interim Financial Information.

Fair value reserve of equity investments designated at FVOCI

The fair value reserve of equity investments designated at FVOCI represents fair value changes of unlisted equity investments designated at FVOCI.

Fair value reserve of financial assets at FVOCI

The fair value reserve of financial assets at FVOCI represents fair value changes of certificates of deposit.

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The Company

The amounts of the Company’s other reserves and the movements therein for the Relevant Periods and the six months ended June 30, 2024 and 2025 are presented as follows:

Year ended December 31, 2022

	Share premium	Other reserve	Share-based payment reserve	Accumulated losses	Fair value reserve of financial assets at FVOCI	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	745,456	128,840	415,311	(728,025)	9,144	570,726
Loss for the year	–	–	–	(175,904)	–	(175,904)
Other comprehensive loss for the year:						
Disposal of financial assets at FVOCI	–	–	–	–	(9,144)	(9,144)
Total comprehensive loss for the year	–	–	–	(175,904)	(9,144)	(185,048)
Issue of shares	718,159	–	–	–	–	718,159
Equity-settled share-based payments (note 37)	–	–	87,455	–	–	87,455
At December 31, 2022	1,463,615	128,840	502,766	(903,929)	–	1,191,292

Year ended December 31, 2023

	Share premium	Other reserve	Share-based payment reserve	Accumulated losses	Fair value reserve of financial assets at FVOCI	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	1,463,615	128,840	502,766	(903,929)	–	1,191,292
Loss for the year	–	–	–	(128,562)	–	(128,562)
Other comprehensive income for the year:						
Changes in fair value reserve of financial assets at FVOCI	–	–	–	–	145	145
Total comprehensive loss for the year	–	–	–	(128,562)	145	(128,417)
Issue of shares	133,118	–	–	–	–	133,118
Equity-settled share-based payments (note 37)	–	–	64,119	–	–	64,119
At December 31, 2023	1,596,733	128,840	566,885	(1,032,491)	145	1,260,112

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Year ended December 31, 2024

	Share premium	Other reserve	Share-based payment reserve	Accumulated losses	Fair value reserve of financial assets at FVOCI	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	1,596,733	128,840	566,885	(1,032,491)	145	1,260,112
Loss for the year	–	–	–	(244,067)	–	(244,067)
Other comprehensive income for the year:						
Changes in fair value reserve of financial assets at FVOCI	–	–	–	–	674	674
Total comprehensive loss for the year	–	–	–	(244,067)	674	(243,393)
Issue of shares	69,277	–	–	–	–	69,277
Equity-settled share-based payments (note 37)	–	–	53,822	–	–	53,822
At December 31, 2024	<u>1,666,010</u>	<u>128,840</u>	<u>620,707</u>	<u>(1,276,558)</u>	<u>819</u>	<u>1,139,818</u>

Six months ended June 30, 2025 (unaudited)

	Share premium	Other reserve	Share-based payment reserve	Accumulated losses	Fair value reserve of financial assets at FVOCI	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	1,666,010	128,840	620,707	(1,276,558)	819	1,139,818
Loss for the period	–	–	–	(70,030)	–	(70,030)
Other comprehensive income for the period:						
Disposal of financial assets at FVOCI	–	–	–	–	(819)	(819)
Total comprehensive loss for the period	–	–	–	(70,030)	(819)	(70,849)
Equity-settled share-based payments (note 37)	–	–	27,624	–	–	27,624
At June 30, 2025 (unaudited) .	<u>1,666,010</u>	<u>128,840</u>	<u>648,331</u>	<u>(1,346,588)</u>	<u>–</u>	<u>1,096,593</u>

36. BUSINESS COMBINATION

Acquisition of Penlon Group

On January 19, 2022, the Group acquired 100% equity of Intermed Limited, together with its subsidiaries, Penlon Limited and Penlon Inc. (“Penlon Group”). Penlon Group is primarily engaged in the research and development, and the manufacturing and sales of anaesthesia products.

The acquisition is in line with the Group’s strategy of vertical integration in the industry chain and expansion into anaesthesia and respiratory business, and is a part of the Group’s further expansion of its principal business and will further strengthen the Group’s overall competitiveness to offer a variety of services and enable the customers of the Group to obtain a more comprehensive support from an integrated medical equipment development platform.

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Consideration

The purchase consideration for the acquisition consisted of (1) cash of GBP17,004,000 (RMB145,092,000 equivalent), which was paid in 2022; (2) cash contingent consideration of GBP4,016,000 (RMB34,264,000 equivalent), which was fully paid in 2022 and 2024 respectively and (3) non-monetary contingent consideration of GBP504,000 (RMB4,303,000 equivalent), which are expected to be utilised from 2022 to 2026.

The fair values of the identifiable assets and liabilities of Penlon Group at the date of acquisition were as follows:

	Fair value recognised on acquisition date
	<i>RMB'000</i>
Property, plant and equipment	9,384
Intangible assets	119,459
Right-of-use assets	13,317
Deferred tax assets	11,026
Inventories	50,801
Trade receivables	16,280
Prepayments, other receivables and other assets	12,497
Cash and bank balances	22,019
Trade payables	(19,415)
Other payables and accruals	(20,847)
Contract liabilities	(1,847)
Lease liabilities	(14,187)
Deferred tax liabilities	(25,613)
Total identifiable net assets at fair value	172,874
Goodwill on acquisition	10,785
Total purchase consideration	183,659
Analysed into:	
Fixed consideration	145,092
Contingent consideration	38,567

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill is not deductible for income tax purposes.

As part of the purchase agreement, contingent consideration is payable, which is dependent on the revenue and gross profit of Penlon Group during the twelve-month period from April 1, 2021 to March 31, 2022 and from April 1, 2022 to March 31, 2023. The initial amount recognised was GBP4,016,000 (RMB34,264,000 equivalent) which was determined using the discounted cash flow model. At the date of this report, the contingent consideration was fully paid.

An analysis of the cash flows in respect of the acquisition of Penlon Group is as follows:

	<i>RMB'000</i>
Cash consideration paid in 2022	167,146
Cash consideration paid in 2024	18,096
Cash and bank balances acquired	(22,019)
Net outflow of cash and cash equivalents included in cash flows from investing activities	163,223

Since the acquisition, Penlon Group has contributed RMB122,801,000 to the Group’s revenue and caused a net loss of approximately RMB(25,624,000) to the consolidated profit or loss for the year ended December 31, 2022.

Had the combination taken place at the beginning of the year ended December 31, 2022, the revenue from continuing operations of the Group and the net loss of the Group for the year ended December 31, 2022 would have been RMB927,219,000 and RMB(225,171,000), respectively.

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Acquisition of Vedefar

In June, 2025, the Group completed the acquisition of 100% equity of Vedefar, which is a distributor of a range of medical devices including pharmaceuticals, intensive care devices, anaesthesia equipment, homecare and dental solutions in Europe. The acquisition was made as part of the Group’s strategy to expand its market share of vertical integration in European.

Consideration

The cash purchase consideration for the acquisition was EUR1,300,000 (RMB10,923,000 equivalent) and was fully paid on June 6, 2025.

Acquisition of Vedkang Group

On April 12, 2022, the Group completed its acquisition of 100% equity interest of Vedkang Group, which is primarily engaged in the research and development, manufacturing and sales of minimally invasive intervention products.

The Group’s approach to acquisitions is strategically aligned with the real-time needs of its end customers. The acquisitions implemented by the Group have been strategically integrated with its existing product lines, leading to a significant synergy. Vedkang has augmented the Group’s portfolio in minimally invasive interventional consumables, marking a comprehensive expansion and diversification of the Group’s product offerings.

Consideration

The purchase consideration for the acquisition was RMB1,621,209,000, among which RMB850,000,000 was in the form of cash, and the remaining was in the form of 53,124,999 ordinary shares of the Company. Among the total fair value of RMB850,000,000 of the 53,124,999 ordinary shares issued for the purpose of acquisition, RMB78,791,000 was excluded from the purchase consideration, but instead was treated as post-combination remuneration cost in accordance with IFRS 3. At the date of this report, the purchase consideration was fully settled.

The fair values of the identifiable assets and liabilities of Vedkang Group as at the date of acquisition were as follows:

Consideration

	Fair value recognised on acquisition date
	<i>RMB'000</i>
Property, plant and equipment	75,292
Intangible assets	531,008
Right-of-use assets	15,807
Investment in an associate	8,962
Equity investments designated at FVOCI	645
Deferred tax assets	2,231
Other non-current assets	3,471
Inventories	87,202
Trade receivables	45,538
Prepayments, other receivables and other assets	11,939
Amounts due from a related party	21
Cash and bank balances	129,219
Non-controlling interests	608
Trade payables	(30,799)
Other payables and accruals	(37,306)
Contract liabilities	(11,964)
Amounts due to related parties	(8,331)
Lease liabilities	(9,208)
Tax payable	(2,722)
Deferred tax liabilities	(84,453)
Total identifiable net assets at fair value	727,160
Goodwill on acquisition	894,049
Total purchase consideration	1,621,209

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill is not deductible for income tax purposes.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

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An analysis of the cash flows in respect of the acquisition of Vedkang Group is as follows:

	<i>RMB'000</i>
Cash consideration paid	850,000
Cash and bank balances acquired	(129,219)
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>720,781</u>

Since the acquisition, Vedkang Group has contributed RMB385,997,000 to the Group’s revenue and a net profit of approximately RMB50,900,000 to the consolidated profit or loss for the year ended December 31, 2022.

Had the combination taken place at the beginning of the year ended December 31, 2022, the revenue from continuing operations of the Group and the net loss of the Group for the year ended December 31, 2022 would have been RMB1,028,405,000 and RMB(248,616,000), respectively.

Below is the pre-acquisition consolidated financial statements of Vedkang Group for the period from January 1, 2022 to April 12, 2022 (“reporting period”).

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

	<i>Notes</i>	Period from January 1 to April 12, 2022
		<i>RMB'000</i>
Revenue	(1)	111,036
Cost of sales		(56,014)
Gross profit		55,022
Other income and gains	(1)	872
Research and development expenses		(21,439)
Administrative expenses		(23,298)
Selling and marketing expenses		(29,955)
Impairment on financial assets, net	(3)	134
Other expenses	(2)	(954)
Finance costs	(4)	(102)
Share of losses of an associate	(10)	(533)
LOSS BEFORE TAX	(3)	(20,253)
Income tax expense	(5)	(2,665)
LOSS FOR THE PERIOD		<u>(22,918)</u>
Attributable to:		
Owners of the parent		(22,170)
Non-controlling interests		(748)
		<u>(22,918)</u>
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a foreign operation		(5)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(22,923)</u>
Attributable to:		
Owners of the parent		(22,175)
Non-controlling interests		(748)
		<u>(22,923)</u>

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Consolidated Statements Of Financial Position

	Notes	April 12, 2022
		RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	(7)	58,873
Right-of-use assets	(8)	13,768
Intangible assets	(9)	3,008
Investment in an associate	(10)	8,681
Equity investments designated at FVOCI		500
Deferred tax assets	(11)	2,231
Other non-current assets	(12)	3,471
Total non-current assets		90,532
CURRENT ASSETS		
Inventories	(13)	71,056
Trade receivables	(14)	45,538
Prepayments, other receivables and other assets	(15)	11,939
Amounts due from a related party	(25)	21
Cash and bank balances	(16)	129,219
Total current assets		257,773
CURRENT LIABILITIES		
Trade payables	(17)	30,799
Other payables and accruals	(18)	37,306
Contract liabilities	(19)	11,964
Amounts due to related parties	(25)	8,331
Lease liabilities	(8)	2,601
Tax payable		2,722
Total current liabilities		93,723
NET CURRENT ASSETS		164,050
TOTAL ASSETS LESS CURRENT LIABILITIES		254,582
NON-CURRENT LIABILITY		
Lease liabilities	(8)	6,607
Total non-current liability		6,607
Net assets		247,975
EQUITY		
Equity attributable to owners of the parent		
Share capital	(20)	81,880
Other reserves	(21)	166,717
		248,597
Non-controlling interests		(622)
Total equity		247,975

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Consolidated Statement Of Changes In Equity

Period from January 1 to April 12, 2022

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium*	Share-based payments reserve*	Reserve funds*	Exchange fluctuation reserve*	Retained profits/(accumulated losses)*	Subtotal		
	RMB'000 (note (20))	RMB'000 (note (21))	RMB'000 (note (21))	RMB'000 (note (21))	RMB'000 (note (21))	RMB'000 (note (21))	RMB'000	RMB'000	RMB'000
At January 1, 2022	81,880	74,842	72,720	296	(12)	1,929	231,655	126	231,781
Loss for the period	—	—	—	—	—	(22,170)	(22,170)	(748)	(22,918)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	(5)	—	(5)	—	(5)
Total comprehensive loss for the period	—	—	—	—	(5)	(22,170)	(22,175)	(748)	(22,923)
Recognition of equity-settled share-based payments (note (22))	—	—	39,117	—	—	—	39,117	—	39,117
Replacement of equity-settled share-based payments	—	41,021	(41,021)	—	—	—	—	—	—
At April 12, 2022	81,880	115,863	70,816	296	(17)	(20,241)	248,597	(622)	247,975

* These reserve accounts comprised the consolidated other reserves of RMB166,717,000 in the consolidated statement of financial position for the period ended April 12, 2022.

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Consolidated Statement Of Cash Flows

	Notes	Period from January 1 to April 12, 2022
		RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		(20,253)
Adjustments for:		
Finance costs	(4)	102
Interest income	(1)	(129)
Investment income	(1)	(180)
Depreciation of property, plant and equipment	(7)	1,652
Amortisation of intangible assets	(9)	297
Depreciation of right-of-use assets	(8)	711
Impairment losses on financial assets, net	(3)	(134)
Share of losses of an associate	(10)	533
Foreign exchange losses, net	(2)	439
Equity-settled share-based payments	(22)	39,117
		<u>22,155</u>
Increase in inventories		(11,543)
Decrease in trade receivables		6,743
Decrease in other non-current assets		11
Increase in amounts due from a related party		(21)
Increase in prepayments and other receivables		(4,368)
Increase in trade payables		4,368
Decrease in amounts due to related parties		(138)
Decrease in other payables and accruals		(19,497)
Increase in contract liabilities		5,300
Net cash flows from operating activities		<u>3,010</u>
Income tax paid		<u>(1,888)</u>
Net cash flows from operating activities		<u>1,122</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment		(2,792)
Purchase of intangible assets		(2,513)
Purchase of wealth management products		(135,100)
Proceeds from disposal of wealth management products		135,280
Decrease in pledged bank deposits		17,858
Net cash flows from investing activities		<u>12,733</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid		(102)
Principal portion of lease payments		(302)
Cash dividend payments	(6)	(7,555)
Net cash flows used in financing activities		<u>(7,959)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period		123,635
Effect of foreign exchange rate changes, net		(312)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>129,219</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the consolidated statement of		
financial position	(16)	<u>129,219</u>

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(1) Revenue, Other Income And Gains

An analysis of revenue is as follows:

	Period from January 1 to April 12, 2022
	RMB’000
Revenue from contracts with customers.	111,036

Revenue from contracts with customers

(a) Disaggregated revenue information

Period ended April 12, 2022	Minimally invasive intervention
	RMB’000
Types of goods	
Sale of products	111,036
Geographical markets	
Mainland China	80,559
Europe	21,039
Asian.	7,260
Other countries/regions.	2,178
Total revenue from contracts with customers	111,036
Timing of revenue recognition	
Goods transferred at a point in time.	111,036

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

	Period from January 1 to April 12, 2022
	RMB’000
Revenue recognised that was included in contract liabilities at the beginning of the reporting periods:	
Sale of products	3,734

(b) Performance obligations

Information about Vedkang Group’s performance obligations is summarised below:

Sales of products

The performance obligation is satisfied upon delivery of the products and payment in advance is normally required.

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The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at April 12, 2022 is as follows:

	At April 12, 2022
	<i>RMB'000</i>
Amount expected to be recognised as revenue:	
Within one year	11,964

An analysis of other income is as follows:

	Period from January 1 to April 12, 2022
	<i>RMB'000</i>
<u>Other income</u>	
Government grants income*	346
Investment income on investments classified as financial assets at FVTPL	180
Bank interest income	129
Others	217
Total other income	872

* The government grants mainly represent subsidies received from the government that are related to expenses. Government grants were released to profit or loss over the periods that the expenses for which it is intended to compensate are expensed, when all attaching conditions and requirements are complied with.

(2) Other Expenses

An analysis of other expenses is as follows:

	Period from January 1 to April 12, 2022
	<i>RMB'000</i>
Donations	500
Foreign exchange losses, net	439
Others	15
Total	954

(3) Loss Before Tax

Vedkang Group’s loss before tax is arrived at after charging/(crediting):

	Notes	Period from January 1 to April 12, 2022
		<i>RMB'000</i>
Depreciation of property, plant and equipment	(7)	1,652
Depreciation of right-of-use assets	(8)	711
Amortisation of intangible assets	(9)	297
Lease payments not included in the measurement of lease liabilities . . .	(8)	564
Bank interest income	(1)	(129)
Investment income on investments classified as financial assets at FVTPL	(1)	(180)

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	Notes	Period from January 1 to April 12, 2022
		RMB'000
Government grants income	(1)	346
Donation	(2)	500
Foreign exchange losses, net	(2)	439
Auditor’s remuneration		423
Impairment on financial assets, net		(134)
Employee benefit expense:		
Salaries, bonuses, allowances and benefits in kind		34,065
Pension scheme contributions*.		1,652
Equity-settled share-based payments		39,117
Total employee benefit expense		74,834

* There are no forfeited contributions that may be used by Vedkang Group as the employer to reduce the existing level of contributions.

(4) Finance Costs

	Period from January 1 to April 12, 2022
	RMB'000
Interest on lease liabilities	102

(5) Income Tax

Vedkang Medical Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of Vedkang Group are domiciled and operate.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the Mainland China Corporate Income Tax Law which was approved and became effective on January 1, 2008, except for certain subsidiaries of Vedkang Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

Vedkang Medical was qualified as a High and New Technology Enterprise and entitled to a preferential income tax rate of 15% from 2021 to 2023.

Changzhou Jiuhong was qualified as a High and New Technology Enterprise and entitled to a preferential income tax rate of 15% from 2021 to 2023.

