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 device provider, 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 March 31, 2026, we had commercialized over (i) 60 life support products, (ii) 110 minimally invasive intervention products, and (iii) 150 in vitro diagnostics products, available in multiple models to accommodate diverse application needs. Our products had cumulatively reached over 140 countries and regions globally. In China, our products have cumulatively reached over 6,000 hospitals, including approximately 90% of Grade 3A (三級甲等) hospitals, covering 31 provinces, municipalities and autonomous regions.

We generate revenue primarily from the sale of medical products, and have achieved sustained revenue growth throughout the Track Record Period. Our revenue increased from RMB1,313.3 million in 2023 to RMB1,619.2 million in 2025, and further from RMB354.7 million for the three months ended March 31, 2025 to RMB422.3 million for the same period in 2026. Our gross profit margin increased from 49.6% in 2023 to 49.7% in 2024, and further to 53.7% in 2025 and 54.3% in the three months ended March 31, 2026. 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 losses of RMB64.5 million and RMB96.6 million in 2023 and 2024, respectively. In 2025, we turned profitable with a net profit of RMB50.7 million, mainly attributable to sales growth across all major business units, coupled with enhanced production and operational efficiency. For the three months ended March 31, 2026, we recorded a net loss of RMB2.5 million, primarily because we made share-based payments of RMB25.1 million substantially under the [**REDACTED**] Share Option Scheme and incurred [**REDACTED**] expenses of [**REDACTED**] million.

Our adjusted profit/(loss) for the year (non-IFRS measure) improved from an adjusted loss of RMB25.0 million in 2024 to an adjusted profit of RMB128.5 million in 2025. We recorded an adjusted profit (non-IFRS measure) of RMB35.0 million for the three months ended March 31, 2026, compared with RMB15.1 million for the same period in 2025. Our adjusted EBITDA (non-IFRS measure) increased from RMB150.2 million in 2023 to RMB289.8 million in 2025, representing a CAGR of 38.9%. Our adjusted EBITDA (non-IFRS measure) increased to RMB75.3 million for the three months ended March 31, 2026 from RMB52.1 million for the same period in 2025.

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 life support, minimally invasive intervention and in vitro diagnostics markets. Factors such as an aging population, increasing awareness of medical diagnosis and treatment, favorable government 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 2025, the life support market reached a scale of US$80.4 billion globally and RMB60.9 billion in China; the endoscopic minimally invasive intervention market reached US$34.8 billion globally and RMB28.3 billion in China; and the in vitro diagnostics market reached US$118.1 billion globally and RMB122.5 billion in China. We have established 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."

We face competition from multinational and domestic companies in various areas, including, among others, product safety and efficacy, timing and scope of regulatory approvals, supply availability and cost, marketing and sales capabilities, reimbursement coverage, product price, and patent positions. We believe that, leveraging our competitive strengths and comprehensive product portfolio, we are well-positioned capitalize on the market opportunities. Meanwhile, to increase our 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 in China and globally in a timely manner.

Our Ability to Successfully Develop New Products

Our success depends on our ability to anticipate clinical needs and market trends, and respond 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, including the development of new products, iterative improvements to existing product series, and strategic extensions across product categories. 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 determined through negotiations with the distributors with reference to their sales volumes and selling prices to end customers. For our products sold directly to hospitals, our product prices are determined through the public tender process as required by hospitals and our negotiations 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 power by continuously innovating and upgrading our products with higher clinical value and pricing potential.

Specifically, for our products that are procured through VBP, we generally offer volume-based discounts ranging from 30% to 70% off our standard ex-factory prices. For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026: (i) VBP-eligible life support products accounted for nil, 0.5%, 0.7% and 0.3% of our revenue from life support products, respectively; (ii) VBP-eligible minimally invasive intervention products accounted for 1.7%, 5.5%, 10.5% and 13.1% of our revenue from minimally invasive intervention products, respectively; and (iii) VBP-eligible in vitro diagnostics products accounted for 4.1%, 4.9%, 2.9% and 3.9% of our revenue from in vitro diagnostics products, respectively. We intend to continue proactively participating in future VBP public tenders across our three business segments to further consolidate our market position and expand our patient reach. Based on our current best estimate, and subject to factors beyond our control, including tender outcomes, pricing dynamics and the timing and scope of future VBP cycles, we expect our revenue attributable to VBP for minimally invasive intervention products to continue to increase, while the revenue contribution from VBP in our other two segments is expected to remain stable. To mitigate potential pricing pressures, we remain committed to strengthening our R&D pipeline, diversifying our product portfolio and expanding into overseas market. Therefore, we believe we are well-positioned to navigate the evolving regulatory landscape while sustaining long-term revenue growth and operational stability.