	Period from January 1 to April 12, 2022
	RMB'000
Current income tax	1,910
Deferred income tax	755
Total	2,665

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A reconciliation of the tax expense applicable to loss before tax at the preferential tax rate for the jurisdictions in which the majorities Vedkang Group are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the preferential tax rates) to the effective tax rates, are as follows:

	Period from January 1 to April 12, 2022
	RMB'000
Loss before tax	(20,253)
Tax at the preferential tax rate of 15%	(3,038)
Effect of different tax rates enacted by local authorities	(325)
Additional deductible allowance for qualified research and development expenses	(1,319)
Deductible temporary difference and tax losses not recognised	1,193
Losses attributable to an associate	80
Expenses not deductible for tax	6,074
Tax charge at the Group’s effective rate	2,665

(6) Dividends

	Period from January 1 to April 12, 2022
	RMB'000
Cash dividends	7,555

(7) Property, Plant And Equipment

	Buildings	Leasehold improvements	Office equipment	Plant and machinery	Transportation equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
April 12, 2022							
At January 1, 2022:							
Cost	39,059	2,935	4,074	20,917	2,577	4,465	74,027
Accumulated depreciation	(8,145)	(1,108)	(1,797)	(7,234)	(2,184)	–	(20,468)
Net carrying amount	30,914	1,827	2,277	13,683	393	4,465	53,559
At January 1, 2022, net of accumulated depreciation	30,914	1,827	2,277	13,683	393	4,465	53,559
Additions	–	119	1,603	544	109	4,591	6,966
Transfers	597	–	–	2,454	–	(3,051)	–
Depreciation provided during the period	(465)	(326)	(389)	(429)	(43)	–	(1,652)
At April 12, 2022, net of accumulated depreciation	31,046	1,620	3,491	16,252	459	6,005	58,873
At April 12, 2022:							
Cost	39,656	3,054	5,677	23,915	2,686	6,005	80,993
Accumulated depreciation	(8,610)	(1,434)	(2,186)	(7,663)	(2,227)	–	(22,120)
Net carrying amount	31,046	1,620	3,491	16,252	459	6,005	58,873

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(8) Leases

Vedkang Group as a lessee

Vedkang Group has lease contracts for various items including leasehold land and several buildings used as its plant and office premises. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and office premises generally have lease terms between 2 and 8.75 years. Generally, Vedkang Group is restricted from assigning and subleasing the leased assets outside Vedkang Group.

(a) *Right-of-use assets*

The carrying amount of right-of-use assets and the movements during the reporting period are as follows:

	Plant and offices	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2022	8,370	4,853	13,223
Additions	1,283	–	1,283
Modification	(27)	–	(27)
Depreciation charge	(683)	(28)	(711)
At April 12, 2022	<u>8,943</u>	<u>4,825</u>	<u>13,768</u>

(b) *Lease liabilities*

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

	April 12, 2022
	RMB'000
Carrying amount at January 1, 2022	8,254
Additions	1,283
Modification	(27)
Accretion of interest recognised during the period	102
Lease payments	(404)
Carrying amount at April 12, 2022	<u>9,208</u>
Analysed into:	
Current portion	2,601
Non-current portion	6,607
Total	<u>9,208</u>

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

	Period from January 1 to April 12, 2022
	RMB'000
Expenses relating to short-term leases	564
Interest on lease liabilities	102
Depreciation charge of right-of-use assets	711
Total amount recognised in profit or loss	<u>1,377</u>

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(9) Intangible Assets

	Software
	<i>RMB’000</i>
At January 1, 2022	
Cost	1,115
Accumulated amortisation	(323)
Net carrying amount	792
At January 1, 2022, net of accumulated amortisation	792
Additions	2,513
Amortisation provided during the period	(297)
At April 12, 2022, net of accumulated amortisation	3,008
At April 12, 2022	
Cost	3,628
Accumulated amortisation	(620)
Net carrying amount	3,008

(10) Investments In An Associate

Vedkang Group

	April 12, 2022
	<i>RMB’000</i>
Share of net assets	8,681

Vedkang Group’s shareholdings in the associate are directly held by Vedkang Medical.

The following table illustrates the financial information of Vedkang Group’s associate that is not material:

	April 12, 2022
	<i>RMB’000</i>
Share of the associate’s loss for the period	(533)
Share of the associate’s total comprehensive loss	(533)
Aggregate carrying amount of the Group’s investment in the associate	8,681

(11) Deferred Tax

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

Deferred tax assets

	Impairment of financial assets, net	Accrued expense	Leases liabilities	Impairment allowance for inventories	Unrealised inter-group transactions	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2022	112	2,530	1,615	301	67	4,625
(Debited)/credited to profit or loss	(18)	(922)	153	47	81	(659)
At April 12, 2022	94	1,608	1,768	348	148	3,966

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Deferred tax liabilities

	Right-of-use assets
	<i>RMB'000</i>
At January 1, 2022	1,639
Debited to profit or loss	96
Gross deferred tax liabilities at April 12, 2022	1,735

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

	April 12, 2022
	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	2,231

Deferred tax assets have not been recognised in respect of the following items:

	April 12, 2022
	<i>RMB'000</i>
Tax losses	16,915
Deductible temporary differences	92
Total	17,007

Tax losses that are not recognised as deferred tax assets will expire in the following years:

	April 12, 2022
	<i>RMB'000</i>
2026	12,235
2027	4,680
Total	16,915

The above tax losses will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

(12) Other Non-Current Assets

	April 12, 2022
	<i>RMB'000</i>
Prepayments for property, plant and equipment	3,309
Deposits	162
Total	3,471

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(13) Inventories

	April 12, 2022
	RMB'000
Finished goods	26,027
Raw materials	24,839
Work in progress	22,512
Subtotal	73,378
Impairment allowances on inventories	(2,322)
Total	71,056

(14) Trade Receivables

	April 12, 2022
	RMB'000
Trade receivables	46,110
Impairment loss	(572)
Net carrying amount	45,538

Vedkang Group’s normally requires payments in advance for its customers in Mainland China, while for certain customers in other regions of the world are trade on credit. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. Vedkang Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that Vedkang Group’s trade receivables relate to diversified customers, there is no significant concentration of credit risk. Vedkang Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade 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:

	April 12, 2022
	RMB'000
Within 1 year.	45,496
1 to 2 years.	22
2 to 3 years.	20
Total	45,538

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

	April 12, 2022
	RMB'000
At beginning of period	706
Reversal	(134)
At end of period.	572

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An impairment analysis is performed at the end of the reporting period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of the reporting period about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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

As at April 12, 2022

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate . .	0.5%	10%	50%	100%	1.24%
Gross carrying amount (RMB’000).	45,725	24	40	321	46,110
Expected credit losses (RMB’000).	229	2	20	321	572

(15) Prepayments, Other Receivables And Other Assets

	April 12, 2022
	RMB’000
Prepayments	8,620
Value-added tax recoverable.	1,863
Other receivables	909
Prepaid income tax	547
Total	11,939

Vedkang Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that Vedkang Group’s other receivables related to a large number of diversified counterparties, there is no significant concentration of credit risk. Vedkang Group does not hold any collateral or other credit enhancements over its prepayments and other receivable balances.

Other receivables had no historical default. The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of the reporting period. In calculating the expected credit loss rate, Vedkang Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the reporting period, Vedkang Group estimated that the expected credit loss rate for other receivables is minimal.

(16) Cash And Bank Balances, And Pledged Deposits

Vedkang Group

	April 12, 2022
	RMB’000
Cash and bank balances	129,219
Denominated in	
RMB	72,252
USD	50,552
EUR	6,415
Total	129,219

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The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, Vedkang Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

(17) Trade Payables

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

	April 12, 2022
	<i>RMB’000</i>
Within 3 month	29,990
3 to 12 months	534
Over 1 year	275
Total	<u>30,799</u>

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

(18) Other Payables And Accruals

	April 12, 2022
	<i>RMB’000</i>
Payroll payable	13,978
Accrued promotion expenses	10,440
Other tax payables	5,907
Payables for property, plant and equipment	1,204
Other payables	5,777
Total	<u>37,306</u>

(19) Contract Liabilities

	April 12, 2022
	<i>RMB’000</i>
Advances received from customers	11,964
Analysed into:	
Current portion	<u>11,964</u>

(20) Share Capital

Authorised, issued and fully paid

	April 12, 2022
	<i>Number of shares</i>
Ordinary shares of RMB1 each	<u>81,880,000</u>

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A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At January 1, 2022 and April 12, 2022	81,880,000	81,880

(21) Other Reserves

The amounts of Vedkang Group’s deficits and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

Share premium

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

Share-based payment reserve

The share-based payment reserve represents the share-based compensation reserve arising from equity-settled share awards, details of which were set out in note 36(22) to the Historical Financial Information and Interim Financial Information.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the Historical Financial Information.

(22) Share-Based Payments

On March 16, 2021, the board of directors approved the share award scheme (“Vedkang Scheme”) for the purpose of providing restricted share incentive for certain directors, senior management members and employees contributing to Vedkang Group. Vedkang Group receives services from employees as consideration for equity instruments of Vedkang.

The restricted shares vest in tranches from the grant date over a certain service period. Once the vesting conditions of restricted shares are met, ordinary shares are considered duly and validly owned by the holders, and free on transfer.

There are no cash settlement alternatives. Vedkang Group does not have a past practice of cash settlement for these restricted shares. Vedkang Group accounts for the Vedkang Scheme as an equity-settled plan.

Restricted shares issued by Vedkang Medical

Vedkang Group has established the following employee share incentive platforms to provide certain employees, senior management and directors with restricted shares for their services, full time devotion and professional expertise.

Employee share incentive platforms	Number of restricted shares granted
Changzhou Zixi Investment Partnership Enterprise (Limited Partnership)	4,094,005
Changzhou Zijing Investment Partnership Enterprise (Limited Partnership) . . .	4,094,005
Total	8,188,010

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The following table summarises the Vedkang Scheme activities during the reporting period:

	Number of restricted shares
At January 1, 2022	6,888,849
Granted during the period	927,974
Vested during the period	(3,090,702)
At April 12, 2022	4,726,121

The vesting periods of the restricted shares outstanding at the end of the reporting period are as follows:

At April 12, 2022

Number of restricted shares	Vesting period
4,122,938	March 20, 2021 to March 19, 2027
603,183	March 20, 2022 to March 19, 2028
4,726,121	

The fair value of restricted shares at the grant date was determined by reference to the fair value of the underlying ordinary shares of Vedkang Medical on the respective dates of grant.

Vedkang Group recognised share-based payment expenses of RMB39,117,000 during the reporting period.

(23) Notes To The Consolidated Statement Of Cash Flows

(a) Major non-cash transactions

During the reporting period, Vedkang Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,283,000, in respect of lease arrangements for plant and office premises.

(b) Changes in liabilities arising from financing activities

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

	Other payables	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2022	7,555	8,254	15,809
Changes from financing cash flow	(7,555)	(404)	(7,959)
Changes from non-cash transactions	–	(27)	(27)
New lease arrangements	–	1,283	1,283
Accretion of interest	–	102	102
At April 12, 2022	–	9,208	9,208

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(c) Total cash outflow for leases

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

	April 12, 2022
	RMB’000
Within operating activities	564
Within financing activities	404
Total	968

(24) Commitments

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

	April 12, 2022
	RMB’000
Contracted, but not provided for:	
Purchase of property, plant and equipment	473

(25) Related Party Transactions

The directors are of the view that the following companies are related parties that have material transactions or balances with Vedkang Medical Group during the reporting period.

(a) Name and relationships of the related parties

Name	Relationship
Zhuang Xiaojin (“owner”) (莊小金)	The former owner of Vedkang Group
Changzhou Changrui Metal Products Co., Ltd. (常州市常睿金屬製品有限公司) (“Changzhou Changrui”) . . .	Controlled by the owner’s close family member
Changzhou Yaze Hardware Accessories Co., Ltd. (常州雅澤五金配件有限公司) (“Changzhou Yaze”)	Controlled by the owner’s close family member
Xinbei Benniu Jiucheng Metal Manufacturing Factory (新北區奔牛久誠金屬製造廠) (“Benniu Jiucheng”) . .	Controlled by the owner’s close family member
Wujin Hutang Rucheng Hardware Factory (武進區湖塘儒誠五金廠) (“Hutang Rucheng”)	Controlled by the owner’s close family member
Xinbei Benniu Kangde Plastic Fittings Factory (新北區奔牛康得塑膠管件廠) (“Benniu Kangde”)	Controlled by the owner’s close family member
Xinbei Benniu Jiuxie Metal Products Department (新北區奔牛久協金屬製品經營部) (“Benniu Jiuxie”)	Controlled by the owner’s close family member
Wujin Hi-Tech Zone Huayi Electronic Factory (武進高新區鐸益電子廠) (“Huayi Electronic”)	Controlled by the owner’s close family member
Changzhou Emanmed Biotechnology Co., Ltd. (常州市依漫生物科技有限公司) (“Changzhou Emanmed”) . . .	Controlled by the owner
Pentax Medical Technology (Jiangsu) Co., Ltd. (賓得醫療科技(江蘇)有限公司) (“Pentax Jiangsu”)	Associate

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(b) Transactions with related parties:

	Period from January 1 to April 12, 2022
	RMB'000
Sales of products:	
Pentax Jiangsu – trade	21
Purchase of raw materials:	
Changzhou Changrui – trade	2,425
Changzhou Yaze – trade	1,191
Benniu Jiucheng – trade	1,721
Hutang Rucheng – trade	564
Benniu Kangde – trade	–
Benniu Jiuxie – trade	935
Total	6,836
Purchase of services:	
Changzhou Changrui – trade	586
Changzhou Yaze – trade	589
Changzhou Emanmed – trade	229
Huayi Electronic – trade	142
Total	1,546

The transactions with related parties were made according to the published prices and conditions offered to the major customers and suppliers of Vedkang Group.

(c) Outstanding balances with related parties:

	April 12, 2022
	RMB'000
Amounts due from a related party:	
Pentax Jiangsu – trade	21
Amounts due to related parties:	
Changzhou Changrui – trade	2,322
Changzhou Yaze – trade	2,109
Benniu Jiucheng – trade	1,318
Hutang Rucheng – trade	1,119
Benniu Kangde – trade	841
Benniu Jiuxie – trade	622
Total	8,331

Vedkang Group has assessed the expected loss rate for amounts due from the related party by considering the financial position and credit history of the related party and assessed that the expected credit loss is minimal.

Amounts due from/to related parties are unsecured, interest free and repayable on demand.

(d) Compensation of key management personnel of Vedkang Group:

	April 12, 2022
	RMB'000
Salaries, bonuses, allowances and benefits in kind	668
Pension scheme contributions	13
Equity-settled share-based payment expenses	6,309
Total	6,990

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(26) Financial Instruments By Category

The carrying amounts of each of the categories of financial instruments were as follows:

	April 12, 2022
	RMB'000
<u>Financial assets</u>	
Financial assets at FVOCI:	
Equity investments designated at FVOCI	500
Financial assets at amortised cost:	
Trade receivables	45,538
Amounts due from a related party.	21
Financial assets included in prepayments, other receivables and other assets	909
Financial assets included in other non-current assets	162
Cash and bank balances	129,219
Total	175,849
<u>Financial liabilities</u>	
Financial liabilities at amortised cost:	
Trade payables	30,799
Financial liabilities included in other payables and accruals.	17,421
Amounts due to related parties	8,331
Total	56,551

(27) Fair Value And Fair Value Hierarchy Of Financial Instruments

Fair value hierarchy

Financial assets at FVOCI:

At April 12, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments	—	—	500	500

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

Vedkang Group’s finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of Vedkang Medical once a year for annual financial reporting.

(28) Financial Risk Management Objectives And Policies

Vedkang Group’s principal financial instruments, such as cash and bank balances, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, and financial liabilities included in other payables and accruals arise directly from its operations.

The main risks arising from Vedkang Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

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Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which Vedkang Medical Group conducts business may affect Vedkang Medical Group’s financial condition and results of operations.

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

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	RMB’000	RMB’000
April 12, 2022			
If RMB weakens against the USD	5	2,538	2,158
If RMB strengthens against the USD	(5)	(2,538)	(2,158)

Credit risk

Vedkang Group trades only with recognised and creditworthy parties. It is Vedkang Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and Vedkang Group’s exposure to bad debts is not significant. The credit risk of Vedkang Group’s other financial assets, which comprise cash and bank balances, and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

At April 12, 2022

	12 Month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	–	–	–	46,110	46,110
Amounts due from a related party	21	–	–	–	21
Financial assets included in Prepayments, other receivables and other assets**	909	–	–	–	909
Financial assets included in other non-current assets	162	–	–	–	162
Cash and bank balances	129,219	–	–	–	129,219
Total	130,311	–	–	46,110	176,421

* For trade receivables at April 12, 2022, Vedkang Group applied the simplified approach for impairment, information based on the provision matrix is disclosed in note 36(14) to the Historical Financial Information and Interim Financial Information.

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

Liquidity risk

Vedkang Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

Vedkang Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of Vedkang Group’s financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At April 12, 2022

	<u>On demand</u>	<u>Within 1 year</u>	<u>In 2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Lease liabilities	–	2,673	7,328	535	10,536
Trade payables	30,799	–	–	–	30,799
Financial assets included in other payables and accruals	17,421	–	–	–	17,421
Amounts due to related parties	8,331	–	–	–	8,331
Total	<u>56,551</u>	<u>2,673</u>	<u>7,328</u>	<u>535</u>	<u>67,087</u>

Capital management

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

Vedkang Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, Vedkang Group may issue new shares, make borrowings or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital as at the end of the reporting period.

Vedkang Group monitors capital using a gearing ratio, which is net debt divided by the total of capital and net debt. Net debt includes trade payables and other payables and accruals, less cash and bank balances. Capital includes equity attributable to owners of the parent. The gearing ratio as at the end of the reporting period is as follows:

	<u>April 12, 2022</u>
	<i>RMB’000</i>
Trade payables	30,799
Other payables and accruals	37,306
Less: Cash and bank balances	<u>(129,219)</u>
Net debt	<u>(61,114)</u>
Equity attributable to owners of the parent	<u>248,597</u>
Capital and net debt	<u>187,483</u>
Gearing ratio	<u>(33%)</u>

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37. SHARE-BASED PAYMENTS

On March 10, 2016, the board of directors approved the share award scheme (“Scheme”) for the purpose of providing restricted share incentive for certain directors, senior management members and employees contributing to the Group. The Group receives services from employees as consideration for equity instruments of the Company.

The restricted shares vest in tranches from the grant date over a certain service period. Once the vesting conditions of restricted shares are met, ordinary shares are considered duly and validly owned by the holders, and free on transfer.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these restricted shares. The Group accounts for the Scheme as an equity-settled plan.

Restricted shares issued by the Company

The Group has established the following employee share incentive platforms to provide certain employees, senior management and directors with restricted shares for their services, full time devotion and professional expertise.

Employee share incentive platforms	Number of restricted shares granted
Shenzhen Juxian Kangzhong Enterprise Management Partnership (Limited Partnership)	64,185,000
Zhuhai Jucai Kangzhong Investment Enterprise (Limited Partnership)	4,400,000
Shenzhen Ruisen Kangzhong Investment Enterprise (Limited Partnership)	9,350,000
Zhuhai Ruiyu Kangzhong Investment Enterprise (Limited Partnership)	3,300,000
Zhuhai Ruiqian Kangzhong Investment Enterprise (Limited Partnership)	4,400,000
Zhuhai Ruikun Kangzhong Investment Enterprise (Limited Partnership)	6,050,000
Shenzhen Ruixin Kangzhong Investment Enterprise (Limited Partnership)	1,928,812
Zhuhai Hualong Kangzhong Investment Partnership Enterprise (Limited Partnership)	40,000,000
Changzhou Zixi Investment Partnership Enterprise (Limited Partnership)	3,453,125
Changzhou Zijing Investment Partnership Enterprise (Limited Partnership)	3,453,125
Total	140,520,062

The following table summarises the Scheme’s activities during the reporting periods:

	Number of restricted shares
At January 1, 2022	73,426,312
Granted during the year	8,733,250
Vested during the year	(6,622,205)
Forfeited during the year	(2,391,292)
At December 31, 2022	73,146,065
Granted during the year	1,930,792
Vested during the year	(46,798,791)
Forfeited during the year	(1,120,792)
At December 31, 2023	27,157,274
Granted during the year	4,080,646
Vested during the year	(1,797,646)
Forfeited during the year	(1,817,647)
At December 31, 2024	27,622,627
Granted during the period	1,556,185
Vested during the period	(1,556,185)
Forfeited during the period	(1,630,185)
At June 30, 2025 (unaudited)	25,992,442

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The vesting periods of the restricted shares outstanding at the end of each of the reporting periods are as follows:

At December 31, 2022	
Number of restricted shares	Vesting periods
44,990,000	March 21, 2016 to December 31, 2023
17,334,312	May 16, 2019 to [REDACTED]
4,689,000	December 6, 2024 to December 5, 2026
5,350,045	April 12, 2022 to March 19, 2027
782,708	April 12, 2022 to March 19, 2028
73,146,065	
At December 31, 2023	
Number of restricted shares	Vesting period
16,462,812	May 16, 2019 to [REDACTED]
4,086,000	December 6, 2024 to December 5, 2026
4,806,754	April 12, 2022 March 19, 2027
782,708	April 12, 2022 to March 19, 2028
1,019,000	June 27, 2026 to June 26, 2028
27,157,274	
At December 31, 2024	
Number of restricted shares	Vesting periods
15,549,812	May 16, 2019 to [REDACTED]
3,955,000	December 6, 2024 to December 5, 2026
4,369,357	April 12, 2022 March 19, 2027
506,458	April 12, 2022 to March 19, 2028
959,000	June 27, 2026 to June 26, 2028
1,983,000	July 5, 2027 to July 4, 2029
300,000	December 16, 2027 to December 15, 2029
27,622,627	
At June 30, 2025 (unaudited)	
Number of restricted shares	Vesting periods
14,852,302	May 16, 2019 to [REDACTED]
3,734,700	December 6, 2024 to December 5, 2026
3,954,982	April 12, 2022 March 19, 2027
506,458	April 12, 2022 to March 19, 2028
874,000	June 27, 2026 to June 26, 2028
1,770,000	July 5, 2027 to July 4, 2029
300,000	December 16, 2027 to December 15, 2029
25,992,442	

The fair value of restricted shares at the grant date was determined by reference to the fair value of the underlying ordinary shares of the Company on the respective dates of grant.

The Group recognised share-based payment expenses of RMB87,455,000, RMB64,119,000, RMB53,822,000 RMB, RMB33,994,000 and RMB27,624,000 during the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 (unaudited).

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38. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

- (1) During the Relevant Periods and the six months ended June 30, 2024 and 2025 (unaudited), the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,822,000, RMB7,764,000, RMB5,279,000, RMB832,000 and RMB27,995,000, respectively, in respect of lease arrangements for factory, office and laboratory premises.
- (2) During the year ended December 31, 2022, the acquisition of Vedkang Group involved the issuance of 53,124,999 ordinary shares by the Company, with a total fair value of RMB850,000,000, of which RMB771,209,000 was allocated as part of the purchase consideration, while RMB78,791,000 was recognised as post-combination remuneration costs, in accordance with the requirements of IFRS 3 *Business Combination*.

(b) Changes in liabilities arising from financing activities

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

	Interest bearing bank borrowings	Lease liabilities	Accrued [REDACTED] expense
	RMB'000	RMB'000	RMB'000
At January 1, 2022	5,000	87,561	—
Changes from financing cash flow	402,093	(32,343)	—
Changes from non-cash transactions	—	21,805	—
Foreign exchange movements	—	(213)	—
New lease arrangements	—	2,822	—
Accretion of interest	7,979	4,847	—
At December 31, 2022 and January 1, 2023	415,072	84,479	—
Changes from financing cash flow	4,372	(31,974)	(206)
Changes from non-financing cash flow	—	—	(1,009)
Changes from non-cash transactions	—	45,812	—
Increase in [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Increase in deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Foreign exchange movements	—	1,808	—
New lease arrangements	—	7,764	—
Accretion of interest	16,619	4,800	—
At December 31, 2023 and January 1, 2024	436,063	112,689	732
Changes from financing cash flow	(101,983)	(33,373)	(2,763)
Changes from non-financing cash flow	—	—	(13,487)
Changes from non-cash transactions	—	(2,929)	—
Increase in [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Increase in deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Foreign exchange movements	—	79	—
New lease arrangements	—	5,279	—
Accretion of interest	10,490	5,508	—
At December 31, 2024 and January 1, 2025	344,570	87,253	5,867

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	Interest bearing bank borrowings	Lease liabilities	Accrued [REDACTED] expense
	RMB'000	RMB'000	RMB'000
Changes from financing cash flow	16,112	(15,325)	(373)
Changes from non-financing cash flow	–	–	(1,819)
Changes from non-cash transactions	–	(1,905)	–
Increase in [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Increase in deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Foreign exchange movements	–	4,837	–
New lease arrangements	–	27,995	–
Accretion of interest	3,789	2,297	–
At June 30, 2025 (unaudited)	364,471	105,152	4,709
At January 1, 2024	436,063	112,689	732
Changes from financing cash flow	(38,989)	(17,831)	(1,811)
Changes from non-financing cash flow	–	–	(8,843)
Changes from non-cash transactions	–	(826)	–
Increase in [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Increase in deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Foreign exchange movements	–	(14)	–
New lease arrangements	–	2,756	–
Accretion of interest	7,565	2,855	–
At June 30, 2024 (unaudited)	404,639	99,629	2,888

(c) Total cash outflow for leases

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Within operating activities . . .	4,512	4,536	5,362	1,851	4,691
Within financing activities . . .	32,343	31,974	33,373	16,735	15,325
	36,855	36,510	38,735	18,586	20,016

39. PLEDGE OF ASSETS

Details of the Group’s assets pledged for the Group’s bank borrowings are included in note 30 to the Historical Financial Information and Interim Financial Information.

40. COMMITMENTS

The Group had the following capital commitments at the end of each reporting periods.

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Contracted, but not provided for items of property, plant and equipment	74,372	13,250	8,135	–

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41. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods and the six months ended June 30, 2024 and 2025.

(a) Name and relationships of the related parties

Name	Relationship
Pentax Jiangsu	Associate
Liu Jie	Executive director and chief executive

(b) The Group had the following transactions with related parties during the Relevant Periods and the six months ended June 30, 2024 and 2025:

Notes	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Sales of products: (i)					
Pentax Jiangsu – trade	9,494	11,025	–	–	–

The sales to the associate were made according to the published prices and conditions offered to the major customers of the Group.

(c) Outstanding balances with related parties:

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due from a related party:				
Pentax Jiangsu – trade	1,086	–	–	–

The Group has assessed the expected loss rate for amounts due from the related party by considering the financial position and credit history of the related party and assessed that the expected credit loss is minimal.

The Company

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due from subsidiaries/ a related party:				
Medcaptain Hong Kong	23,151	62,519	32,802	43,059
Medcaptain Life Science	29,204	47,746	67,771	69,663
Medcaptain Europe	3,564	10,968	10,260	3,209
Runpu Biotech	1,266	6,393	6,354	5,844
Medcaptain Software	3,045	–	–	–
Mabsky	3,997	3,001	35	35
Medcaptain Indonesia	–	486	298	499
Penlon	–	336	–	3,173

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	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Runpu Biomedical	–	130	–	–
Better Life Medical Technology Co., Ltd.	–	–	658	2,445
Vedkang Medical	–	–	–	4,472
	<u>64,227</u>	<u>131,579</u>	<u>118,178</u>	<u>132,399</u>
Amounts due to subsidiaries:				
Changzhou Jiuhong*	–	–	140,000	155,000
Vedkang Medical*	–	–	30,000	30,000
Changzhou Fortunmed*	–	–	100,039	180,050
Penlon	53	–	471	–
	<u>53</u>	<u>–</u>	<u>270,510</u>	<u>365,050</u>

* These companies had inter-company borrowings within the Group to support their normal business operations with an annual interest rate between 2.5% to 2.85%. These borrowing are repayable on demand.

Other amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

(d) Compensation of key management personnel of the Group

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Salaries, bonuses, allowances and benefits in kind	6,840	6,452	7,383	3,382
Pension scheme contributions	142	149	138	74
Equity-settled share-based payments expenses	8,690	9,223	8,420	4,731
	<u>15,672</u>	<u>15,824</u>	<u>15,941</u>	<u>8,187</u>

Further details of directors’ and the chief executive’s remuneration are included in note 9 to the Historical Financial Information and Interim Financial Information.

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42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting periods were as follows:

The Group

	December 31,			June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
<u>Financial assets</u>				
Financial assets at FVTPL:				
Wealth management products	10	156,106	132,488	203,775
	<u>10</u>	<u>156,106</u>	<u>132,488</u>	<u>203,775</u>
Financial assets at FVOCI:				
Certificate of deposits	–	21,189	21,863	–
Unlisted equity investments	645	645	645	645
	<u>645</u>	<u>21,834</u>	<u>22,508</u>	<u>645</u>
Financial assets at amortised cost:				
Trade and bills receivables	100,459	104,775	133,073	182,671
Amounts due from a related party . .	1,086	–	–	–
Financial assets included in prepayments, other receivables and other assets	7,219	4,828	4,423	3,482
Financial assets included in other non-current assets	9,862	9,058	7,947	8,527
Pledged deposits	1,791	3,937	4,135	537
Cash and bank balances	317,350	262,267	283,988	245,810
	<u>437,767</u>	<u>384,865</u>	<u>433,566</u>	<u>441,027</u>
<u>Financial liabilities</u>				
Financial liabilities at FVTPL:				
Contingent consideration	17,309	18,393	998	639
	<u>17,309</u>	<u>18,393</u>	<u>998</u>	<u>639</u>
Financial liabilities at amortised cost:				
Trade payables	90,678	88,914	154,189	185,268
Financial liabilities included in other payables and accruals	70,010	76,270	115,233	82,168
Interest-bearing bank borrowings . .	415,072	436,063	344,570	364,471
	<u>575,760</u>	<u>601,247</u>	<u>613,992</u>	<u>631,907</u>

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43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

Financial assets at FVTPL:

At December 31, 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products	–	10	–	10

At December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products	–	156,106	–	156,106

At December 31, 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products	–	132,488	–	132,488

At June 30, 2025 (unaudited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products	–	203,775	–	203,775

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Financial instruments in Level 3

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

Financial assets at FVOCI:

At December 31, 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments	—	—	645	645

At December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Certificate of deposit	—	21,189	—	21,189
Unlisted equity investments	—	—	645	645
	—	21,189	645	21,834

At December 31, 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Certificate of deposit	—	21,863	—	21,863
Unlisted equity investments	—	—	645	645
	—	21,863	645	22,508

At June 30, 2025 (unaudited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments	—	—	645	645

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Financial liabilities at FVTPL:

At December 31, 2022

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contingent consideration	–	17,309	–
			17,309

At December 31, 2023

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contingent consideration	–	18,393	–
			18,393

At December 31, 2024

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contingent consideration	–	998	–
			998

At June 30, 2025 (unaudited)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contingent consideration	–	639	–
			639

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

The Group’s finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the reporting periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

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The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of financial assets included in other non-current assets, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the fact that their interest rates and credit risk have not changed significantly.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable and immaterial, and that they were the most appropriate values at the end of the reporting period.

The Group invests in an unlisted investment, which represents wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise interest-bearing bank borrowings, financial assets at fair value through profit or loss and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long term debt obligations with a floating interest rate.

The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group’s policy is to maintain certain of its interest-bearing bank borrowings at fixed interest rates. At the end of the Relevant Periods and six months ended June 30, 2025 (unaudited), approximately 3%, 7%, 7% and 7% of the Group’s interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s loss/profit before tax and the Group’s equity.

	Increase/(decrease) in basis points	Increase/(decrease) in loss/profit before tax	(Decrease)/increase in equity
		RMB’000	RMB’000
Year ended December 31, 2022			
RMB	50/(50)	454/(454)	(454)/454
Year ended December 31, 2023			
RMB	50/(50)	2,025/(2,025)	(2,025)/2,025
Year ended December 31, 2024			
RMB	50/(50)	2,073/(2,073)	(2,073)/2,073
Six months ended June 30, 2025 (unaudited)			
RMB	50/(50)	861/(861)	(861)/861

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Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations.

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

	Increase/(decrease) in foreign exchange rate	Decrease/(increase) in loss/(profit) before tax	(Increase)/decrease in equity
	%	RMB'000	RMB'000
Year ended December 31, 2022			
If RMB weakens against the USD	5	1,687	(2,875)
If RMB strengthens against the USD	(5)	(1,687)	2,875
If RMB weakens against the EUR	5	1,119	(1,429)
If RMB strengthens against the EUR	(5)	(1,119)	1,429
Year ended December 31, 2023			
If RMB weakens against the USD	5	5,506	(8,828)
If RMB strengthens against the USD	(5)	(5,506)	8,828
If RMB weakens against the EUR	5	1,671	(2,236)
If RMB strengthens against the EUR	(5)	(1,671)	2,236
Year ended December 31, 2024			
If RMB weakens against the USD	5	4,586	(6,855)
If RMB strengthens against the USD	(5)	(4,586)	6,855
If RMB weakens against the EUR	5	1,141	(1,692)
If RMB strengthens against the EUR	(5)	(1,141)	1,692
Six months ended June 30, 2025 (unaudited)			
If RMB weakens against the USD	5	3,204	(5,689)
If RMB strengthens against the USD	(5)	(3,204)	5,689
If RMB weakens against the EUR	5	1,438	(2,277)
If RMB strengthens against the EUR	(5)	(1,438)	2,277

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. The credit risk of the Group’s other financial assets, which comprise cash and bank balance, pledged deposits, amounts due from a related party, financial assets included in prepayments, other receivables and other assets, and financial assets included in other non-current assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For financial assets included in other non-current assets and prepayments, other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group’s outstanding balance of other receivables.

Maximum exposure and year-end staging

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

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The amounts presented are gross carrying amounts for financial assets.

At December 31, 2022

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	102,326	102,326
Amount due from related parties, current	–	–	–	1,086	1,086
Financial assets included in prepayments, other receivables and other assets**	7,219	–	–	–	7,219
Financial assets included in other non-current assets	9,862	–	–	–	9,862
Pledged deposits	1,791	–	–	–	1,791
Cash and bank balances	317,350	–	–	–	317,350
Total	336,222	–	–	103,412	439,634

At December 31, 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	106,910	106,910
Financial assets included in prepayments, other receivables and other assets**	4,828	–	–	–	4,828
Financial assets included in other non-current assets	9,058	–	–	–	9,058
Pledged deposits	3,937	–	–	–	3,937
Cash and bank balances	262,267	–	–	–	262,267
Total	280,090	–	–	106,910	387,000

At December 31, 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	136,362	136,362
Financial assets included in prepayments, other receivables and other assets**	4,423	–	–	–	4,423
Financial assets included in other non-current assets	7,947	–	–	–	7,947
Pledged deposits	4,135	–	–	–	4,135
Cash and bank balances	283,988	–	–	–	283,988
Total	300,493	–	–	136,362	436,855

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At June 30, 2025 (unaudited)

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	187,178	187,178
Financial assets included in prepayments, other receivables and other assets**	3,482	–	–	–	3,482
Financial assets included in other non-current assets	8,527	–	–	–	8,527
Pledged deposits	537	–	–	–	537
Cash and bank balances	245,810	–	–	–	245,810
Total	258,356	–	–	187,178	445,534

* For trade receivables at the end of each Relevant Periods and the six months ended June 30, 2025 (unaudited), the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the Historical Financial Information and Interim Financial Information.

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

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of the Group’s financial liabilities as at the end of each Relevant Periods and the six months ended June 30, 2025, based on the contractual undiscounted payments, is as follows:

At December 31, 2022

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	90,678	–	–	90,678
Interest-bearing bank borrowings . . .	139,211	242,902	79,957	462,070
Financial liabilities included in other payables and accruals	70,010	–	–	70,010
Lease liabilities	33,995	72,399	419	106,813
Total	333,894	315,301	80,376	729,571

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At December 31, 2023

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	88,914	–	–	88,914
Interest-bearing bank borrowings. . .	134,901	312,121	40,941	487,963
Financial liabilities included in other payables and accruals	76,270	–	–	76,270
Lease liabilities	31,182	55,361	63,322	149,865
Total	331,267	367,482	104,263	803,012

At December 31, 2024

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	154,189	–	–	154,189
Interest-bearing bank borrowings. . .	88,372	291,936	–	380,308
Financial liabilities included in other payables and accruals	115,233	–	–	115,233
Lease liabilities	25,653	32,228	61,001	118,882
Total	383,447	324,164	61,001	768,612

At June 30, 2025 (unaudited)

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	185,268	–	–	185,268
Interest-bearing bank borrowings. . .	97,044	293,998	–	391,042
Financial liabilities included in other payables and accruals	82,168	–	–	82,168
Lease liabilities	27,944	55,369	50,035	133,348
Total	392,424	349,367	50,035	791,826

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares or make borrowings to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods and the six months ended June 30, 2025 (unaudited).

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The Group monitors capital using a gearing ratio, which is net debt divided by the total of capital and net debt. The Group’s policy is to maintain the gearing ratio below 50%. Net debt includes interest-bearing bank borrowings, trade payables and other payables and accruals less cash and bank balances, pledged deposits, financial assets at FVTPL and certificate of deposits. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of each Reporting Periods and the six months periods (unaudited) were as follows:

	December 31,			June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Interest-bearing bank borrowings . . .	415,072	436,063	344,570	364,471
Lease liabilities	84,479	112,689	87,253	105,152
Trade payables	90,678	88,914	154,189	185,268
Other payables and accruals	183,560	189,215	223,110	164,507
Less: Cash and bank balances	317,350	262,267	283,988	245,810
Pledged deposits	1,791	3,937	4,135	537
Financial assets at FVTPL . . .	10	156,106	132,488	203,775
Certificate of deposits	–	21,189	21,863	–
Net debt	454,638	383,382	366,648	369,276
Equity attributable to owners of the parent	1,537,198	1,705,807	1,753,532	1,836,616
Capital and net debt	1,991,836	2,089,189	2,120,180	2,205,892
Gearing ratio	23%	18%	17%	17%

45. SUBSEQUENT FINANCIAL STATEMENTS

Pursuant to the shareholder resolution passed on December 16, 2024, the Company approved a share option plan (2025 Share Option Plan) for the purpose of providing incentives for certain eligible participants. Pursuant to grant letters entered into between the Company and eligible participants on September 11, 2025, an aggregate of [REDACTED] share options were granted under the 2025 Share Option Plan with an exercise price of RMB4.00 per share.