We continue to develop and enhance our sales network. For details, see "Business — Sales, Distribution and Marketing." We primarily sell our products through distributors. In 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, our global network included 3,445, 3,694, 3,707, 1,899 and 2,029 distributors, respectively, generating revenue of RMB1,151.8 million, RMB1,179.8 million, RMB1,345.0 million, RMB314.0 million and RMB371.6 million, respectively, accounting for 87.8%, 84.3%, 83.1%, 88.5% and 88.0% of our total revenue for the respective periods. Thus, our ability to expand and efficiently manage our distribution network is vital to our business success and financial performance. Moreover, our marketing strategies are executed by our in-house sales and marketing team, which is strategically aligned across different geographic regions. As of March 31, 2026, our sales and marketing team had over 500 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 Improve 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 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 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 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. Of these, raw material costs represented 67.1%, 66.3%, 67.0% and 67.4% of our total cost of sales in 2023, 2024 and 2025 and the three months ended March 31, 2026, 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 existing and enter new markets, we may incur additional expenses in connection with increased sales and marketing activities and the expansion of our in-house sales and marketing team. Our administrative expenses primarily consisted of administrative staff costs. Our R&D expenses primarily consisted 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 operations 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 Execute Successful Acquisitions and Manage Post-Acquisition Integration

We expanded rapidly through organic growth and strategic acquisitions. We strategically select high-quality acquisition targets that have synergy with or complement the technical capabilities or application scenarios of our existing products, gradually expanding our business footprint. 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 intervention, 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 Vedefar, a Belgian distributor, in June 2025, enhancing our international sales capabilities. In September 2025, to further strengthen our presence in the endoscope market, we acquired the entire equity interest in Caring Medical, a medical device company focused 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 integration 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 substantial 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 foreign 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 results of operations 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 affect the supply, demand and pricing of medical devices, as well as the cost of compliance for medical device companies in countries and 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 filings 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 device 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 changes to 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 products to enter hospitals. We may face downward pricing pressure if our products are included in the centralized procurement regime or if 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 to the Accountants' Report included in Appendix I to this document.

For ordinary shares issued to [**REDACTED**], pursuant to the Supplemental Agreement entered into between our Company and the [**REDACTED**] in relation to the termination of certain of special rights granted by our Company, including redemption rights and certain deemed liquidation events beyond our control which are void ab initio as described in Note 34 to the Accountants' Report included in Appendix I to this document, having taking into account the legal and regulatory framework of our Company's jurisdiction and the governing law of the Supplemental Agreement, the Directors considered that it is appropriate to present the [**REDACTED**] as equity throughout the Track Record Period. For the details of the financial impact, see Note 34 to the Accountants' Report included in Appendix I to this document.

MATERIAL ACCOUNTING POLICY INFORMATION, ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements. Material accounting policies that are significant for understanding our financial condition and results of operations are set forth in detail in Note 2.3 to the Accountants' Report in Appendix I to this document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Actual results could differ from those estimates. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other factors that we believe to be relevant under the circumstances. Our management has discussed the development, selection and disclosure of these estimates with our Board of Directors. Since our financial reporting process inherently relies on the use of estimates and assumptions, actual results may differ from these estimates under different assumptions or conditions. When reviewing our financial statements, you should consider (i) our selection of key accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe that the material accounting policy information and estimates such as fair value estimates, estimated useful lives and residual values of property, plant and equipment, and current and deferred income taxes as detailed in Note 3 to the Accountants' Report in Appendix I to this document are critical and involve the most important estimates and judgments we used in preparing our financial statements.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)									
							(Unaudited)			
Revenue	1,313,297	100.0	1,399,361	100.0	1,619,152	100.0	354,743	100.0	422,322	100.0
Cost of sales	(661,861)	(50.4)	(704,289)	(50.3)	(749,492)	(46.3)	(172,948)	(48.8)	(193,118)	(45.7)
Gross profit	**651,436**	**49.6**	**695,072**	**49.7**	**869,660**	**53.7**	**181,795**	**51.2**	**229,204**	**54.3**
Other income and gains	82,417	6.3	56,331	4.0	46,546	2.9	8,449	2.4	7,160	1.7
Selling and marketing expenses	(328,322)	(25.0)	(332,538)	(23.8)	(353,667)	(21.8)	(78,118)	(22.0)	(95,425)	(22.6)
Administrative expenses	(145,950)	(11.1)	(177,003)	(12.6)	(187,665)	(11.6)	(35,692)	(10.1)	(59,471)	(14.1)
Research and development expenses	(281,099)	(21.4)	(290,508)	(20.8)	(274,194)	(16.9)	(61,726)	(17.4)	(68,211)	(16.2)
Impairment on financial assets, net	(96)	0.0	(1,761)	(0.1)	(1,542)	(0.1)	(218)	(0.1)	(244)	(0.1)
Other expenses	(5,517)	(0.4)	(3,201)	(0.2)	(2,092)	(0.1)	(756)	(0.2)	(6,143)	(1.5)
Finance costs	(21,419)	(1.6)	(15,998)	(1.1)	(18,331)	(1.1)	(3,455)	(1.0)	(3,539)	(0.8)
Share of losses of an associate	(1,274)	(0.1)	(896)	(0.1)	–	–	–	–	–	–
(Loss)/profit before tax	**(49,824)**	**(3.8)**	**(70,502)**	**(5.0)**	**78,715**	**4.9**	**10,279**	**2.9**	**3,331**	**0.8**
Income tax expense	(14,684)	(1.1)	(26,115)	(1.9)	(27,977)	(1.7)	(5,056)	(1.4)	(5,858)	(1.4)
(Loss)/profit for the year	**(64,508)**	**(4.9)**	**(96,617)**	**(6.9)**	**50,738**	**3.1**	**5,223**	**1.5**	**(2,527)**	**(0.6)**
Attributable to:										
Owners of the parent	(63,709)	(4.9)	(96,400)	(6.9)	48,886	3.0	5,023	1.4	(3,100)	(0.7)
Non-controlling interests	(799)	(0.1)	(217)	0.0	1,852	0.1	200	0.1	573	0.1
	(64,508)	**(4.9)**	**(96,617)**	**(6.9)**	**50,738**	**3.1**	**5,223**	**1.5**	**(2,527)**	**(0.6)**

For details on the accounting treatment of redemption rights of the [**REDACTED**], and its financial impacts, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Share Capital" below and Note 34 to the Accountants' Report in the Appendix I to this document.

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) 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 measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management uses them. However, our presentation of adjusted profit/(loss) (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 them 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 profit/(loss) for the period excluding share-based payment expenses and [**REDACTED**] expenses. 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 outflows. [**REDACTED**] expenses are expenses related to the [**REDACTED**] and the [**REDACTED**]. We define adjusted EBITDA (non-IFRS measure) as adjusted profit/(loss) for the period (non-IFRS measure) adding back net finance costs, income tax expense, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets.

We therefore believe that adjusting for these items provides potential investors and management with greater visibility into our operating results and financial performance, so that they can assess our underlying core performance without the effects of these items. The following table reconciles, in absolute amounts and as percentages of total revenue for the periods indicated, our adjusted profit/(loss) (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) to the most directly comparable financial measures presented in accordance with IFRS:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands, except percentages)			*(Unaudited)*	
(Loss)/profit for the period	**(64,508)**	**(96,617)**	**50,738**	**5,223**	**(2,527)**
Add:					
Equity settled share-based payments	64,119	53,822	67,882	9,013	25,065
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted profit/(loss) for the period (non-IFRS measure)	**1,227**	**(25,045)**	**128,519**	**15,094**	**35,023**
Adjusted profit/(loss) margin (non-IFRS measure) (%)	0.1	(1.8)	7.9	4.3	8.3
Add:					
Net finance costs	18,445	9,876	13,656	2,660	2,067
Income tax expenses	14,684	26,115	27,977	5,056	5,858
Depreciation of property, plant and equipment	37,628	38,786	38,229	9,073	11,178
Depreciation of right-of-use assets	29,300	30,971	28,652	6,561	7,670
Amortization of intangible assets	48,900	52,522	52,816	13,660	13,479
Adjusted EBITDA (non-IFRS measure)	**150,184**	**133,225**	**289,849**	**52,104**	**75,275**
Adjusted EBITDA margin (non-IFRS measure) (%)	11.4	9.5	17.9	14.7	17.8

Revenue

Revenue by Business Unit

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 unit for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)						*(Unaudited)*			
Life support	564,146	43.0	494,057	35.4	613,406	37.9	125,950	35.5	161,550	38.3
Medication delivery	301,912	23.0	220,560	15.8	347,920	21.5	65,843	18.6	94,148	22.3
Anesthesia machine	195,130	14.9	209,622	15.0	163,868	10.1	41,669	11.7	35,190	8.3
Other life support products	67,104	5.1	63,875	4.6	101,618	6.3	18,438	5.2	32,212	7.6
Minimally invasive intervention	586,545	44.7	721,327	51.5	812,207	50.0	187,570	52.9	208,619	49.4
Products targeting digestive Systems	554,109	42.2	687,274	49.1	763,923	47.0	177,008	49.9	201,214	47.6
Products targeting urological Systems	32,436	2.5	34,053	2.4	48,284	3.0	10,562	3.0	7,405	1.8
In vitro diagnostics	162,606	12.3	183,977	13.1	193,539	12.1	41,223	11.6	52,153	12.3
Coagulation	64,656	4.9	57,555	4.0	47,837	3.0	11,247	3.2	14,531	3.4
Blood grouping	50,212	3.8	68,012	4.9	80,319	5.0	18,060	5.1	21,959	5.2
Chemiluminescence	18,576	1.4	25,366	1.8	30,484	1.9	6,455	1.8	8,025	1.9
Molecular diagnostics	29,162	2.2	33,044	2.4	34,899	2.2	5,461	1.5	7,638	1.8
Total	**1,313,297**	**100.0**	**1,399,361**	**100.0**	**1,619,152**	**100.0**	**354,743**	**100.0**	**422,322**	**100.0**

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 fluctuated during the Track Record Period. For details, see "— Period-to-Period Comparison of Results of Operations."

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 experienced sustained growth. For details, see "— Period-to-Period Comparison of Results of Operations."

In Vitro Diagnostics

Our in vitro diagnostics products primarily included testing analyzers and consumables spanning coagulation, blood grouping, chemiluminescence and molecular diagnostics. Our revenue from in vitro diagnostics business unit increased during the Track Record Period. For details, see "— Period-to-Period Comparison of Results of Operations."

Revenue by Geographic Location

During the Track Record Period, our products have been distributed to over 140 countries and regions worldwide. Except for Mexico which accounted for 7.2% of our revenue for the three months ended March 31, 2026, no single country or region outside Chinese Mainland accounted for more than 5.0% of our total revenue in any period during the Track Record Period. The following table sets forth a breakdown of our revenue by geographical location for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)						*(Unaudited)*			
Chinese Mainland	809,572	61.6	769,527	55.0	837,783	51.7	199,275	56.2	226,343	53.6
EMEA	247,404	18.8	313,911	22.4	431,325	26.6	67,237	19.0	96,527	22.9
APAC	154,657	11.8	144,653	10.3	153,126	9.5	39,089	11.0	27,520	6.5
AMER	101,664	7.8	171,270	12.3	196,918	12.2	49,142	13.8	71,932	17.0
Total	**1,313,297**	**100.0**	**1,399,361**	**100.0**	**1,619,152**	**100.0**	**354,743**	**100.0**	**422,322**	**100.0**