APPENDIX IIA

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIB

[REDACTED]

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of special resolutions at the Shareholders’ general meeting:

- (i) Issuance of shares to unspecified investors;
- (ii) Issuance of shares to specific investors;
- (iii) Distribution of bonus shares to existing shareholders;
- (iv) Converting the reserve funds into share capital;
- (v) Other means approved by the laws, administrative regulations or approved by the CSRC and other regulatory authorities.

Repurchase of Shares

The Company shall not to repurchase its own shares, unless otherwise under the following circumstances:

- (i) Reduce our Company’s registered capital;
- (ii) Merger with other companies which hold our shares;
- (iii) Using the shares in an employee stock ownership plan or as equity incentive;
- (iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders’ general meeting upon their request;
- (v) Use of shares for conversion of convertible corporate bonds issued by the Company;
- (vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

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SUMMARY OF ARTICLES OF ASSOCIATION

A resolution shall be passed at the Shareholders’ general meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company’s Board shall be passed by more than two-thirds of the Directors attending the Board meeting, in accordance with the provisions of the Articles of Association or an authorization from the Shareholders’ general meeting, and provided that applicable securities regulatory rules of the place where the Company’s shares are listed are complied with. After the Company has repurchased its own shares in accordance with the circumstances above, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

For any repurchase of its own shares by the Company, the obligation of information disclosure shall be fulfilled in accordance with the relevant provisions of the Securities Law, the Hong Kong Listing Rules, and the relevant regulations of the CSRC and Hong Kong Stock Exchange.

Transfer of Shares

Shares of the Company shall be transferred in accordance with applicable laws, except where otherwise provided by the Company Law, the Hong Kong Listing Rules, other laws, regulations, regulatory documents, or the Articles of Association.

The Company shall not accept its own shares as the subject of the pledge.

Shares issued by the Company prior to the public issuance of shares shall not be transferred within one year from the date the shares of the Company are listed for trading on the stock exchange.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company’s shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the listing rules of the place where the Company’s shares are listed provide otherwise in respect of the restrictions on the transfer, such rules shall prevail. If the shares of the Company are pledged during the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right during the restricted transfer period.

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SUMMARY OF ARTICLES OF ASSOCIATION

Any gains from sale of Company’s shares or other securities with an equity nature by the Directors and senior management members or shareholders holding 5% or more of the Company’s shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the abovementioned parties. However, a securities company which holds 5% or more of the Company’s shares as a result of purchase of any remaining shares under best efforts underwriting, unless otherwise required by the CSRC and the Hong Kong Listing Rules.

Shares or other securities with the nature of equity held by Directors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people’s accounts.

If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People’s Court in their own names for the interest of the Company. If the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS’ GENERAL MEETINGS

Shareholders

The Company maintains a register of shareholders based on the shareholding status of each shareholder. The register of shareholders shall constitute sufficient evidence of share ownership in the Company. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The rights of our shareholders are as follows:

- (i) To receive distribution of dividends and other forms of benefits according to the number of shares held;
- (ii) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the Shareholders’ general meeting and exercise corresponding voting rights;
- (iii) To supervise operational activities of our Company, provide suggestions or submit queries;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (iv) To transfer, grant and pledge the Company's shares held according to the provisions of the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (v) To inspect, reproduce the Articles of Association, register of members, minutes of general meetings, resolutions of the Board meetings, financial and accounting reports and the accounting books and accounting certificates of the Company available for inspection by shareholders in compliance with relevant regulations;
- (vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- (vii) To require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders' general meeting concerning the merger and division of the Company;
- (viii) Other rights conferred by laws, administrative regulations, departmental rules, regulatory rules where our Company's shares are listed, or the Articles of Association.

Shareholders who, individually or collectively, hold more than 3% of the Company's shares for more than 180 consecutive days may request to access the accounting books and accounting vouchers of the Company. Shareholders requesting review the accounting books and accounting vouchers of the Company shall submit a written request to the Company stating the purpose thereof. If the Company has reasonable grounds to believe that the Shareholder's requests to review the accounting books and accounting vouchers has improper purposes and may impair the legitimate interests of the Company, it may reject the request of the Shareholder to review the accounting books and accounting vouchers and shall, within 15 days from the Shareholder's written request, respond to the Shareholder in writing, which shall include an explanation. If the Company rejects the request of any Shareholder to review the accounting books and accounting vouchers, the Shareholder may initiate proceedings in the people's court.

The Shareholder may retain an accounting firm, a law firm, or other intermediaries to review the materials specified in the preceding paragraph.

The Shareholder and the accounting firm, the law firm, or other intermediaries retained by it shall comply with the provisions of the laws and administrative regulations relating to the protection of state secrets, commercial secrets, personal privacy and personal information, etc., when reviewing and duplicating the relevant material.

If a Shareholder requests to review or duplicate the relevant materials of the Company's wholly-owned subsidiaries, the above provisions shall apply.

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SUMMARY OF ARTICLES OF ASSOCIATION

In the event that any resolution of the Shareholders’ general meeting and resolution of the Board violates laws or administrative regulations, the shareholders shall be entitled to request the People’s Court to invalidate the said resolution. In the event that the convening procedure or voting method of the Shareholders’ general meeting or Board meeting violates any of the laws, administrative regulations or the Articles of Association, or the content of any resolution violates the Articles of Association, the shareholders shall be entitled to request the People’s Court to overturn the resolution within 60 days upon the resolution was adopted, except where there are only minor defects in the convening procedure or voting method of the Shareholders’ general meeting or Board meeting, which do not materially affect the resolutions. Where the Board of Directors, shareholders and other stakeholders dispute the validity of a resolution of a Shareholders’ general meeting, they shall promptly file a lawsuit with the People’s court. Before the People’s court makes a judgement or ruling, the stakeholders shall execute the resolution of the Shareholders’ general meeting. The Company, Directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

Where the People’s court makes a judgement or ruling on a relevant matter, the Company shall fulfil its obligation to disclose the information in accordance with the laws, administrative regulations, the requirements of the CSRC and the stock exchange, fully explain the impact, and actively co-operate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.

A shareholder who has not been notified to attend a Shareholders’ general meeting may petition the People’s court to rescind a resolution of the Shareholders’ general meeting within 60 days from the date when he/she knows or ought to know that the resolution is passed. If the right of revocation is not exercised within one year from the date of passing the resolution, the right of revocation shall be extinguished.

The obligations of Shareholders are as follows:

- (i) To abide by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association;
- (ii) To provide Share capital according to the Shares subscribed for and Share participation methods;
- (iii) Not to return Shares unless prescribed otherwise in laws and administrative regulations;
- (iv) Not to abuse Shareholders’ rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company’s status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company’s creditors;
- (v) To perform other duties prescribed in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

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Any Shareholder who abuses Shareholders’ rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company’s creditors shall assume joint and several liability for the Company’s debts.

Where the Company incurs losses as a result of Directors other than members of the Audit Committee and senior officers having violated any provision of law, administrative regulation or the Articles of Association in the course of performing their duties with the Company, shareholders alone or in aggregate holding 1% or more of the Company’s shares for 180 days or more shall be entitled to request in writing the Audit Committee to initiate proceedings in the People’s Court; where the Company incurs losses as a result of the members of the Audit Committee having violated any provision of law, administrative regulation or the Articles of Association in the course of performing its duties with the Company, the aforementioned shareholders shall be entitled to request in writing that the Board of Directors should initiate proceedings in the People’s Court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders’ written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the People’s Court for the interest of our Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the shareholders alone or in aggregate holding 1% or more of the Company’s shares for 180 days or more may also initiate proceedings in the People’s Court in accordance with the preceding two paragraphs.

In the event of a Director or senior management person violates laws, administrative regulations or the Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the People’s Court.

The controlling shareholders and actual controllers of the Company shall exercise their rights and fulfill their obligations and safeguard the interests of the listed company in accordance with the provisions of the laws, administrative regulations, and the provisions of the CSRC and stock exchange(s) of the place(s) where the Company’s shares are listed.

General Provisions for Shareholders’ General Meetings

The Shareholders’ general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

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The Shareholders’ general meeting is the organ of authority of the Company, which exercises its powers in accordance with the PRC Company Law:

- (i) To elect or remove the Directors and to decide on matters relating to the remuneration of Directors;
- (ii) To examine and approve reports of the Board of Directors;
- (iii) To examine and approve the Company’s proposals for profit distribution plans and loss recovery plans;
- (iv) To decide on any increase or decrease of the Company’s registered capital;
- (v) To decide on the issue of corporate bonds by the Company;
- (vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (vii) To amend the Articles of Association;
- (viii) To decide on appointment and dismissal of an accounting firm that undertake company audits by the Company;
- (ix) To examine and approve the provision of guarantees stipulated in Article 45;
- (x) To examine matters relating to the purchases and disposals of the Company’s material assets within one year, which exceed 30% of the Company’s latest audited total assets;
- (xi) To examine and approve matters relating to changes in the use of proceeds;
- (xii) To examine and approve the equity incentive plans and employee stock ownership plans;
- (xiii) To examine any transactions where the applicable percentage ratios calculated by the Company pursuant to the percentage ratios requirement under Chapter 14 of the Hong Kong Listing Rules amount to twenty-five percent (25%) or more (including one-off transactions and a series of transactions requiring a combined percentage ratio, but excluding any transactions that may be exempted from approval of the Shareholders’ general meeting under the Hong Kong Listing Rules or with the approval of Hong Kong Stock Exchange) or any connected transactions where the applicable percentage rate under Chapter 14A of the Hong Kong Listing Rules reaches five percent (5%) or more (including one-off transactions and a series of

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transactions requiring a combined percentage rate, but excluding any connected transactions that may be exempted from approval of the Shareholders’ general meeting under the Hong Kong Listing Rules or with the approval of Hong Kong Stock Exchange);

- (xiv) To examine other matters as required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed as well as the Articles of Association, which shall be decided by the Shareholders’ general meeting.

Except for authorizing the Board of Directors to adopt resolutions on the issuance of corporate bonds, the duties and powers of the Shareholders’ general meeting set forth above shall not be exercised by the Board of Directors or other institutions and individuals on its behalf by way of authorization. Except for the matters specified above, the Shareholders’ general meeting may authorize or delegate the Board of Directors and/or persons authorized by the Board of Directors to carry out the matters it authorizes or delegates, subject to the mandatory provisions of laws and regulations and the relevant laws and regulations and regulatory rules of the place where the Company’s shares are listed.

The Shareholders’ general meeting may resolve to remove a Director, with the removal taking effect on the date the resolution is made. If a Director is removed prior to the expiration of his/her term of office without any reasonable grounds, he/she may request compensation from the Company.

The external guarantees above to be approved at Shareholders’ general meeting shall be considered and approved by the Board of Directors before submission to the Shareholders’ general meeting for approval. The Board of Directors shall be entitled to consider and approve external guarantees other than those subject to the approval of the Shareholders’ general meeting as aforesaid. The following external guarantees provided by the Company shall be subject to the approval of the Shareholders’ general meeting:

- (i) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has at least or exceeded 50% of the Company’s net assets as audited in the latest period;
- (ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company’s total assets as audited in the latest period;
- (iii) The total amount of external guarantees provided by the Company within one year has exceeded 30% of the Company’s total assets as audited in the latest period;
- (iv) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (v) The single guarantee for an amount more than 10% of the Company's net assets as audited in the latest period;
- (vi) The guarantee to be provided to a Shareholder, or to actual controller and their related (connected) party thereof;
- (vii) Other guarantees required by the relevant laws, administrative regulations, departmental rules, regulatory documents, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association that shall be considered by the Shareholders' general meeting.

When the Shareholders' general meeting deliberates the guarantee proposal for shareholders, actual controllers and their related (connected) parties, such shareholder or the shareholder controlled by such actual controllers shall not participate in such voting, and such voting shall be passed by more than half of the voting rights held by other shareholders present at the Shareholders' general meeting.

If the Company provides external guarantees in violation of the authority of the Shareholders' general meeting and the Board of Directors to approve external guarantees and in violation of the approval authority and approval procedure, the Company shall hold relevant personnel accountable in accordance with relevant laws, regulations, regulatory documents, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (i) The number of Directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;
- (ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;
- (iii) The Shareholders with 10% or more shares of the Company separately or jointly request;
- (iv) The Board of Directors considers it necessary;
- (v) The Audit Committee proposes that such a meeting shall be held;
- (vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

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Convening of Shareholders’ General Meetings

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall in accordance with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the Shareholders’ general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company’s shares have the right to propose to the Audit Committee to hold an extraordinary general meeting, and shall make a written request to the Audit Committee.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the Shareholders’ general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of the Shareholders’ general meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the Shareholders’ general meeting, and shareholders who individually or collectively hold more than 10% of the Company’s shares for more than 90 consecutive days may convene and preside over it on their own. Where the Audit Committee or shareholders decide to convene a Shareholders’ general meeting by themselves, they shall notify the Board of Directors in writing. Prior to the announcement of the resolution of the Shareholders’ general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Board of Directors and its secretary shall cooperate with the Audit Committee or the shareholder(s) convening the Shareholders’ general meeting on their own. The Board of Directors will provide the register of shareholders as of the record date.

The expenses necessary for the Shareholders’ general meeting convened by the Audit Committee or the shareholders themselves shall be borne by the Company.

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Proposals and Notice of Shareholders’ General Meeting

The content of the proposals shall fall within the terms of reference of the Shareholders’ general meeting, with specific topics and specific resolutions, and in compliance with laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

When the Company convene a Shareholders’ general meeting, the Board of Directors, the Audit Committee and shareholders individually or in aggregate holding 1% or more of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit an interim proposal in writing to the convener 10 days prior to the convening of the Shareholders’ general meeting. The convener shall issue a supplementary notice of the Shareholders’ general meeting within 2 days after receiving the proposal, and announce the contents of the interim proposal, and submit the same to the Shareholders’ general meeting for consideration, unless the interim proposal violates the laws, administrative regulations or provisions of the Articles of Association, or does not fall within the scope of the functions and powers of the Shareholders’ general meeting. Where the Shareholders’ general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company’s shares are listed due to the issuance of a supplementary notice of the Shareholders’ general meeting, the convening of the Shareholders’ general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company’s shares are listed.

Except for the circumstances prescribed in the preceding paragraph, after the convener has issued the notice of Shareholders’ general meeting, the convener may not modify the proposals already listed in the notice of Shareholders’ general meeting or add new proposals. If the convener needs to supplement or amend the content of a proposal in accordance with applicable requirements, no substantive changes to the proposal shall be made. Any supplementary or corrective announcement shall be issued before the commencement of the voting at the Shareholders’ general meeting. If a substantive amendment is made to the proposal, such change shall be regarded as a new proposal and shall not be submitted for voting at the current Shareholders’ general meeting.

Proposals not listed in the notice of the Shareholders’ general meeting or not in compliance with the Articles of Association shall not be voted on or resolved at the Shareholders’ general meeting.

The notice of a Shareholders’ general meeting includes the following:

- (i) The time, place and duration of the meeting;
- (ii) The matters and proposals to be discussed at the meeting;

APPENDIX III

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- (iii) In plain language: all Shareholders have the right to attend the Shareholders' general meeting, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;
- (iv) The shareholding registration date of the Shareholders entitled to attend the Shareholders' general meeting;
- (v) The name and telephone number of the standing contact person for the meeting;
- (vi) The time and procedure for voting by network or other means;
- (vii) Other matters as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and other applicable provisions.

The notice of the Shareholders' general meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals.

The interval between the equity registration date and the meeting date shall be no more than 7 working days. Once the equity registration date is confirmed, it cannot be changed.

The convener shall notify all Shareholders in writing or by way of announcement 21 days prior to the convening of the annual general meeting, and each Shareholder shall be notified in writing or by way of announcement 15 days prior to the convening of the extraordinary general meeting. When calculating the commencement of the time period, the Company shall exclude the day on which the meeting is held but include the day on which the notice is issued.

Proxy for the Shareholders' General Meeting

All shareholders registered on the equity record date or their proxies are entitled to attend the Shareholders' general meeting, speak and vote in accordance with relevant laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association (including waiving voting rights on specific matters in accordance with the relevant regulations).

A shareholder may attend, speak and vote at the shareholders' general meeting in person or by proxy.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates that can verify his/her identity. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

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Corporate shareholders shall be represented by its legal representative/managing partner (authorized representative) or proxies authorized by the legal representative/managing partner (authorized representative). Legal representatives/managing partner (authorized representative) attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative/managing partner (authorized representative). Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative/managing partner (authorized representative) of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (hereinafter referred to as the “Recognized Clearing House”) and its proxy.

If the shareholder is a Recognized Clearing House (or their proxies) as defined under any relevant ordinances as amended from time to time in Hong Kong, the shareholder may authorize one or more persons as it deems appropriate to act as its representative at any Shareholders’ general meeting or any class of shareholders meeting; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may act on behalf of the Recognized Clearing House (or their proxies) as if such person were an individual shareholder of the Company (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming its duly authorization), and shall be entitled to statutory rights equal to those of other shareholders, including the right to speak and vote.

Voting at the Shareholders’ General Meeting

The resolutions of the Shareholders’ general meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders’ general meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders’ general meeting (including proxies). A special resolution at a shareholders’ general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders’ general meeting (including proxies).

Shareholders (including proxies) shall exercise their voting rights in accordance with the number of voting shares they represent and the corresponding number of voting rights, pursuant to applicable laws, regulations, and the Articles of Association, and each share shall be entitled to one vote. In the case of a vote by poll, a shareholder (including proxies) holding two or more votes does not need to cast all votes in favor or against.

The shares of the Company held by itself shall have no voting right, and shall not be included in the total number of shares with voting rights at the Shareholders’ general meeting.

If any shareholder is required to be prohibited from voting, abstain from voting on the relevant resolutions or be restricted from voting only for or against the specific resolutions pursuant to any law, administrative regulation, departmental rule, or the securities regulatory rules of the place where the Company’s shares are listed, any votes cast by such shareholder(s) or their representative(s), in violation of the foregoing requirement or restriction, shall not be taken into account in the result of such voting.

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The resolution of the Shareholders’ general meeting includes ordinary resolution and special resolution. The following matters shall be approved by the Shareholders’ general meeting through ordinary resolutions:

- (i) Work report of the Board of Directors;
- (ii) Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;
- (iii) Appointment or dismissal of the members of the Board of Directors, and their remuneration and payment methods;
- (iv) The appointment, dismissal, or non-renewal of the accounting firm and its remuneration;
- (v) Annual report of the Company;
- (vi) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company’s Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the Shareholders’ general meeting:

- (i) The increase or reduction of the registered capital of the Company;
- (ii) The division, merger, dissolution and liquidation of the Company;
- (iii) Amendment to the Articles of Association;
- (iv) Purchase or sale of significant assets by the Company within a year or the amount of guarantees provided to others which exceeds 30% of the Company’s total assets as audited for the latest period;
- (v) Equity incentive plan;
- (vi) The repurchase of the Company’s own shares due to the circumstances specified in Article 21 of the Articles of Association;
- (vii) Other matters as required by the laws, administrative regulations, other securities regulatory rules of the place where the Company’s Shares are listed and the Articles of Association, and matters approved by ordinary resolution of the Shareholders’ general meeting which are believed could materially affect our Company and need to be approved by special resolution.

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DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at the Shareholders' general meeting for a term of 3 years and may be removed from office prior to the expiry of their tenure by Shareholders' general meeting. Directors may be re-elected upon the expiration of the term. A director's term of service commences from the date he takes office, until the current term of service of Board of Directors ends. If a Director's term of service expires but a new Director is not elected in a timely manner, the original Director shall continue to carry out the Director's duties according to the laws, administrative regulations, departmental regulations and the Articles of Association until the newly elected Director takes office. The Company shall have one employee representative director, who shall be elected by the employees through the employee representative assembly. Such appointment does not require approval by the Shareholders' general meeting.

Directors shall comply with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association. They owe a duty of loyalty to the Company and shall take measures to avoid conflicts of interest between their personal interests and those of the Company, and must not abuse their authority to seek improper benefits. The Directors undertake the following loyalty duties to the Company:

- (i) Shall not misappropriate the property of the Company or divert the funds of the Company;
- (ii) Shall not deposit the funds of the Company into an account opened in their own names or the name of another individual;
- (iii) Shall not exploit his/her position to accept bribes or to obtain other illegal income;
- (iv) Shall not, directly or indirectly, enter into any contract or transaction with the Company, unless a report has been submitted to the Board of Directors or the Shareholders' general meeting and a resolution has been duly adopted by the Board of Directors or the Shareholders' general meeting in accordance with the provisions of the Articles of Association;
- (v) Shall not exploit their positions to capture business opportunities which should have been taken by the Company for themselves or others, except when they have reported to the Board of Directors or the Shareholders' general meeting and obtained approval through a resolution of the Shareholders' general meeting, or except that the Company is unable to utilize such business opportunity in accordance with laws, administrative regulations, or the Articles of Association;

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- (vi) Shall not engage in the same type of businesses as the Company's on their own or for others, unless a report has been submitted to the Board of Directors or the Shareholders' general meeting and a resolution has been adopted by the Shareholders' general meeting;
- (vii) Shall not accept commissions from transactions between others and the Company as their own;
- (viii) Shall not disclose the secrets of the Company without authorization;
- (ix) Shall not abuse their related (connected) relationships to damage the Company's interests;
- (x) Shall not lend company's fund to any person or provide guarantee for any person using company assets without the consent of either the shareholders' meeting or the board of directors;
- (xi) Other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The income obtained by the Director in violation of this article shall belong to the Company; If losses are caused to the Company, it shall be liable for compensation.

Close relatives of Directors and senior management personnel, enterprises directly or indirectly controlled by Directors, senior management personnel, or their close relatives, as well as other related parties having connections with Directors or senior management personnel, shall comply with the provisions set forth in item (iv) above when entering into contracts or conducting transactions with the Company.

Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following diligent obligations to the Company:

- (i) Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and government economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;
- (ii) Shall treat all Shareholders fairly;
- (iii) Shall maintain a timely awareness of the operation and management of the Company;

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- (iv) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;
- (v) Shall provide information and materials to the Audit Committee and shall not obstruct the Audit Committee from performing its or their duties;
- (vi) Other obligations of diligence stipulated in the laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the Company's Shares are listed, and Articles of Association.

When a Director's resignation becomes effective or his/her term of office expires, he/she shall complete all hand-over procedures with the Board. The fiduciary duties borne by the Directors to the Company and Shareholders shall not necessarily cease after expiry of the term of his/her tenure. It shall remain in force for three years after the resignation of a Director becomes effective or the term of office expires, but its obligation to keep the Company's trade secret confidential shall be limited to three years. The liability that a Director should bear due to the performance of his/her duties during the term of office shall not be waived or terminated due to his/her departure.

Without the provisions of the Articles of Association or the lawful authorization of the Board of Directors, no Director shall act in his own name on behalf of the Company or the Board of Directors. When a Director acts in his/her own name, the Director shall declare his/her position and identity in advance if the third party reasonably believes that the Director is acting on behalf of the Company or the Board of Directors.

Board of Directors

The Board of Directors consists of nine Directors, at least three of whom must be independent directors, representing no less than one-third of the total members. At least one independent director must possess appropriate accounting or relevant financial management expertise, or meet the professional qualifications required by the stock exchange where the Company's shares are listed. The Board shall have one Chairman and one Vice Chairman.

The Board of Directors exercises the following powers:

- (i) To convene the Shareholders' general meeting and report on work to the Shareholders' general meeting;
- (ii) To implement the resolutions of the Shareholders' general meeting;
- (iii) To determine the business and investment plans of our Company;
- (iv) To formulate the earnings distribution and loss offset plans of our Company;

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- (v) To formulate the plans for increasing or decreasing our Company’s registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;
- (vi) To formulate plans for major acquisitions of the Company, the buy-back of shares of our Company in case of the circumstances stipulated of the Articles of Association, corporate merger, separation, dissolution and changing the form of our Company;
- (vii) To determine such matters as the Company’s external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, related (connected) transaction and external donation within the scope authorized by the Shareholders’ general meeting;
- (viii) To decide on the setup of our Company’s internal management organization;
- (ix) To decide on matters concerning the appointment or dismissal of the general manager, secretary to the Board or other senior management members and to determine their remunerations, reward and reprimand matters; and based on the nomination by the general manager, to decide on matters concerning the appointment or dismissal of vice general manager, the financial officer and other senior management members of the Company and to determine their remunerations, reward and reprimand matters;
- (x) To set the basic management systems of our Company;
- (xi) To make the modification plan to the Articles of Association;
- (xii) To manage the disclosure of company information;
- (xiii) To request to the general meeting of shareholders to hire or replace the accounting firm auditing for the Company;
- (xiv) To attend to the work report of our Company’s general manager and review the work of the general manager;
- (xv) To develop and review the Company’s policies and practices on corporate governance;
- (xvi) To review and monitor the training and continuous professional development of Directors and senior management;
- (xvii) To review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;

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- (xviii) To review the Company’s compliance with the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules and disclosure in the Corporate Governance Report;
- (xix) To review and approve transactions that, pursuant to laws, regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company’s shares are listed, provisions of relevant regulatory authorities, and the Articles of Association, fall under the purview of the Board for approval;
- (xx) To decide on the Company’s repurchase of its own shares in accordance with the circumstances stipulated in items (iii), (v), and (vi) of Article 22 of the Articles of Association, subject to compliance with the securities regulatory rules of the place where the Company’s shares are listed;
- (xxi) To review and approve transactions disclosable under Chapter 14 of the Hong Kong Listing Rules and connected transactions under Chapter 14A of the Hong Kong Listing Rules;
- (xxii) To decide on other significant matters of the Company, except for those which are required by the Company Law or the Articles of Association to be resolved by the shareholders’ general meeting;
- (xxiii) Other powers and duties authorized by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s Shares are listed or the Articles of Association, or the general meeting of shareholders.

Matters exceeding the scope of authorization by the Shareholders’ general meeting shall be submitted to the Shareholders’ general meeting for consideration.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors before the Board of Directors meeting can be convened.

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, related (connected) transactions, external donations, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the Shareholders’ general meeting for approval.

If any Director has connection with the enterprise or individual involved in the resolution made at a Board meeting, the said Director shall report to the Board of Directors in a timely manner in writing. They shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the

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meetings is less than three, the issue shall be submitted to the shareholders’ general meeting for consideration. If there are any additional restrictions on Directors’ participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed, such provisions shall prevail.

Special Committees under the Board

The Board of Directors of the Company has set up an Audit Committee to exercise the powers and functions of the Supervisory Committee and Audit Committee as stipulated in the Company Law.

The Audit Committee shall consist of three members, all of whom must be Directors who do not hold senior management positions within the Company, of whom a majority shall be independent directors, with a convenor being one of the independent directors who is a professional with expertise in accounting.

The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audit work and internal control, and exercise the relevant powers and responsibilities stipulated by the rules of the stock exchange where the Company’s shares are listed and the Articles of Association.

The Board of Directors of the Company has set up the Strategy and Environmental, Social, and Governance (ESG) Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals from special committees shall be submitted to the Board of Directors for consideration and decision, and the Board of Directors shall be responsible for formulating the rules of work of the special committees.

General Manager and Other Senior Management Members

Our Company has one general manager, appointed or dismissed by the Board of Directors. The Company may have several deputy general managers, who shall be appointed or dismissed by the Board of Directors.

The provisions of the Articles of Association regarding circumstances under which a person may not serve as a Director and the Director resignation management system shall apply mutatis mutandis to senior management members. The provisions of the Articles of Association on the faithful obligations and diligence obligations of Directors shall equally apply to other senior management personnel.

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The general manager of our Company is responsible to the Board of Directors and exercises the following powers:

- (i) To be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;
- (ii) To organize and implement the Company's annual business plan and investment proposals;
- (iii) To draft plans for the subsidiaries of merger, division and reorganization;
- (iv) To draft plans for the employee of salaries, benefits and incentives/disincentives policy and plans;
- (v) To draft plans for the establishment of the Company's internal management organizations;
- (vi) To draft plans for the establishment of the Company's branches;
- (vii) To draft the Company's basic management system;
- (viii) To formulate specific rules and regulations for the Company;
- (ix) To propose to the Board of Directors on the appointment or dismissal of deputy general manager, financial officer of the Company;
- (x) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (xi) Other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors.

The deputy general managers and the financial officers shall be nominated by the general manager and appointed or dismissed by the Board of Directors. They shall assist the general manager in his/her duties and shall be accountable to and report to the general manager.

The Company shall have one secretary to the Board, who shall be responsible for preparing the Shareholders' general meeting and Board meeting of the Company, keeping relevant documents, managing the information of shareholders of the Company, dealing with

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information disclosure related matters and others. The secretary to the Board of the Directors shall abide by the relevant provisions of the laws, administrative regulations, department rules, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

The Company shall be liable for any damages caused to others by senior management in the performance of their duties for the Company, and shall also be liable for any damages caused by intent or gross negligence on the part of the senior management. Where any member of the senior management violates the laws, administrative regulations, department rules, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association in the performance of his/her duties resulting in any loss to the Company, such member shall be liable for compensation.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC.

The Company shall prepare its annual financial accounting report within four months after the end of each fiscal year. The interim report shall be disclosed within two months after the end of the first half of each fiscal year. The Company shall send, disclose and/or submit annual report, interim report and other reports to shareholders in accordance with the securities regulatory rules of the place where the Company’s shares are listed. The above-mentioned annual report and interim report shall be prepared in accordance with laws, administrative regulations, the relevant requirements of the CSRC and the stock exchange where the Company’s shares are listed.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

The Company is required to withdraw 10% of its profits into its statutory reserve fund when distributing each year’s after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further withdrawal is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph. Subject to a resolution of the shareholders’ general meeting, after withdrawal has been made to the Company’s statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

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After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings.

If the Shareholders’ general meeting violates the above provisions and profits are distributed to the Shareholders before the Company makes up for losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned by such Shareholders to the Company; if losses are caused to the Company, the Shareholders and the Directors and senior management who are responsible for the losses shall be liable for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company. The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital. When using reserve funds to cover the Company’s losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses cannot be fully covered, the capital reserve fund may be used in accordance with regulations.

When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

Any resolution on the distribution of cash or stock dividends or capitalization of capital reserve adopted at a shareholders’ general meeting shall be implemented by the Company within two months after the end of the meeting. However, if applicable laws and regulations or the securities regulatory rules of the place where the Company’s shares are listed prevent compliance with this two-month requirement, the implementation schedule may be adjusted accordingly based on such regulations and actual circumstances.

INTERNAL AUDIT

The Company shall implement an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, application of audit results, and accountability for internal audit work. The Company’s internal audit system shall be implemented after approval by the Board of Directors and shall be disclosed to the public.

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APPOINTMENT OF ACCOUNTING FIRMS

The Company shall engage an accounting firm that complies with the Securities Law and the securities regulatory rules of the place where the Company’s shares are listed to conduct audits of financial statements, verification of net assets, and other related consulting services. The engagement term shall be one year and may be renewed. The reappointment or change (including new appointment or dismissal) of an accounting firm must be disclosed in a separate announcement.

The appointment, dismissal or non-renewal of an accounting firm shall be determined by an ordinary resolution passed at the shareholders’ general meeting. The Board of Directors shall not appoint an accounting firm before the decision of the Shareholders’ general meeting.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or misreport such materials.

The remuneration of the accounting firm, or the method for determining such remuneration, shall be decided by the Shareholders’ general meeting.

When the Company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm 20 days in advance. When the Shareholders’ general meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions. If the accounting firm resigns, it shall explain to the Shareholders’ general meeting whether there are any improper circumstances in the Company.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

- (i) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;
- (ii) The Shareholders’ general meeting adopts a resolution to dissolve our Company;
- (iii) Our Company needs to be dissolved for the purpose of merger or division;
- (iv) The business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;
- (v) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company’s shareholders may request the People’s Court to dissolve the Company.

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When the Company has the dissolution reasons mentioned above, it shall publicize the dissolution reasons through the National Enterprise Credit Information Publicity System within 10 days.

If the Company has the circumstances mentioned in items (i) and (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its Articles of Association or through a resolution of the Shareholders’ general meeting. To amend the Articles of Association or pass a resolution of the Shareholders’ general meeting in accordance with the preceding paragraph, it must be approved by more than two-thirds of the voting rights held by shareholders present at the Shareholders’ general meeting.

If the Company is dissolved due to the circumstances mentioned in items (i), (ii), (iv), and (v) above, it shall be liquidated. The Directors are the liquidation obligors and shall establish a liquidation group within 15 days from the date the dissolution reason arises to commence liquidation. The liquidation group shall consist of Directors, or the Shareholders’ general meeting resolves to appoint others. If the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or creditors, they shall bear the liability for compensation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

- (i) Following the revision of the Company Law or relevant laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, the matters stipulated in the Articles of Association contradict the provisions of the revised laws, administrative regulations or securities regulatory rules of the place where the Company’s shares are listed;
- (ii) There is any change to the Company’s particulars which result in inconsistency with the matters set out in the Articles of Association;
- (iii) A Shareholders’ general meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders’ general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made in accordance with the law.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

On April 26, 2011, the predecessor of our Company, Shenzhen Yusheng Medical Technology Co., Ltd. (深圳玉升醫療科技有限公司), was established as a limited liability company in Shenzhen, the PRC, with a registered capital of RMB2,600,000. In July 2013, our Company was renamed as Medcaptain Medical Technology Co., Ltd. (深圳麥科田生物醫療技術有限公司). On November 19, 2020, our Company was converted into a joint stock company with limited liability and Medcaptain Medical Technology Co., Ltd. (麥科田生物醫療技術股份有限公司), with the promoters being Mr. Liu, Mr. Zhong, Ms. Li, Mr. LI Dongcen (李冬岑), Juxian Kangzhong LP, Jucai Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Ruiqian Kangzhong LP, Ruiyu Kangzhong LP, the Series A Investors, the Series B Investor, the Series C Investors, Linkway Cornerstone and Cowin Asset Management.

We have established a place of business in Hong Kong at Room 1916, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and have been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on August 14, 2025. Ms. LEE Mei Yi (李美儀) and Ms. SLOW Yuet Chew Grace have been appointed as our agent for the acceptance of services of process and notices on behalf of our Company in Hong Kong.

As we are incorporated in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in “Regulatory Overview” of this document and Appendix III to this document.

B. Changes in the Share Capital of our Company

Immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon completion of the [REDACTED], without taking into account any H Shares which may be [REDACTED] pursuant to the [REDACTED], our registered share capital will be increased to RMB[REDACTED], comprising [REDACTED] H Shares and [REDACTED] Unlisted Shares, of which [REDACTED] H Shares are to be issued and sold under the [REDACTED], representing [REDACTED]%, and [REDACTED]% of our enlarged registered share capital, respectively.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

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C. Resolutions of the Shareholders of our Company

On December 16, 2024, the shareholders of our Company passed, among other things, the following resolutions:

- (i) the [REDACTED] by our Company of H Shares of nominal value of RMB1.00 each and such Shares be [REDACTED] on the Stock Exchange;
- (ii) the amount of the H Shares to be [REDACTED] shall be no more than [REDACTED]% of the total share capital as enlarged immediately following the [REDACTED] (before the exercise of the [REDACTED]);
- (iii) the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of H Shares issued pursuant to the [REDACTED];
- (iv) with effect from the [REDACTED], (a) the WVR structure be unwound, (b) each issued Class A Share and Class B Share be re-designated to one H Share or Unlisted Share, as the case may be, and (c) after the re-designation, each holder of the issued Shares of be entitled to one vote per Share at a general meeting of our Company;
- (v) subject to the completion of the [REDACTED], the Articles of Association have been approved and adopted, which shall only become effective from the [REDACTED], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (vi) approving our Board to handle all matters relating to, among other things, the issue of H Shares and the [REDACTED] of H Shares on the Stock Exchange.

D. Conversion

In preparation of the [REDACTED], we [have applied] for, and the CSRC [has approved] the Conversion of the Unlisted Shares into H Shares, details of which are set out in “History, Development and Corporate Structure” in this document.

E. Subsidiaries of Our Company

(i) Subsidiaries

Certain details of our subsidiaries are set forth in the Accountants’ Report in Appendix I to this document.

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(ii) Changes in the share capital of subsidiaries

The following changes in the share capital of our subsidiaries took place during the two years immediately preceding the date of this document.

(i) Mabsky Technology

On August 1, 2024, Mabsky Technology was incorporated in the PRC with an authorised share capital of RMB20,000,000.

(ii) Medcaptain Sichuan

On June 17, 2025, Medcaptain Sichuan was incorporated in the PRC with an authorised share capital of RMB50,000,000.