Revenue by Sales Channel

During the Track Record Period, we primarily sold our products to our distributors, and to a lesser extent, directly to ODM customers, and end customers. The following table sets forth a breakdown of our revenue by sales channel for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)						*(Unaudited)*			
Sales to distributors	1,151,837	87.8	1,179,828	84.3	1,345,014	83.1	314,034	88.5	371,610	88.0
ODM sales	141,164	10.7	172,579	12.3	228,781	14.1	33,674	9.5	41,535	9.8
Direct sales	20,296	1.5	46,954	3.4	45,357	2.8	6,945	2.0	9,177	2.2
Total	**1,313,297**	**100.0**	**1,399,361**	**100.0**	**1,619,152**	**100.0**	**354,743**	**100.0**	**422,322**	**100.0**

During the Track Record Period, we primarily generated revenue from sales to distributors. In addition to selling our products to distributors, we also generate revenue from ODM sales in overseas markets. Under this model, we develop, produce, and supply medical products according to the specifications provided by our ODM customers. These products are ultimately sold under our ODM customers' brand names. Increases in our revenue from sales to distributors and ODM sales during the Track Record Period were generally in line with our overall business expansion and increases in sales volume.

We sell a small portion of our products directly to hospitals and other end customers. The increase in our revenue from direct sales in 2024 was primarily driven by the expansion of our hospital customer base. Our revenue from direct sales remained relatively stable at RMB45.4 million in 2025. Our revenue from direct sales was RMB9.2 million for the three months ended March 31, 2026, compared with RMB6.9 million for the three months ended March 31, 2025.

Revenue by Product Nature

Our products are primarily divided into medical equipments and consumables. Equipment products mainly include, among others, infusion pumps and workstations, endoscopic equipment, and in vitro diagnostic analyzers. Consumable products primarily include infusion disposables, minimally invasive intervention consumables, and diagnostic test kits. Other products primarily included freight charges we collected from customers. The following table sets forth a breakdown of our revenue by product nature for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)						*(Unaudited)*			
Equipment	547,929	41.7	491,038	35.1	602,313	37.2	125,412	35.4	154,486	36.6
Consumables	760,338	57.9	899,321	64.3	1,014,746	62.7	228,627	64.4	267,699	63.4
Others	5,030	0.4	9,002	0.6	2,093	0.1	704	0.2	137	0
Total	**1,313,297**	**100.0**	**1,399,361**	**100.0**	**1,619,152**	**100.0**	**354,743**	**100.0**	**422,322**	**100.0**

Cost of Sales

Our cost of sales primarily consisted of raw materials costs, 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 Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)						*(Unaudited)*			
Raw materials	444,302	67.1	467,089	66.3	502,472	67.0	113,200	65.5	130,257	67.4
Direct labor costs	62,349	9.4	61,727	8.8	66,222	8.8	15,752	9.1	17,237	8.9
Manufacturing costs	155,210	23.5	175,473	24.9	180,798	24.2	43,996	25.4	45,624	23.6
Total	**661,861**	**100.0**	**704,289**	**100.0**	**749,492**	**100.0**	**172,948**	**100.0**	**193,118**	**100.0**

The following table sets forth a breakdown of our cost of sales by business unit for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)						*(Unaudited)*			
Life support	331,308	50.1	321,557	45.7	328,978	43.9	73,406	42.4	88,981	46.1
Minimally invasive intervention	262,420	39.6	305,249	43.3	329,513	44.0	77,396	44.8	79,761	41.3
In vitro diagnostics	68,133	10.3	77,483	11.0	91,001	12.1	22,146	12.8	24,376	12.6
Total	**661,861**	**100.0**	**704,289**	**100.0**	**749,492**	**100.0**	**172,948**	**100.0**	**193,118**	**100.0**

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit in absolute amounts and gross margin expressed as percentages by business unit for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	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)						*(Unaudited)*			
Life support	232,838	41.3	172,500	34.9	284,428	46.4	52,544	41.7	72,569	44.9
Minimally invasive intervention	324,125	55.3	416,078	57.7	482,694	59.4	110,174	58.7	128,858	61.8
In vitro diagnostics	94,473	58.1	106,494	57.9	102,538	53.0	19,077	46.3	27,777	53.3
Total gross profit/overall gross margin	**651,436**	**49.6**	**695,072**	**49.7**	**869,660**	**53.7**	**181,795**	**51.2**	**229,204**	**54.3**

Our gross profit and gross margin increased during the Track Record Period. For details, see "— Period-to-Period Comparison of Results of Operations." Our in vitro diagnostics business unit experienced a decline in both gross profit and gross margin in 2025, primarily due to pricing adjustments in response to fluctuating market demand for molecular diagnostics products.

Other Income and Gains

Our other income and gains primarily consisted of (i) government grants income; (ii) bank interest income; (iii) investment income from investments classified as financial assets at FVTPL; (iv) investment income from 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 Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Other income					
Government grants income[1]	64,174	44,600	24,313	5,405	4,801
Bank interest income	2,974	6,122	4,675	795	1,472
Investment income on investments classified as financial assets at fair value through profit or loss ("**FVTPL**")[2]	1,940	1,163	4,568	599	439
Others[3]	1,040	776	9,726	892	286
Total other income	70,128	52,661	43,282	7,691	6,998
Gains					
Foreign exchange gains, net	10,918	1,733	2,097	–	–
Gain on disposal of property, plant and equipment	265	202	–	–	–
Gain on termination of lease	–	353	948	–	–
Fair value gains on financial assets at FVTPL	1,106	1,382	219	758	162
Total gains	12,289	3,670	3,264	758	162
Total other income and Gains	**82,417**	**56,331**	**46,546**	**8,449**	**7,160**

Notes:

(1) The government grants income primarily includes the funding 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 consist of wealth management products, denominated in RMB, with expected yield rates ranging from 1.20% to 2.90% per annum.

(3) "Others" primarily consists of contractual penalties and fines, as well as an insurance payment, arising in our ordinary course of business. Other income categorized as "others" increased to RMB9.7 million in 2025, mainly due to an insurance payment of GBP730,000 received by Penlon. This insurance payment arose from an accident that damaged our molds stored with a supplier. At the time of the accident, the molds had a nil book value as they had been fully depreciated. Following the incident, Penlon filed an insurance claim and engaged a replacement supplier.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted 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, costs of participating in exhibitions, advertising production expenses, and costs associated with expanding sales channels; (iv) traveling and office expenses incurred by our in-house sales and marketing team; and (v) depreciation and amortization expenses. Other expenses represented miscellaneous costs related 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 Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)									
							(Unaudited)			
Staff costs	147,001	44.8	155,060	46.6	170,953	48.3	40,208	51.5	49,119	51.5
Share-based payments	17,253	5.3	7,133	2.1	15,187	4.3	1,261	1.6	9,369	9.8
Marketing and promotion expenses	89,613	27.3	93,747	28.2	91,067	25.7	19,815	25.4	16,516	17.3
Travelling and office expenses	40,186	12.2	43,139	13.0	45,531	12.9	9,355	12.0	9,986	10.5
Depreciation and amortization	11,959	3.6	12,279	3.7	13,192	3.7	3,167	4.0	3,291	3.4
Others	22,310	6.8	21,180	6.4	17,737	5.1	4,312	5.5	7,144	7.5
Total	**328,322**	**100.0**	**332,538**	**100.0**	**353,667**	**100.0**	**78,118**	**100.0**	**95,425**	**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 Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)									
							(Unaudited)			
Staff costs	68,200	46.7	70,459	39.8	79,520	42.4	17,441	48.9	21,561	36.3
Share-based payments	25,511	17.5	31,681	17.9	38,573	20.6	6,607	18.5	8,820	14.8
Depreciation and amortization	11,604	8.0	12,626	7.1	13,654	7.3	2,054	5.8	2,567	4.3
Professional service fees	9,239	6.3	13,807	7.8	10,336	5.5	1,930	5.4	3,407	5.7
Taxation expenses	10,927	7.5	10,739	6.1	14,205	7.6	3,418	9.6	5,374	9.0
Office expenses	6,488	4.4	6,788	3.8	6,238	3.3	798	2.2	1,249	2.1
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	12,365	8.5	13,153	7.5	15,204	8.0	2,586	7.2	4,008	6.8
Total	**145,950**	**100.0**	**177,003**	**100.0**	**187,665**	**100.0**	**35,692**	**100.0**	**59,471**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consisted 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 included expenses related to patent applications and registrations and office expenses related 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 Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)									
							(Unaudited)			
Staff costs	179,275	63.8	192,090	66.1	178,374	65.1	43,166	69.9	43,051	63.1
Share-based payments	16,130	5.7	7,887	2.7	10,184	3.7	736	1.2	5,521	8.1
Raw materials	24,556	8.7	24,430	8.4	20,417	7.4	4,510	7.3	5,171	7.6
Depreciation and amortization	17,918	6.4	21,564	7.4	19,164	7.0	4,300	7.0	5,371	7.9
Testing and registration expenses	21,798	7.8	20,794	7.2	18,671	6.8	3,369	5.5	4,290	6.3
Others	21,422	7.6	23,743	8.2	27,384	10.0	5,645	9.1	4,807	7.0
Total	**281,099**	**100.0**	**290,508**	**100.0**	**274,194**	**100.0**	**61,726**	**100.0**	**68,211**	**100.0**

Impairment on Financial Assets, Net

Our net impairment on financial assets primarily represented losses on our trade and other receivables. We recorded net impairment on financial assets of RMB0.1 million, RMB1.8 million, RMB1.5 million, RMB0.2 million and RMB0.2 million, respectively in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, 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 the Accountants' Report in Appendix I to this document.

Other Expenses

Our other expenses primarily consisted of (i) fair value losses on financial liabilities measured at fair value; (ii) donations; (iii) loss on disposal of property, plant and equipment; (iv) loss on termination of leases; and (v) foreign exchange losses. The following table sets forth a breakdown of our other expenses for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Fair value losses on financial liabilities measured at fair value[1]	2,956	1,623	472	182	187
Donations[2]	1,792	650	360	51	–
Loss on disposal of property, plant and equipment	–	–	970	495	216
Loss on termination of lease	63	–	–	–	–
Foreign exchange losses, net	–	–	–	28	5,740
Others	706	928	290	–	–
Total	**5,517**	**3,201**	**2,092**	**756**	**6,143**

Notes:

(1) Primarily represented fair value losses on contingent consideration recognized in connection with our acquisition of Penlon.

(2) Primarily consisted of monetary donations and donations of medical device products to charitable organizations and schools.