(iii) Medcaptain Jiangsu

On July 15, 2025, Medcaptain Jiangsu was incorporated in the PRC with an authorised capital of RMB30,000,000.

Save as disclosed above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document.

Save for the subsidiaries mentioned in the Accountants’ Report set out in Appendix I to this document, the Company has no other subsidiaries.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

We have entered into the following material contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this document and a copy of each has been delivered to the Registrar of Companies in Hong Kong for registration:

- (i) the [REDACTED];

[REDACTED]

APPENDIX IV STATUTORY AND GENERAL INFORMATION

B. Our Material Intellectual Property Rights

(i) Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Publication/ Application Number	Description	Patent Type	Place of Registration	Registered Owner	Date of Application	Expiry Date
1. . .	CN201810373392.4	Infusion pumps and automatic stopping methods for infusion pumps (輸液泵及輸液泵的自動止液方法)	Invention	PRC	Our Company	April 24, 2018	April 23, 2038
2. . .	CN201911023023.3	Touch Panel Calibration Methods and Related Products (觸摸屏校準方法及相關產品)	Invention	PRC	Our Company	October 25, 2019	October 24, 2039
3. . .	CN201811265931.9	A PCA infusion device and a method, device and storage medium for early unlocking (一種PCA輸注裝置及提前解除鎖定的方法、裝置及存儲介質)	Invention	PRC	Our Company	October 29, 2018	October 28, 2038
4. . .	CN201910715064.2	Methods of sample analysis (樣品分析的方法)	Invention	PRC	Our Company	July 31, 2019	July 30, 2039
5. . .	CN201910803917.8	A platelet inhibition rate assay kit and a method for its preparation and assay thereof (一種血小板抑制率檢測試劑盒及其製備方法和檢測方法)	Invention	PRC	Our Company	August 28, 2019	August 27, 2039
6. . .	CN201210370924.1	An automatic syringe pump (一種自動注射泵)	Invention	PRC	Our Company	September 29, 2012	September 28, 2032
7. . .	CN201310029699.X	A kind of electric stop liquid clip control method and infusion pump (一種電動止液夾控制方法及輸液泵)	Invention	PRC	Our Company	January 25, 2013	January 24, 2033
8. . .	CN201310038886.4	An infusion pump (一種輸液泵)	Invention	PRC	Our Company	February 1, 2013	January 31, 2033

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No.	Publication/ Application Number	Description	Patent Type	Place of Registration	Registered Owner	Date of Application	Expiry Date
9.	CN201310041162.5	An infusion pump (一種輸液泵)	Invention	PRC	Our Company	February 1, 2013	January 31, 2033
10.	CN201310042029.1	An infusion pump with motorized control of the stop clip (一種電動控制止液夾的輸液泵)	Invention	PRC	Our Company	February 4, 2013	February 3, 2033
11.	CN201310042125.6	An infusion pump with motorized control of the stop clip (一種電動控制止液夾的輸液泵)	Invention	PRC	Our Company	February 4, 2013	February 3, 2033
12.	CN201310042655.0	A syringe pump transmission device (一種注射泵傳動裝置)	Invention	PRC	Our Company	February 4, 2013	February 3, 2033
13.	CN201310042030.4	A syringe pump (一種注射泵)	Invention	PRC	Our Company	February 4, 2013	February 3, 2033
14.	CN201310071236.X	Infusion pumps with electrically controlled pump doors and stop clips (電動控制泵門和止液夾的輸液泵)	Invention	PRC	Our Company	March 6, 2013	March 5, 2033
15.	CN201310634721.3	An infusion pump and its peristaltic device (一種輸液泵及其蠕動裝置)	Invention	PRC	Our Company	November 30, 2013	November 29, 2033
16.	CN201610066649.2	A syringe pump and its transmission device (一種注射泵及其傳動裝置)	Invention	PRC	Our Company	January 29, 2016	January 28, 2036
17.	CN201710076506.4	An infusion management method and system (一種輸液管理方法及系統)	Invention	PRC	Our Company	February 13, 2017	February 12, 2037
18.	CN201710262581.X	An infusion system (一種輸液系統)	Invention	PRC	Our Company	April 20, 2017	April 19, 2037
19.	CN201710262582.4	An infusion system (一種輸液系統)	Invention	PRC	Our Company	April 20, 2017	April 19, 2037
20.	CN201710340936.2	A loading and unloading cup device and a thromboelastography device (一種裝卸杯裝置及血栓彈力圖儀)	Invention	PRC	Our Company	May 15, 2017	May 14, 2037
21.	CN201710338292.3	A kind of lyophilization reaction container (一種凍乾反應容器)	Invention	PRC	Our Company	May 15, 2017	May 14, 2037

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No.	Publication/ Application Number	Description	Patent Type	Place of Registration	Registered Owner	Date of Application	Expiry Date
22.	CN201710339780.6	Detection device with micro-damping structure (具有微阻尼結構的檢測裝置)	Invention	PRC	Our Company	May 15, 2017	May 14, 2037
23.	CN201710337992.0	Microtorque measurement device and method (微扭矩測量裝置及方法)	Invention	PRC	Our Company	May 15, 2017	May 14, 2037
24.	CN201710337991.6	A Cup Removal Device and Thromboelastography Device (一種卸杯裝置及血栓彈力圖儀)	Invention	PRC	Our Company	May 15, 2017	May 14, 2037
25.	CN201710477530.9	Syringe pump drives and syringe pumps for their applications (注射泵傳動裝置及其應用的注射泵)	Invention	PRC	Our Company	June 21, 2017	June 20, 2037
26.	CN201810139168.9	syringe pump (注射泵)	Invention	PRC	Our Company	February 9, 2018	February 8, 2038
27.	CN201910387177.4	Quality control test application method, apparatus, device, and computer-readable storage medium (質控測試申請方法、裝置、設備及計算機可讀存儲介質)	Invention	PRC	Our Company	May 9, 2019	May 8, 2039
28.	CN201910711892.9	Photomultiplier tube shielding structure and signal detection device (光電倍增管屏蔽結構及信號檢測裝置)	Invention	PRC	Our Company	July 31, 2019	July 30, 2039
29.	CN202010097730.3	Probes, primers, kits and assays for the detection of novel coronaviruses based on double loop-mediated thermostatic amplification technology (基於雙重環介導恆溫擴增技術檢測新型冠狀病毒的探針、引物、試劑盒及檢測方法)	Invention	PRC	Our Company	February 17, 2020	February 16, 2040

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No.	Publication/ Application Number	Description	Patent Type	Place of Registration	Registered Owner	Date of Application	Expiry Date
30.	CN202111676284.2	Infusion pump control method and related devices (輸注泵控制方法及相關裝置)	Invention	PRC	Our Company	December 31, 2021	December 30, 2041
31.	CN202210581579.X	Packaging device (包裝裝置)	Invention	PRC	Our Company	May 26, 2022	May 25, 2042
32.	CN201210008688.9	A clutch device and syringe pump (一種離合裝置及注射泵)	Invention	PRC	Medcaptain Life Science	January 12, 2012	January 11, 2032
33.	CN201310003547.2	A multi-module snap-in combination system (一種多模塊卡接組合系統)	Invention	PRC	Medcaptain Life Science	January 6, 2013	January 5, 2033
34.	CN201310040830.2	Infusion pumps with electrically controlled on/off pump doors (電動控制開關泵門的輸液泵)	Invention	PRC	Medcaptain Life Science	February 1, 2013	January 31, 2033
35.	CN201310071204.X	Infusion pumps with electrically controlled pump doors and stop clips (電動控制泵門和止液夾的輸液泵)	Invention	PRC	Medcaptain Life Science	March 6, 2013	March 5, 2033
36.	CN201310106718.4	A multi-module combined power supply system (一種多模塊組合供電系統)	Invention	PRC	Medcaptain Life Science	March 29, 2013	March 28, 2033
37.	CN202210665630.5	Clamping device and anastomosis clamp for endoscopes (夾合裝置及用於內窺鏡的吻合夾)	Invention	PRC	Vedkang Medical	June 14, 2022	June 13, 2042
38.	CN202010025739.3	A method of braiding a stent and a stent made using the method (一種支架編織方法及使用該方法製成的支架)	Invention	PRC	Vedkang Medical	January 10, 2020	January 9, 2040
39.	CN202210475153.6	An endoscopic surgical instrument (一種內窺鏡下手術器械)	Invention	PRC	Vedkang Medical	April 29, 2022	April 28, 2042
40.	CN202310225453.3	A hemostatic clip assembly and a hemostatic clip comprising it (一種止血夾組件及包含其的止血夾)	Invention	PRC	Vedkang Medical	March 10, 2023	March 9, 2043

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No.	Publication/ Application Number	Description	Patent Type	Place of Registration	Registered Owner	Date of Application	Expiry Date
41.	CN201811120614.8	Method of molded connection of over-guided bile duct sampling forceps and guide wire through connectors of sampling forceps (過導絲膽道取樣鉗及取樣鉗的導絲通接頭的成型連接方法)	Invention	PRC	Changzhou Jiuhong	September 26, 2018	September 25, 2038
42.	CN202310225454.8	A hemostatic clip push-pull assembly with a latch, a hemostatic clip, and a tissue clamping device (一種帶有鎖扣的止血夾推拉組件、止血夾及組織夾閉裝置)	Invention	PRC	Changzhou Jiuhong	March 10, 2023	March 9, 2043
43.	CN202210188021.5	A biopsy valve for endoscopy (一種內窺鏡用活檢閥)	Invention	PRC	Changzhou Jiuhong	February 28, 2022	February 27, 2042
44.	CN202211239673.3	Clamping components and hemostats for endoscopes (夾閉組件及內視鏡用止血裝置)	Invention	PRC	Changzhou Jiuhong	October 11, 2022	October 10, 2042
45.	CN201811485683.9	Laccase for use as a PCR preservative and method of preparation and application thereof (用作PCR防腐劑的裂解酶及其製備方法和應用)	Invention	PRC	Mabsky	December 6, 2018	December 5, 2038
46.	CN201310135993.9	Small double-jointed RNA virus detection kit and its detection method (小雙節RNA病毒檢測試劑盒及其檢測方法)	Invention	PRC	Mabsky	April 18, 2013	April 17, 2033

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No.	Publication/ Application Number	Description	Patent Type	Place of Registration	Registered Owner	Date of Application	Expiry Date
47.	CN201210457269.3	Fluorescent quantitative PCR test kit for detection of Salmonella typhimurium and Paratyphoid A and its application (傷寒、甲型副傷寒沙門菌熒光定量PCR檢測試劑盒及其應用)	Invention	PRC	Mabsky	November 14, 2012	November 13, 2032
48.	CN201210068100.9	Test kits and methods for the detection of Bacillus cereus, Enterobacter sakazakii and Staphylococcus aureus (蠟樣芽孢桿菌、阪崎腸桿菌及金黃色葡萄球菌檢測試劑盒及檢測方法)	Invention	PRC	Mabsky	March 15, 2012	March 14, 2032
49.	CN200910190112.7	Preservation of PCR reaction reagents and reaction kits (PCR反應試劑的保存方法以及反應試劑盒)	Invention	PRC	Mabsky	September 8, 2009	September 7, 2029
50.	CN201580033747.X	Vaporizer (汽化器)	Invention	PRC	Penlon	May 26, 2015	May 25, 2035
51.	US15/776708	Syringe pump	Invention	United States	Our Company	July 20, 2016	July 12, 2037
52.	US16/256269	Apparatus for cup loading and unloading and thromboelastography machine	Invention	United States	Our Company	January 24, 2019	April 4, 2039
53.	GB2014018046	Filling system for a fluid medium	Invention	United Kingdom	Penlon	October 13, 2014	October 13, 2034
54.	EP2015730698	Vaporizer	Invention	European Union	Penlon	May 26, 2015	May 26, 2035
55.	GB2014009274	Vaporizer	Invention	United Kingdom	Penlon	May 23, 2014	May 23, 2034
56.	US15/313620	Vaporizer	Invention	United States	Penlon	May 26, 2015	May 26, 2035

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(ii) Trademarks

As of the Latest Practicable Date, the following trademarks have been registered in the name of the relevant member of our Group which are considered by us to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Registration No.	Class	Expiry Date
1. . .	麥科田	PRC	Our Company	13093532	10	December 27, 2034
2. . .	MEDCAPTAIN	PRC	Our Company	16649270	10, 44	May 27, 2036
3. . .	麦科田	PRC	Our Company	64919383	5	November 20, 2032
4. . .	麦科田	PRC	Our Company	64915381	9	November 20, 2032
5. . .	麦科田	PRC	Our Company	64930435	10	November 20, 2032
6. . .	麦科田	PRC	Our Company	64926006	35	November 13, 2032
7. . .	麦科田	PRC	Our Company	64911938	37	November 13, 2032
8. . .	麦科田	PRC	Our Company	64911947	42	November 13, 2032
9. . .	麦科田	PRC	Our Company	64921808	44	November 13, 2032
10. . .	麦科田	PRC	Our Company	64930476	41	November 13, 2032
11. . .	MEDCAPTAIN	PRC	Our Company	64933823	9	September 13, 2033
12. . .	MEDCAPTAIN	PRC	Our Company	64925069	37	November 13, 2032
13. . .	MEDCAPTAIN	PRC	Our Company	64919498	44	September 13, 2033
14. . .	MEDCAPTAIN	PRC	Our Company	64978639	5	August 20, 2033
15. . .	MEDCAPTAIN	PRC	Our Company	64972992	10	August 20, 2033
16. . .	MEDCAPTAIN	PRC	Our Company	64955698	35	August 20, 2033
17. . .	MEDCAPTAIN	PRC	Our Company	64925463	41	November 13, 2032
18. . .		PRC	Runpu Biotech	8955260	5	January 13, 2032

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No.	Trademark	Place of Registration	Registered Owner	Registration No.	Class	Expiry Date
19.		PRC	Mabsky	19600385	5	May 27, 2027
20.		PRC	Mabsky	19600548	5	May 27, 2027
21.		PRC	Mabsky	19379097	9	June 20, 2027
22.		PRC	Mabsky	19378891	9	April 27, 2027
23.		PRC	Mabsky	19600976	10	May 27, 2027
24.		PRC	Mabsky	19601043	10	May 27, 2027
25.		PRC	Mabsky	19379471	35	June 20, 2027
26.		PRC	Mabsky	19379381	35	April 27, 2027
27.		PRC	Mabsky	19379204	42	April 27, 2027
28.		PRC	Mabsky	19379098	42	April 27, 2027
29.		PRC	Mabsky	19601004	44	May 27, 2027
30.		PRC	Mabsky	19601291	44	May 27, 2027
31.		PRC	Vedkang Medical	17676680	10	October 6, 2026
32.		PRC	Vedkang Medical	17676632	10	January 20, 2027
33.		PRC	Vedkang Medical	23068179	35	March 6, 2028
34.		PRC	Vedkang Medical	46665254	10	April 6, 2031
35.		PRC	Vedkang Medical	69568889	9	July 27, 2033
36.		PRC	Vedkang Medical	69555511	37	July 27, 2033
37.		PRC	Vedkang Medical	69555356	42	August 13, 2033
38.		PRC	Vedkang Medical	69562388	44	July 27, 2033

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No.	Trademark	Place of Registration	Registered Owner	Registration No.	Class	Expiry Date
39.		PRC	Vedkang Medical	69568885	9	July 27, 2033
40.		PRC	Vedkang Medical	69575036	37	July 27, 2033
41.		PRC	Vedkang Medical	69562732	42	July 27, 2033
42.		PRC	Vedkang Medical	69556989	44	July 27, 2033
43.		PRC	Changzhou JiuHong	10220291	10	January 20, 2033
44.		PRC	Changzhou JiuHong	23067979	35	May 13, 2028
45.		PRC	Changzhou JiuHong	23068348	35	October 13, 2028
46.		PRC	Changzhou JiuHong	46656961	10	January 20, 2031
47.		PRC	Changzhou JiuHong	46647780	10	January 27, 2031
48.		PRC	Changzhou JiuHong	61457823	10	June 13, 2032
49.		PRC	Changzhou JiuHong	61447419	10	June 13, 2032
50.		PRC	Changzhou JiuHong	69561174	37	November 20, 2033
51.		PRC	Changzhou JiuHong	69566865	42	October 20, 2033
52.		PRC	Changzhou JiuHong	69569192	44	August 6, 2033
53.		PRC	Changzhou JiuHong	69575248	37	November 20, 2033
54.		PRC	Changzhou JiuHong	69559522	42	November 20, 2033
55.	MEDCAPTAIN	European Union	Our Company	18717335	5; 10; 35	June 16, 2032
56.	MEDCAPTAIN	Hong Kong	Our Company	305985802	5; 10; 35	June 16, 2032
57.	MEDCAPTAIN	Taiwan	Our Company	111043978	5; 10; 35	December 15, 2032
58.	MEDCAPTAIN	South Africa	Our Company	2022/18608	5; 35	June 17, 2032

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No.	Trademark	Place of Registration	Registered Owner	Registration No.	Class	Expiry Date
59.	MEDCAPTAIN	Peru	Our Company	956537-2022	5; 10	October 25, 2032
60.	MEDCAPTAIN	Argentina	Our Company	4155615	5; 10	October 3, 2033
61.	MEDCAPTAIN	Ecuador	Our Company	1705868238	5; 10	February 3, 2033
62.	MEDCAPTAIN	Saudi Arabia	Our Company	362379 362381	5; 10	October 20, 2032
63.	MEDCAPTAIN	Chile	Our Company	1509310	5; 10; 35	May 4, 2033
64.	MEDCAPTAIN	Various (Note 1)	Our Company	1688154	5; 10; 35	July 5, 2032
65.	Vedkang	Hong Kong	Vedkang Medical	303468655	10	July 9, 2035
66.	唯德康	European Union	Vedkang Medical	14341788	10	July 9, 2035
67.	Vedkang	European Union	Vedkang Medical	016203481	10	December 25, 2026
68.	Vedkang	South Korea, Australia, Turkey (Madrid registration)	Vedkang Medical	1310755	10	April 10, 2026
69.	Vedkang	Brazil	Vedkang Medical	909808724	10	October 31, 2027
70.	Vedkang	South Africa	Vedkang Medical	2015/19011	10	July 15, 2035
71.	Vedkang	Canada	Vedkang Medical	1737790/ TMA958739	10	December 22, 2031
72.	Vedkang	United Kingdom	Vedkang Medical	UK00914341788	10	July 9, 2035
73.	Penlon	United Kingdom	Penlon	UK00913301254	10	September 26, 2034
74.	Penlon	United Kingdom	Penlon	UK00000785417	10	December 22, 2027

Note 1: Brazil, Switzerland, Algeria, Egypt, Indonesia, Israel, India, Japan, South Korea, Kazakhstan, Mexico, Malaysia, Norway, Philippines, Singapore, Serbia, United Kingdom, Ukraine, United States, Vietnam, United Arab Emirates, Canada, Australia, Bosnia and Herzegovina, Kenya, Morocco, North Macedonia and Tunisia

The class number represents the specifications of products or services which have already been applied for or registered. Detailed specifications of the products or services represented by that class number are set out in the relevant application forms or registration certificates.