Finance Costs

Our finance costs primarily consisted of (i) interest on bank borrowings; and (ii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Interest on:					
Bank borrowings	16,619	10,490	13,177	2,325	2,173
Lease liabilities	4,800	5,508	5,154	1,130	1,366
Total	**21,419**	**15,998**	**18,331**	**3,455**	**3,539**

Share of Losses of an Associate

We recorded share of losses of an associate of RMB1.3 million, RMB0.9 million, nil, nil and nil in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively. The losses primarily resulted from the losses recorded by an associate of Vedkang Medical.

Income Tax Expense

We recorded income tax expense of RMB14.7 million, RMB26.1 million, RMB28.0 million, RMB5.1 million and RMB5.9 million, respectively, in 2023, 2024, and 2025 and the three months ended March 31, 2025 and 2026, primarily because we did not fully recognize deferred tax assets in each of the corresponding periods.

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 a rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period.

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on January 1, 2008, except for certain subsidiaries in Chinese Mainland that have been granted tax concessions 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 these qualifications for 2024 to 2026 in December 2024. These qualifications are subject to review by the relevant tax authority in Chinese Mainland every three years. In addition, from 2023 to 2025, certain of our small and low-profit subsidiaries in Chinese Mainland 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 up to the Latest Practicable Date, we had fulfilled all our tax obligations and had no unresolved tax disputes.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2026 Compared With Three Months Ended March 31, 2025

Revenue

Our revenue increased by 19.1% from RMB354.7 million for the three months ended March 31, 2025 to RMB422.3 million for the three months ended March 31, 2026, primarily driven by growth in sales volume across all three of our major business units.

Revenue from sales of our life support products increased by 28.3% from RMB126.0 million for the three months ended March 31, 2025 to RMB161.6 million for the three months ended March 31, 2026, primarily driven by an increase in sales of medication delivery products. In particular, the revenue of our medication delivery products increased by 43.0% from RMB65.8 million for the three months ended March 31, 2025 to RMB94.1 million for the three months ended March 31, 2026. The increase in the revenue from sales of our life support products is also attributable to the expanded sales efforts in EMEA and AMER, including the addition of sales and marketing personnel in these regions. For example, while our operations in Mexico were limited for the three months ended March 31, 2025, sales of life support products in Mexico accounted for 7.2% of our revenue for the three months ended March 31, 2026, evidencing recent growth in that market.

Revenue from sales of our minimally invasive intervention products increased by 11.2% from RMB187.6 million for the three months ended March 31, 2025 to RMB208.6 million for the three months ended March 31, 2026, primarily driven by the continued optimization of our product portfolio, our market penetration efforts and higher amount of products sold under VBP schemes. As a result of these efforts, we added 115 new customers, and the number of customers for this sector increased from 506 for the three months ended March 31, 2025 to 621 for the three months ended March 31, 2026.

Revenue from sales of our in vitro diagnostics products increased by 26.5% from RMB41.2 million for the three months ended March 31, 2025 to RMB52.2 million for the three months ended March 31, 2026, primarily attributable to an increase in sales volume in the coagulation and blood grouping products, supported by our expanded sales effort including the expansion of our international sales and marketing personnel for IVD products.

Cost of Sales

Our cost of sales increased by 11.7% from RMB172.9 million for the three months ended March 31, 2025 to RMB193.1 million for the three months ended March 31, 2026. The increase of RMB20.2 million was primarily attributable to higher raw material costs of RMB17.1 million, driven by increased purchase volumes corresponding to the growth in sales volume of our products across all three of our major business segments. To a lesser extent, the increase in cost of sales was also attributable to (i) an increase of RMB1.6 million in manufacturing costs, primarily due to increases in the indirect labor cost and depreciation and amortization, and (ii) an increase of RMB1.5 million in direct labor costs. Our cost of sales accounted for 48.8% and 45.7% of our total revenue for the three months ended March 31, 2025 and 2026, respectively.

Gross Profit and Gross Profit Margin

Our gross profit increased by 26.1% from RMB181.8 million for the three months ended March 31, 2025 to RMB229.2 million for the three months ended March 31, 2026, and our gross margin increased from 51.2% for the three months ended March 31, 2025 to 54.3% for the three months ended March 31, 2026. Such increases were primarily attributable to (i) improved procurement efficiency and economies of scale as sales volume expanded and (ii) a favorable shift in product mix toward higher-margin products, particularly our medication delivery products in the life support segment.

Other Income and Gains

Our other income and gains decreased by 15.3% from RMB8.4 million for the three months ended March 31, 2025 to RMB7.2 million for the three months ended March 31, 2026, primarily due to a decrease in government grants income of RMB0.6 million. The decrease in government grants income was primarily due to the completion of certain subsidy projects, which no longer generated income during the period.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 22.2% from RMB78.1 million for the three months ended March 31, 2025 to RMB95.4 million for the three months ended March 31, 2026. The increase was primarily driven by (i) an increase in staff costs of RMB8.9 million, mainly due to the expansion of our sales and marketing workforce and higher performance bonuses in connection with the increased sales, and (ii) an increase in share-based payments of RMB8.1 million, as a result of equity incentives granted to our sales and marketing personnel.

Administrative Expenses

Our administrative expenses increased by 66.6% from RMB35.7 million for the three months ended March 31, 2025 to RMB59.5 million for the three months ended March 31, 2026, primarily due to (i) an increase in [**REDACTED**] expenses of [**REDACTED**] million, (ii) an increase in staff costs of RMB4.1 million, primarily due to adjustments to our personnel structure in line with our growing operational needs, including hiring of additional mid-level and above management personnel, (iii) an increase of RMB2.2 million in share-based payments made under the [**REDACTED**] Share Option Scheme, and (iv) an increase of RMB2.0 million in taxation expenses, in line with the increase of revenue.

Research and Development Expenses

Our research and development expenses increased by 10.5% from RMB61.7 million for the three months ended March 31, 2025 to RMB68.2 million for the three months ended March 31, 2026, primarily due to (i) an increase of RMB0.9 million in testing and registration expenses in connection with continuous optimization of our product portfolio, including (i) an increase in regulatory review fees and certification, testing and registration expenses, (ii) an increase of RMB1.1 million in depreciation and amortization expenses, mainly due to the recognition of depreciation on right-of-use assets for our R&D premises following the renewal of the relevant lease agreements in June 2025, and (iii) an increase of RMB4.8 million in share-based payments as a result of equity incentives granted to our R&D personnel under the [**REDACTED**] Share Option Scheme. In particular, for the three months ended March 31, 2026, we continued our cost optimization initiatives, including reallocating our R&D personnel to high-priority pipelines and strategically reducing the personal workload and materials consumption associated with non-core R&D initiatives.

Impairment on Financial Assets, Net

Our net impairment on financial assets amounted to RMB0.2 million and RMB0.2 million, respectively, for the three months ended March 31, 2025 and 2026. For details of the assessment of expected credit losses, see the Accountants' Report in the Appendix I to this document.

Other Expenses

Our other expenses increased significantly from RMB0.8 million for the three months ended March 31, 2025 to RMB6.1 million for the three months ended March 31, 2026, primarily due to an increase of RMB5.7 million in foreign exchange losses in line with the trend of RMB appreciation, partially offset by a decrease of RMB0.3 million in loss on disposal of property, plant and equipment.

Finance Costs

Our finance costs amounted to RMB3.5 million for each of the three months ended March 31, 2025 and 2026.

Income Tax Expenses

We recorded income tax expense of RMB5.1 million and RMB5.9 million for the three months ended March 31, 2025 and 2026, respectively.

Loss for the Period

As a result of the above, we recorded a loss of RMB2.5 million for the three months ended March 31, 2026 as compared with a profit of RMB5.2 million for the three months ended March 31, 2025.

Year Ended December 31, 2025 Compared With Year Ended December 31, 2024

Revenue

Our revenue increased by 15.7% from RMB1,399.4 million in 2024 to RMB1,619.2 million in 2025, primarily driven by growth in sales volume across all three of our major business units.

Revenue from sales of our life support products increased by 24.1% from RMB494.1 million in 2024 to RMB613.4 million in 2025, primarily due to the gradual recovery of market demand. In 2024, market demand for medication delivery products softened as hospitals had front-loaded their purchases during the preceding pandemic period to ensure sufficient clinical supply, which resulted in extended usage cycles and reduced procurement of life support products in 2024. Furthermore, the increase in our revenue from sales of life support products in 2025 was driven by our improved international sales performance as a result of our ongoing global strategic expansion. In particular, the number of our overseas customers increased by 7.5% from 872 in 2024 to 937 in 2025.

Revenue from sales of our minimally invasive intervention products increased by 12.6% from RMB721.3 million in 2024 to RMB812.2 million in 2025, primarily due to the continued expansion of our product portfolio, which introduced new growth drivers, together with our market penetration efforts. Our market penetration efforts resulted in 158 new customers, increasing the number of customers for this sector from 590 in 2024 to 748 in 2025.

Revenue from sales of our in vitro diagnostics products increased by 5.2% from RMB184.0 million in 2024 to RMB193.5 million in 2025, primarily attributable to the increase in sales volume across the blood grouping, chemiluminescence and molecular diagnostics subcategories, resulting from the further expansion of our customer base, partially offset by the downward pricing adjustments implemented as a measure to address fluctuations in the prevailing market prices of, and demand for, TEG devices, which accounted for substantially all of our revenue in the coagulation category, in the domestic market.

Cost of Sales

Our cost of sales increased by 6.4% from RMB704.3 million in 2024 to RMB749.5 million in 2025, primarily due to an increase of RMB35.4 million in the costs of raw materials in response to rising market demand and increased sales volume of our products. Our cost of sales accounted for 50.3% and 46.3% of our total revenue in 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin

Our gross profit increased by 25.1% from RMB695.1 million in 2024 to RMB869.7 million in 2025, with our gross margin increasing from 49.7% in 2024 to 53.7% in 2025. Such increases were primarily attributable to a shift in product mix, with higher sales of products with relatively higher gross margins, as well as our economies of scale which led to lower average unit costs as we experienced increased sales volume.

Other Income and Gains

Our other income and gains decreased by 17.4% from RMB56.3 million in 2024 to RMB46.5 million in 2025, primarily due to a decrease in government grant income of RMB20.3 million.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 6.4% from RMB332.5 million in 2024 to RMB353.7 million in 2025. The increase was primarily driven by higher staff costs in 2025, which was in line with the increase in our sales for the same year.

Administrative Expenses

Our administrative expenses increased by 6.0% from RMB177.0 million in 2024 to RMB187.7 million in 2025, primarily due to an increase in staff costs of RMB9.1 million, driven by new hires to strengthen various administrative functions such as IT and human resources, as well as an increase of RMB6.9 million in share-based payments made under the [**REDACTED**] Share Option Scheme.