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(iii) Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be material to our business:

No.	Name of Copyright	Place of Registration	Registered Owner	Registration No.	Date of Registration
1. . .	Medcaptain Medical SYS30 Series Syringe Pump Software (麥科田醫療SYS30系列注射泵軟件)	PRC	Our Company	2012SR038179	May 12, 2012
2. . .	Syringe Pump/Infusion Pump Accuracy Testing Software (注射泵/輸液泵精度測試軟件)	PRC	Our Company	2012SR040574	May 17, 2012
3. . .	MP-80 Series Multi-Channel Infusion Workstation Software V1.0 (MP-80系列多通道輸注工作站軟件V1.0)	PRC	Our Company	2018SR771101	September 21, 2018
4. . .	SYS30 Series Syringe Pump Software V1.0 (SYS30系列注射泵軟件V1.0)	PRC	Our Company	2018SR771107	September 21, 2018
5. . .	SYS-6010 Series Infusion Pump Software V1.0 (SYS-6010系列輸液泵軟件V1.0)	PRC	Our Company	2018SR771112	September 21, 2018
6. . .	MP-30 Series Syringe Pump Software V1.0 (MP-30系列注射泵軟件V1.0)	PRC	Our Company	2018SR774434	September 25, 2018
7. . .	MP-60 Series Infusion Pump Software V1.0 (MP-60系列輸液泵軟件V1.0)	PRC	Our Company	2018SR774470	September 25, 2018
8. . .	HP-30 Series Syringe Pump Software V2.0 (HP-30系列注射泵軟件V2.0)	PRC	Our Company	2019SR0405940	April 28, 2019
9. . .	HP TCI Syringe Pump Software V1.0 (HP TCI注射泵軟件V1.0)	PRC	Our Company	2019SR0405927	April 28, 2019
10. .	HP-60 Infusion Pump Software V1.0 (HP-60輸液泵軟件V1.0)	PRC	Our Company	2019SR0405939	April 28, 2019

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No.	Name of Copyright	Place of Registration	Registered Owner	Registration No.	Date of Registration
11.	HP-80 Multi-Channel Infusion Workstation Software V1.0 (HP-80多通道輸注工作站軟件 V1.0)	PRC	Our Company	2019SR0405926	April 28, 2019
12.	SYS50 Series Syringe Pump Software V1.0 (SYS50系列注射泵軟件V1.0)	PRC	Our Company	2019SR0405938	April 28, 2019
13.	SYS-70 Infusion Pump Software V1.0 (SYS-70輸液幫浦軟件V1.0)	PRC	Our Company	2019SR0404213	April 28, 2019
14.	EP-60 Series Enteral Nutrition Pump Software V1.0 (EP-60系列腸內營養泵軟件V1.0)	PRC	Our Company	2019SR0404234	April 28, 2019
15.	VS31 Series Anesthesia Video Laryngoscope Software V1.0 (VS31系列麻醉視頻喉鏡軟件 V1.0)	PRC	Our Company	2019SR0406023	April 28, 2019
16.	Automatic Chemiluminescence Immunoassay Analyzer Software V1.0 (全自動化學發光免疫分析儀軟件 V1.0)	PRC	Our Company	2019SR0406021	April 28, 2019
17.	Haema T4 Thromboelastography Software V1.0 (Haema T4血栓彈力圖儀軟件 V1.0)	PRC	Our Company	2019SR0406014	April 28, 2019
18.	MS-100 Infusion Information Acquisition System Software (Abbreviation: Infusion Monitoring Software) V1.2.0 (MS-100輸液信息採集系統軟件(簡稱:輸注監控軟件)V1.2.0)	PRC	Our Company	2021SR1335716	September 7, 2021

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No.	Name of Copyright	Place of Registration	Registered Owner	Registration No.	Date of Registration
19.	Automatic Thromboelastography Software (全自動血栓彈力圖儀軟件)	PRC	Our Company	2021SR2175727	December 27, 2021
20.	Automatic Blood Analyzer Software (全自動血型分析儀軟件)	PRC	Our Company	2021SR2187996	December 28, 2021
21.	HP-80 MRI Magnetic Resonance Infusion Workstation Software (HP-80 MRI磁共振輸注工作站軟件)	PRC	Our Company	2022SR0249946	February 21, 2022
22.	iSpiro mobile application (iSpiro手機應用軟件)	PRC	Our Company	2023SR0257130	February 17, 2023
23.	Smart Analgesia Physician Mobile Application V1.0.0 (智能鎮痛醫生端手機應用軟件V1.0.0)	PRC	Our Company	2023SR0748380	June 29, 2023
24.	Smart Analgesia Patient Mobile Application V1.0.0 (智能鎮痛患者端手機應用軟件V1.0.0)	PRC	Our Company	2023SR0748379	June 29, 2023
25.	Brand Identity of Shenzhen Maketian Biomedical Technology Co. (深圳麥科田生物醫療技術股份有限公司品牌標識)	PRC	Our Company	國作登字-2023-F-0069590	April 19, 2023
26.	McCurtain Deep Vein Antithrombotic Pump Software V1.0.0.5 (麥科田深靜脈防血栓泵軟件V1.0.0.5)	PRC	Medcaptain Software	2016SR017836	January 25, 2016
27.	Macrotron MP-60SYS-6010 Infusion Pump Driver Software V1.15 (麥科田MP-60SYS-6010輸液泵驅動軟件V1.15)	PRC	Medcaptain Software	2017SR176839	May 12, 2017
28.	McCurtain MP-60SYS-6010 Infusion Pump UI Software V2.29 (麥科田MP-60SYS-6010輸液泵UI軟件V2.29)	PRC	Medcaptain Software	2017SR176847	May 12, 2017

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No.	Name of Copyright	Place of Registration	Registered Owner	Registration No.	Date of Registration
29.	McCurtain MP-30 Syringe Pump UI Software V2.29 (麥科田MP-30注射泵UI軟件V2.29)	PRC	Medcaptain Software	2017SR176853	May 12, 2017
30.	Macrotron MP-30 Syringe Pump Driver Software V1.17 (麥科田MP-30注射泵驅動軟件V1.17)	PRC	Medcaptain Software	2017SR176845	May 12, 2017
31.	Makita MP-80 Multi-Channel Infusion Workstation Software V1.12 (麥科田MP-80多通道輸注工作站軟件V1.12)	PRC	Medcaptain Software	2017SR176849	May 12, 2017
32.	MP-900 Intelligent Infusion Management System V1.0 (MP-900智能輸注管理系統V1.0)	PRC	Medcaptain Software	2017SR176846	May 12, 2017
33.	McCurtain HP-30 Syringe Pump UI Software V1.3.0 (麥科田HP-30注射泵UI軟件V1.3.0)	PRC	Medcaptain Software	2017SR578504	October 20, 2017
34.	Makita HP-30 Syringe Pump Driver Software V1.3.0 (麥科田HP-30注射泵驅動軟件V1.3.0)	PRC	Medcaptain Software	2017SR577680	October 20, 2017
35.	McCurtain HP-60 Infusion Pump Safety Monitoring Software V1.3.0 (麥科田HP-60輸液泵安全監控軟件V1.3.0)	PRC	Medcaptain Software	2017SR578507	October 20, 2017
36.	McCurtain HP-60 Infusion Pump UI Software V1.3.0 (麥科田HP-60輸液泵UI軟件V1.3.0)	PRC	Medcaptain Software	2017SR577671	October 20, 2017
37.	McCurtain HP-60 Infusion Pump Driver Software V1.3.0 (麥科田HP-60輸液泵驅動軟件V1.3.0)	PRC	Medcaptain Software	2017SR577743	October 20, 2017

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No.	Name of Copyright	Place of Registration	Registered Owner	Registration No.	Date of Registration
38.	Makita HP-80 Multi-Channel Infusion Workstation Software V1.3.0 (麥科田HP-80多通道輸注工作站軟件 V1.3.0)	PRC	Medcaptain Software	2017SR578000	October 20, 2017
39.	McCurtain HP TCI Syringe Pump Safety Monitoring Software V1.3.0 (麥科田HP TCI注射泵安全監控軟件V1.3.0)	PRC	Medcaptain Software	2017SR579542	October 20, 2017
40.	McCurtain HP TCI Syringe Pump UI Software V1.3.0 (麥科田HP TCI注射泵UI軟件V1.3.0)	PRC	Medcaptain Software	2017SR579536	October 20, 2017
41.	McCurtain HP TCI Syringe Pump Driver Software V1.3.0 (麥科田HP TCI注射泵驅動軟件V1.3.0)	PRC	Medcaptain Software	2017SR581206	October 23, 2017
42.	Makita HP-30 Syringe Pump Safety Monitoring Software V1.3.0 (麥科田HP-30注射泵安全監控軟件V1.3.0)	PRC	Medcaptain Software	2017SR591947	October 27, 2017
43.	Vimax Information Collection Software V1.0 (唯醫薈信息採集軟件 V1.0)	PRC	Vedkang Medical	2023SR0921623	August 11, 2023

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(iv) Domain Name

As of the Latest Practicable Date, the following domain names have been registered in the name of the relevant member of our Group which are considered by us to be or may be material to our business:

No.	Domain name	Registered Owner	Date of Registration
1.	medcaptain.com	Our Company	February 1, 2021
2.	medciot.com	Our Company	January 26, 2021
3.	medcaptain.com.cn	Our Company	March 8, 2021
4.	mabsky.com	Mabsky	October 29, 2020
5.	runpubio.cn	Runpu Biotech	March 9, 2020
6.	vedkang.com	Vedkang Medical	August 24, 2023
7.	endotop.com	Changzhou Jiuhong	January 5, 2024
8.	jiuhongmed.com	Changzhou Jiuhong	February 18, 2024

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors’ Contracts

Each of our executive Directors and Ms. Li has entered into a service contract with our Company on June 28, 2024, with a term of three years commencing on the same day. Each of our independent non-executive Directors has entered into a letter of appointment with our Company on June 28, 2024. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

4. DISCLOSURE OF INTERESTS

A. Directors or Chief Executives

Save as disclosed below, immediately following the unwinding of the WVR structure, the Conversion of the Unlisted Shares into H Shares and upon completion of the [REDACTED] (and assuming the [REDACTED] is not exercised and taking into account the share options granted under the [REDACTED] Share Option Scheme), none of our Directors or the chief executive of our Company has any interest and/or short position in our Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which has been taken or is deemed to have under such provisions of the SFO) or which will

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be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules to be notified to our Company and the Stock Exchange.

<u>Name of Director</u>	<u>Capacity/ Nature of interest</u>	<u>Number and description of Shares held⁽¹⁾</u>	<u>Approximate percentage of shareholding of H Shares/ Unlisted Shares in our Company</u>	<u>Approximate percentage of shareholding in the total share capital of our Company⁽²⁾</u>
Mr. Liu	Beneficial owner ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse and held jointly with another person ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Li	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of controlled corporations ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]
	Interests of spouse and held jointly with another person ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhong	Beneficial owner ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of controlled corporations ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]
	Interests held jointly with another person ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]
Mr. YAN Renzong (顏仁仲)	Beneficial owner ⁽⁴⁾	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated above are long positions.
- (2) Calculated based on the total number of [REDACTED] Shares in issue immediately following the unwinding of WVR structure, the Conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] and assuming the [REDACTED] has not been exercised, without taking into account any H Shares that may be issued pursuant to the exercise of Options which have been granted under the [REDACTED] Share Option Scheme.

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- (3) Mr. Liu and Ms. Li are spouses. Mr. Liu, Mr. Zhong and Ms. Li are parties acting in concert pursuant to the Concert Party Agreement dated November 18, 2020. See “History, Development and Corporate Structure — Concert Party Arrangement” for further information of such arrangement. In addition, the Concert Parties are also deemed to control and be interested in Shares held by certain of our Employees Incentive Platforms: (i) Ms. Li is the general partner of Juxian Kangzhong LP, Ruisen Kangzhong LP, Jucai Kangzhong LP, Ruiyu Kangzhong LP, Ruiqian Kangzhong LP and Ruikun Kangzhong LP; and (ii) Mr. Zhong is the general partner of Ruixin Kangzhong LP. Accordingly, the Concert Parties are deemed to be interested in and have control over Shares held by the aforesaid Employees Incentive Platforms pursuant to the Listing Rules and the SFO.

Further, Mr. Liu and Mr. Zhong were granted share options under the [REDACTED] Share Option Scheme to subscribe for up to [REDACTED] and [REDACTED] H Shares, respectively, subject to the conditions (including exercise conditions) of those options. For details, please refer to the subsection headed “— 5. [REDACTED] Share Option Scheme” in this appendix. As such, the Concert Parties are also deemed to be interested in the underlying H Shares of such share options.

- (4) Mr. Yan was granted share options under the [REDACTED] Share Option Scheme to subscribe for [REDACTED] H Shares, subject to the conditions (including exercise conditions) of those options. For details, please refer to the subsection headed “— 5. [REDACTED] Share Option Scheme” in this appendix.

B. Substantial shareholders of our Company

Save as disclosed in the section headed “Substantial Shareholders” in this document, as of the Latest Practicable Date, our Directors are not aware of any other person who will, immediately following the unwinding of the WVR structure, the Conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] have an interest or short position in our Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

C. Substantial shareholders of other members of our Group

So far as our Directors are aware, as at the Latest Practicable Date, the following person (other than our Directors or chief executive of our Company) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of our Group.

<u>Name of members of our Group</u>	<u>Name of Shareholder</u>	<u>Approximate percentage shareholding</u>
Jiangsu Tuyun	ZHUANG Xiaojin ⁽¹⁾	20.00%

Note:

- (1) As at the Latest Practicable Date, Jiangsu Tuyun was owned as to 80% by Vedkang Medical and 20% by Changzhou Xinchuang Zhicheng Venture Capital Partnership (Limited Partnership) (常州信創智誠創業投資合夥企業(有限合夥)) (“Xinchuang Zhicheng LP”), a limited partnership established in the PRC. Mr. ZHUANG is the general partner of Xinchuang Zhicheng LP and the largest limited partner holding more than 90% of the limited partnership interest in Xinchuang Zhicheng LP.

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D. Disclaimers

Save as disclosed in this document:

- (i) none of our Directors or the chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in Appendix C3 to the Listing Rules to be notified to us and the Stock Exchange, in each case once our Shares have been [REDACTED];
- (ii) none of our Directors is a director or employee of a company which is expected to have an interest in our Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares have been [REDACTED] on the Stock Exchange;
- (iii) none of our Directors nor any of the parties listed in “— 6. Other Information — G. Qualification of Experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;
- (iv) none of our Directors nor any of the parties listed in “— 6. Other Information — G. Qualification of Experts” in this Appendix is interested in our promotion, or in any assets which have, within two years immediately preceding the issue of this document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
- (v) none of the parties listed in the paragraph headed “— 6. Other Information — G. Qualification of Experts” in this Appendix: (a) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and
- (vi) none of our Directors or their respective associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

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5. [REDACTED] SHARE OPTION SCHEME

The Company has adopted a [REDACTED] share option scheme by a resolution of our Shareholders on December 16, 2024 to attract and retain the talents and to provide incentives that align the interests of shareholders, our Company and personnel having a direct impact on our business and operations, for long-term development of the Company (the “[REDACTED] Share Option Scheme”). Given no further options will be granted under the [REDACTED] Share Option Scheme upon the [REDACTED], the terms of the [REDACTED] Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of the [REDACTED] Share Option Scheme:

(i) Objectives

The main purposes of the [REDACTED] Share Option Scheme are to:

- (a) further enhance the Company’s long-term incentivization mechanism for the directors, senior management, core business personnel, core technical personal or any other personnel of the Group as the Board deems appropriate with further opportunities, so as to attract, motivate and retain outstanding and experienced personnel who are directly relevant to the continuous operation, development and long-term growth of the Group, and to encourage their proactiveness, responsibility and commitment towards the Group;
- (b) align the Group’s interests with those of the Shareholders and key personnel in respect of the Group’s long-term development; and
- (c) better promote the strategic development and business goals of the Group.

(ii) Administration

The [REDACTED] Share Option Scheme is subject to the administration of the Board. The decision of the Board is final and binding. Without prejudice to the Board’s general power of management, it may delegate such power to any director(s) and/or any relevant committee of the Board (such persons, together with our Board and any person authorized by our Board, “Relevant Authorized Persons”).

(iii) Eligibility

The following persons are eligible to participate in the [REDACTED] Share Option Scheme (the “Eligible Participants”):

- (a) our Directors (excluding the independent non-executive Directors);

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- (b) directors, senior management, core business personnel, core technical personnel of our Group;
- (c) other personnel who have a direct impact or contribution to our Group’s business, financial performance and future development (including foreign employees who are directly relevant to the sustainability, stability and long-term development of our overseas business); and
- (d) any other personnel of our Group as the Relevant Authorized Persons deem appropriate (excluding the independent non-executive Directors).

The Relevant Authorized Persons shall, at their sole discretion, select any Eligible Participants to be grantees (the “**Selected Participants**”) of options under the [REDACTED] Share Option Scheme (the “**Option(s)**”) in accordance with the PRC Company Law, the Securities Law, the Articles or any other applicable laws or regulations, except where a person is prohibited by the applicable laws to hold any shares in a company or participate in any share incentive schemes of a company.

(iv) Maximum Number of H Shares Involved

The Shares subject to the Options to be granted under the [REDACTED] Share Option Scheme shall be H Shares. Each Option granted represent the right to purchase one H Share within the Exercise Period (as defined below) at the Exercise Price (as defined below). The number of H Shares underlying the Options shall be subject to corresponding adjustments in the event of a capitalization issue, bonus issue, stock split, rights issue and/or share consolidation of the Company in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the [REDACTED] Share Option Scheme.

The maximum number of H Shares to be granted under the [REDACTED] Share Option Scheme shall not exceed [REDACTED] H Shares, representing approximately [REDACTED]% of the total issued share capital of our Company at the time when the scheme is approved by our Shareholders at a general meeting and approximately [REDACTED]% of the total issued share capital of our Company immediately following the Conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming the [REDACTED] has not been exercised and the Options granted have not been exercised and remain outstanding).

(v) Grantees

As of the date of this document, there are a total of 373 grantees under the [REDACTED] Share Option Scheme, which include 3 Directors, 4 members of our senior management (other than the Directors), 3 connected persons who are not the Directors and 363 other employees.

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(vi) Duration

The [REDACTED] Share Option Scheme shall be valid and effective for the period of time commencing from the date of approval by our Shareholders (the “Effective Date”) and expiring on the day when all Options granted under the [REDACTED] Share Option Scheme are exercised or cancelled. With respect to all such Options that remain outstanding upon expiration of the [REDACTED] Option Scheme, the provisions of the [REDACTED] Share Option Scheme shall in all relevant respects remain in full force and effect and all such outstanding Option may continue to be exercisable in accordance with their terms of grant. For the avoidance of doubt, no Options will be granted from the [REDACTED] onwards.

(vii) Grant of Options

Subject to the terms of the [REDACTED] Share Option Scheme, the Relevant Authorized Persons shall be entitled at any time before the [REDACTED] to make an offer in writing to grant Options to any Selected Participant(s) as they may in their sole discretion select. For the avoidance of doubt, no Options will be granted from the [REDACTED] onwards.

An offer of the grant of an Option shall be made to any Selected Participants in such form as the Relevant Authorized Persons may from time to time determine specifying, amongst others and as the case may be, the number of Options and number of H Shares to be issued upon exercising the Options, the effective date of the grant, the vesting conditions (including any performance targets) and vesting period, the subscription price (if any), the Exercise Price and the Exercise Period.

Once the offer of the grant of an Option is accepted in writing by a Selected Participant, such Option shall be deemed as being granted immediately before [REDACTED] and shall take effect upon [REDACTED]. Any grant of Options may be accepted in whole or in part. If a Selected Participant (i) does not accept the offer or (ii) is not deemed to accept the offer in the manner specified in the grant letter, or (iii) is no longer an Eligible Participant and/or eligible to be a Selected Participant after the grant letter has been issued, he/she will be deemed to have irrevocably rejected the offer and the offer will lapse automatically without further notice.

(viii) Vesting and Exercise of Options

The Relevant Authorized Persons shall have the full discretion to determine any vesting conditions or restrictions (including but not limited to vesting periods or clawback mechanisms, and/or performance targets that a Selected Participant) for the Options of a selected participant. The Relevant Authorized Persons have full discretion to determine these vesting conditions and to make any adjustments or modifications after determining the vesting conditions. Performance targets may include (but are not limited to) the evaluation results of the Selected Participant’s performance indicators, the achievement of planned milestones by the Group or relevant subsidiaries of the Company, and market capitalization milestones. The Relevant Authorized Persons may set different performance targets based on the individual circumstances of each Selected Participant. The Board’s decision on whether the vesting conditions are met are binding and final.

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The Options shall not be exercisable before the [REDACTED]. Subject to satisfaction of the relevant conditions of vesting and exercise, the Options shall vest and become exercisable after the [REDACTED] in five batches in accordance with the following arrangement:

Relevant batch of Options	Duration of exercise period of the Options (the “Exercise Period”)	Proportion of exercisable Options to the total number of Options granted to the relevant Selected Participant
First batch of Options	For a period of 12 months commencing first trading day after the expiration of the 12-month period from the [REDACTED] (the “First Exercise Date”)	20%
Second batch of Options . .	For a period of 12 months commencing first trading day after the expiration of the 12-month period from the First Exercise Date and ending on the last trading day of the 24-month period from the First Exercise Date	20%
Third batch of Options . . .	For a period of 12 months commencing first trading day after the expiration of the 24-month period from the First Exercise Date and ending on the last trading day of the 36-month period from the First Exercise Date	20%
Fourth batch of Options. . .	For a period of 12 months commencing first trading day after the expiration of the 36-month period from the First Exercise Date and ending on the last trading day of the 48-month period from the First Exercise Date	20%
Fifth batch of Options	For a period of 12 months commencing first trading day after the expiration of the 48-month period from the First Exercise Date and ending on the last trading day of the 60-month period from the First Exercise Date	20%

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The Exercise Period for the Options granted to an Eligible Participant can commence at a date earlier than that stipulated in the aforementioned table upon approval by the Relevant Authorized Persons and in any of the following circumstances:

- (a) grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event; and
- (b) where the Board and/or the Relevant Authorized Persons deem such shorter vesting period to be appropriate and in line with the purpose of the [REDACTED] Share Option Scheme.

If the Relevant Authorized Persons determine that the relevant vesting conditions application to any Selected Participant in respect of the relevant exercise period are not fulfilled in full or in part, the relevant batch of the Options shall neither be exercised nor become exercisable in the next exercise period, and shall be cancelled by our Company. Similarly, if a Selected Participant fails to exercise the Options within the relevant exercise period, the corresponding Options that have not been exercised shall also be cancelled by the Company.

Subject to applicable laws and the terms of the grant letter, Selected Participants have the right to exercise the vested Options within the Exercise Period in such manner as determined by the Relevant Authorized Persons from time to time. On the date of exercise (i.e., any such day on which the H Shares are trading on the Stock Exchange within the Exercise Period specified by the Board or the Relevant Authorized Persons from time to time), Selected Participants shall issue an irrevocable exercise notice to the Company in writing, which shall be in the template determined by the Relevant Authorized Persons from time to time. For the avoidance of doubt, if the exercise notice is delivered or deemed to be delivered on a day when the trading of H Shares is suspended or halted, or when H Shares register of members of the Company is closed, the exercise date will be postponed to the next trading day immediately following the resumption of trading or the reopening of the H Shares register of members of the Company.

(ix) Exercise Price

The exercise price (the “**Exercise Price**”) of the Options granted under the [REDACTED] Share Option Scheme is RMB4.00 per H Share (or such equivalent amount in foreign currency as approved by the Relevant Authorized Persons). The Exercise Price shall be subject to corresponding adjustments in the event of a capitalization issue, bonus issue, distribution of cash dividends, stock split, rights issue and/or share consolidation of the Company in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the [REDACTED] Share Option Scheme.

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(x) Rights attached to the Options

No Selected Participant shall enjoy any rights of a Shareholder, including without limitation, the right to vote at general meetings of the Company and the rights to receive any dividends or distributions, by virtue of the grant of an Option, unless and until such Shares underlying the Option are issued and allotted in accordance with the terms of the [REDACTED] Share Option Scheme.

(xi) Ranking of the Shares

The H Shares to be allotted and issued upon the exercise of an Option shall be subject to the provisions of the Articles and the applicable laws and regulations in force as at the allotment date and shall rank *pari passu* in all respects with the existing fully paid H Shares in issue on the allotment date and accordingly shall entitle the holder to participate in all dividends or other distributions paid or made on or after the allotment date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the allotment date. Prior to allotment of the H Shares pursuant to the exercise of Options, the Options themselves shall not confer any of the aforesaid rights attached to H Shares to the Selected Participants.

(xii) Lock-up Periods and Restrictions of Transfer

The Selected Participants holding H Shares issued pursuant to exercise of shall comply with the lock-up obligations under the relevant laws and regulations.

An Option shall be personal to the Selected Participant and shall not be transferrable or assignable. No Selected Participant shall in any way sell, transfer, assign, charge, pledge, mortgage, encumber or create any interest in favor of any third party over the Options in any manner whatsoever or enter into an agreement to do so. Any breach of the foregoing by the Selected Participant shall entitle our Company to cancel any outstanding entitlement of such Selected Participant.

(xiii) Lapse and cancellation of Options

Any outstanding Options of a Selected Participant shall automatically lapse upon the earlier of:

- (a) the expiration of the Exercise Period;
- (b) the commencement of the Company’s liquidation;
- (c) the occurrence of any of the following circumstances with respect to such Selected Participant: (1) violation of the transfer restrictions in respect of the Options; (2) termination of employment for specific reasons; (3) breach of non-compete obligations; (4) negligence in his/her employment; or (5) serious misconduct;

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- (d) the date on which such Selected Participant violates any terms or conditions attached to the granted Options; or
- (e) the date on which such Selected Participants fails, is unable, or is no longer eligible to participate in the [REDACTED] Share Option Scheme (including by reasons of retirement or resignation), unless otherwise approved by the Relevant Authorized Persons.

Upon consent by a Selected Participant, the Company can cancel any granted and unvested, or outstanding, Options of such Selected Participant.

(xiv) Alteration of the [REDACTED] Share Option Scheme

Save and except for any material alteration of the terms and conditions of the [REDACTED] Share Option Scheme (including any accelerated vesting or exercise of the Options or decrease of the Exercise Price otherwise than as provided under the [REDACTED] Share Option Scheme) and any alterations to the right of the Relevant Authorized Persons in the alteration of the [REDACTED] Share Option Scheme, the [REDACTED] Share Option Scheme may be altered in any respect by a resolution of the Board.

(xv) Termination of the [REDACTED] Share Option Scheme

The Company may terminate the [REDACTED] Share Option Scheme at any time by a resolution at a general meeting of Shareholders. In such a case, the Company shall no longer grant Options under the [REDACTED] Share Option Scheme. However, the provisions of the [REDACTED] Share Option Scheme shall remain in full force and effect to ensure that any Options granted before the termination of the [REDACTED] Share Option Scheme or under other circumstances specified in the terms and conditions of the [REDACTED] Share Option Scheme can still be validly exercised.

(xvi) Outstanding Options granted under the [REDACTED] Share Option Scheme

As at the date of this document, our Company [has granted] Options to subscribe for a total of [REDACTED] H Shares, representing approximately [REDACTED]% of the total issued share capital of our Company immediately following the Conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming the [REDACTED] has not been exercised and the Options granted have not been exercised and remain outstanding) under the [REDACTED] Share Option Scheme. Assuming full vesting and exercise of the outstanding Options and the [REDACTED] has not been exercised, the shareholding percentage of our Shareholders immediately following the [REDACTED] would be diluted by approximately [REDACTED]% as calculated based on [REDACTED] Shares then in issue. For the avoidance of doubt, our Company will not grant further Options under the [REDACTED] Incentive Scheme after the [REDACTED].

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The table below sets out the details of Options granted to our Directors, members of the senior management and connected persons who are not our Directors or members of the senior management, under the [REDACTED] Share Option Scheme:

Name of Grantee	Address	Position(s) held within our Group	Total Number of H Shares Underlying the Options Granted	Vesting Period	Exercise Price per H Share	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company ^(Note)
(RMB)						
Directors						
Mr. Liu	Room 1801, Block C, Building 1 Shenwanhui Yun Center Phase One Baishi 3rd Road Nanshan District, Shenzhen PRC	Executive Director, chairman of the Board and general manager	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
Mr. Zhong	Room 3401, Block B China Resources City Runfu Phase II 28 Tonggu Road Yuehai Street Nanshan District, Shenzhen PRC	Executive Director, vice chairman of our Board and deputy general manager	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
Mr. YAN Renzhong (顏仁仲)	Room 212, Block 2 Nantian Building No. 2 Baihua 3rd Road Futian District, Shenzhen PRC	Executive Director and board secretary	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
Members of the senior management						
Mr. LUO Jun (羅軍)	Room 11D, Building 3 Phase 6, Xinghai Mingcheng Qianhai Road Nanshan District, Shenzhen PRC	Deputy general manager	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]

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Name of Grantee	Address	Position(s) held within our Group	Total Number of H Shares Underlying the Options Granted	Vesting Period	Exercise Price per H Share	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company ^(Note)
(RMB)						
Mr. LIU Qisong (劉奇松)	Room 108, Building 1 Jingmei Huayuan 37 Hubin Road Bao'an District, Shenzhen PRC	Deputy general manager	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
Mr. YUAN Jia (袁加)	Room 17B, Building 30 Chunhua Sijiyuan Longhua District, Shenzhen PRC	Chief financial officer	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
Mr. WANG Bin (王斌)	2-2305, Tianjian Yueguifu Nanshan Residential Area Nanshan District, Shenzhen PRC	Deputy general manager	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
Connected persons (other than the Directors)						
Mr. GAO Xiaoming (高小明)	37 Kysbie Close, Abingdon, OX14 1XY, United Kingdom	CEO of Penlon	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
Ms. Linda Jane MOSS	3 Childrey Way, East Challow, Wantage, Oxfordshire, OX12 9RX, United Kingdom	Human resources director	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
Ms. XIAO Tianshi (肖天石)	29 Quakers Court, Abingdon, OX14 3PY, United Kingdom	Head of Finance of Penlon	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]

Note: Calculated based on the total number of [REDACTED] Shares in issue immediately following the Conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] and assuming the [REDACTED] has not been exercised, without taking into account any H Shares that may be issued pursuant to the exercise of Options which have been granted under the [REDACTED] Share Option Scheme.

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As of the date of this document, other than 3 Directors, 4 senior management of the Company (who are not Directors) and 3 connected persons of the Company who are director(s) or supervisor(s) of the Company’s subsidiaries, as disclosed above, no options were granted to any Directors, senior management or other connected persons of the Company under the [REDACTED] Share Option Scheme. As of the date of this document, other than (i) 3 Directors, (ii) 4 senior management members of the Company, and (iii) 3 connected persons of the Company who are director(s) or supervisor(s) of the Company’s subsidiaries as set out above, the other 363 grantees have been granted in aggregate [REDACTED] share options which were outstanding under the [REDACTED] Share Option Scheme, for which up to [REDACTED] H Shares may be issued, representing approximately [REDACTED]% of the total issued share capital of our Company upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the share options granted under the [REDACTED] Share Option Scheme), with the number of H Shares to be issued upon exercise of the relevant options ranging from 5,000 H Shares to 550,000 H Shares (assuming the actual exercisable options of the Selected Participants equals to the options respectively granted to them).

The table below shows the details of the options granted to such other grantees under the [REDACTED] Share Option Scheme which were outstanding as of the date of this document:

Range of number of H Shares under the outstanding options	Number of grantees	Aggregate Number of H Shares Underlying the Options Granted	Vesting Period	Exercise Price per H Share	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company ^(Note)
(RMB)					
250,000 to 550,000	12	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
100,000 to 225,000	20	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
50,000 to 90,000 . .	67	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]
5,000 to 42,500 . .	264	[REDACTED]	5 years from the First Exercise Date	4.00	[REDACTED]

Note: Calculated based on the total number of [REDACTED] Shares in issue immediately following the Conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] and assuming the [REDACTED] has not been exercised, without taking into account any H Shares that may be issued pursuant to the exercise of Options which have been granted under the [REDACTED] Share Option Scheme.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(xvii) General

An application has been made to the Listing Committee of the Stock Exchange for the [REDACTED] of and the permission to [REDACTED] the H Shares which may be issued pursuant to the exercise of any Options which may be granted under the [REDACTED] Share Option Scheme.

6. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under the PRC law is likely to fall upon our Company or any member of our Group.

B. Litigation

As of the Latest Practicable Date, we were not involved in any material litigation, arbitration or administrative proceedings, and so far as our Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any member of our Group.

C. Joint Sponsors

Each of the Joint Sponsors has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made an application on our behalf to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares in issue and the H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may fall to be issued pursuant to the exercise of the [REDACTED] and the exercise of the Options pursuant to the [REDACTED] Share Option Scheme). All necessary arrangements have been made to enable the H Shares to be admitted into [REDACTED].

We have entered into an engagement agreement with the Joint Sponsors, pursuant to which we agreed to pay a total amount of US\$1 million to the Joint Sponsors to act as our sponsors to our Company in the [REDACTED].

D. Compliance Adviser

We have appointed UOB Kay Hian (Hong Kong) Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

F. Promoters

The promoters of our Company are Mr. Liu, Mr. Zhong, Ms. Li, Mr. LI Dongcen, Juxian Kangzhong LP, Jucai Kangzhong LP, Ruisen Kangzhong LP, Ruikun Kangzhong LP, Ruiqian Kangzhong LP, Ruiyu Kangzhong LP, the Series A Investors, the Series B Investor, the Series C Investors, Linkway Cornerstone and Cowin Asset Management. For details of our promoters, see “History, Development and Corporate Structure — Major Shareholding Changes of our Company”.

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other interest have been paid, allotted or given to the above promoters in connection with the [REDACTED] or related transactions in this document.

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given their opinions or advice in this document, are as follows:

Name	Qualification
Morgan Stanley Asia Limited . .	A licensed corporation under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited.	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities as defined under the SFO
Ernst & Young.	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong)
Jia Yuan Law Offices	Legal advisor as to PRC laws
Hogan Lovells	Legal advisor as to international sanctions law
China Insights Industry Consultancy Limited	Industry consultant

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

H. Consents of Experts

Each of the experts as referred to in “— 6. Other Information — G. Qualification of Experts” in this Appendix has given, and has not withdrawn, its respective written consents to the issue of this document with the inclusion of its reports and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

J. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in our financial or operational position since June 30, 2025 and up to the Latest Practicable Date.

K. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

L. Related Party Transactions

Within the two years immediately preceding the date of this document, we have entered into the related party transactions as described in Note 41 to the financial information in the Accountants’ Report set out in Appendix I to this document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

M. Agency Fees or Commissions Paid or Payable

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this document.

N. Miscellaneous

Save as disclosed in this document:

- (i) within the two years immediately preceding the date of this document, we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (ii) no share or loan capital of our Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) we have not issued or agreed to issue any founder shares, management shares or deferred shares;
- (iv) our Company has no outstanding convertible debt securities or debentures;
- (v) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (vi) within the two years immediately preceding the date of this document, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of our Company;
- (vii) there is no arrangement under which future dividends are waived or agreed to be waived;
- (viii) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months; and
- (ix) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (i) the written consents referred to under the paragraph headed “Statutory and General Information — 6. Other Information — H. Consents of Experts” in Appendix IV to this document; and
- (ii) copies of the material contracts referred to in the paragraph headed “Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts” in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s own website (www.medcaptain.com.cn) for a period of time for 14 days from the date of this document:

- (i) the Articles of Association;
- (ii) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this document;
- (iii) the report on the unaudited [**REDACTED**] financial information of our Group from Ernst & Yong, the text of which is set out in Appendix IIA to this document;
- (iv) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025;
- (v) the letters from Ernst & Young and the Joint Sponsors relating to the loss estimate for the year ended December 31, 2025, the text of which are set out in Appendix IIB to this document;
- (vi) the legal opinions issued by Jia Yuan Law Offices, our PRC Legal Adviser, in respect of the general matters and property interests of our Group;
- (vii) the legal memorandum issued by Hogan Lovells, our legal advisor as to international sanctions law, in respect of international sanctions compliance matters of our Group;
- (viii) the written consents referred to under the paragraph headed “Statutory and General Information — 6. Other Information — H. Consents of Experts” in Appendix IV to this document;

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

- (ix) the material contracts referred to in “Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts” in Appendix IV to this document;
- (x) the service contracts and the letters of appointment with our Directors referred to in “Statutory and General Information — 3. Further Information about Our Directors — A. Particulars of Directors’ Contracts” in Appendix IV to this document;
- (xi) the terms of the [REDACTED] Share Option Scheme;
- (xii) the PRC Company Law, the Securities Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies, together with their unofficial English translation; and
- (xiii) the industry report issued by CIC, the summary of which is set forth in the section headed “Industry Overview” in this document.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of grantees under the [REDACTED] Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Herbert Smith Freehills Kramer at 23rd Floor, Gloucester Tower, 15 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.