Research and Development Expenses

Our research and development expenses decreased by 5.6% from RMB290.5 million in 2024 to RMB274.2 million in 2025, primarily due to (i) a decrease of RMB13.7 million in staff costs due to our cost optimization initiatives, (ii) a decrease of RMB2.1 million in testing and registration expenses, and (iii) a decrease of RMB4.0 million in raw material costs. Such decreases were primarily attributable to a lower frequency of pilot-scale production of biologics during the year, in line with the progression of our R&D pipeline. In particular, in 2025, we initiated several cost optimization initiatives, including reallocating our R&D personnel to high-priority pipelines and strategically reducing their workload and material consumption for non-core R&D initiatives.

Impairment on Financial Assets, Net

Our net impairment on financial assets amounted to RMB1.8 million and RMB1.5 million, respectively, in 2024 and 2025. For details of the assessment of expected credit losses, see the Accountants' Report in the Appendix I to this document.

Other Expenses

Our other expenses decreased by 34.6% from RMB3.2 million in 2024 to RMB2.1 million in 2025, primarily due to a decrease of RMB1.2 million in fair value losses on financial liabilities measured at fair value, which primarily represented fair value losses on contingent consideration recognized in connection with our acquisition of Penlon.

Finance Costs

Our finance costs increased by 14.6% from RMB16.0 million in 2024 to RMB18.3 million in 2025, primarily due to an increase in our overall levels of bank borrowings in 2025, leading to higher interest expenses. For details of our bank borrowings, see Note 30 to the Accountants' Report in 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 in 2024 and 2025, respectively, which was resulted from losses recorded by an associate of Vedkang Medical. This associate was dissolved in April 2024.

Income Tax Expenses

We recorded income tax expense of RMB26.1 million and RMB28.0 million in 2024 and 2025, respectively.

Profit for the Year

As a result of the above, we turned from a loss for the year of RMB96.6 million in 2024 to a profit for the year of RMB50.7 million in 2025.

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 the temporary softening of 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 period to ensure sufficient clinical supply, which resulted in extended usage cycles and reduced procurement of life support products in 2024.

Revenue from sales of 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 increase in sales volume of our products in both domestic and overseas markets, as well as the introduction of new products. In particular, the revenue generated from basic diagnostics, hemostasis closure, ERCP and ESD products enjoyed favorable increased in 2024.

Revenue from sales of 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, 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 to 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 tax reward of approximately RMB24.5 million in 2023 granted by the regional tax bureau of Changzhou.

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 costs 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 [**REDACTED**] in [**REDACTED**] expenses and an increase of RMB4.6 million in professional service fees related 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 the 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 amounted to RMB96,000 and RMB1.8 million, respectively, in 2023 and 2024. For details of the assessment of expected credit losses, see the Accountants' Report in 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, which primarily represented fair value losses on contingent consideration recognized in connection with our acquisition of Penlon.

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 to the Accountants' Report in Appendix I to this document.

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 losses recorded by an associate of Vedkang Medical. Such associate was dissolved in April 2024.

Income Tax Expense

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.

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 March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Total non-current assets	1,933,474	1,956,129	1,994,843	1,976,379
Total current assets	822,089	848,832	936,241	965,012
Total current liabilities	496,786	542,668	579,418	587,253
Net current assets	**325,303**	**306,164**	**356,823**	**377,759**
Total assets less current liabilities	2,258,777	2,262,293	2,351,666	2,354,138
Total non-current liabilities	558,491	511,079	475,694	462,170
Net assets	**1,700,286**	**1,751,214**	**1,875,972**	**1,891,968**

For details on the accounting treatment of redemption rights of the [**REDACTED**] Investors, and its financial impacts, see "— Share Capital" below and Note 34 to the Accountants' Report in the Appendix I to this document.

Property, Plant and Equipment

Our property, plant and equipment primarily consisted 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 March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Buildings	60,722	57,397	263,706	261,013
Office equipment	14,260	15,910	16,313	15,688
Plant and machinery	72,916	74,145	80,596	83,582
Transportation equipment	1,369	1,030	1,786	1,644
Leasehold improvements	16,329	8,111	3,735	2,944
Construction in progress	65,659	186,140	5,224	11,809
	231,255	**342,733**	**371,360**	**376,680**

The carrying amount of our property, plant and equipment was RMB231.3 million, RMB342.7 million, RMB371.4 million and RMB376.7 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, 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 related 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 relating to 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 connections our acquired businesses had with their customers; and (iv) brands acquired in the business combinations. The table below sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Patents	200,191	175,133	154,819	147,395
Software	6,337	6,949	12,473	12,353
Customer relationship	190,575	167,475	144,375	138,600
Brands	200,328	200,612	203,477	200,935
	597,431	**550,169**	**515,144**	**499,283**

We identified patents, customer relationships and brands through business combinations, the value of which were assessed and valued by Jinzheng (Shanghai) Assets Appraisal Co., Ltd. (金證(上海)資產評估有限公司), an independent Third Party and qualified valuer in the PRC holding the Securities and Futures Related Business Assessment Qualification Certificate (證券期貨相關業務評估資格證書), in accordance with applicable accounting standards and industry practices.

Customer relationships were identified in connection with our acquisition of Vedkang Medical, which comprised the long-term and robust cooperative partnerships with over 400 distributors. Customer relationships were recognized as intangible assets on the basis that (1) they were separately identifiable as there were one- to five-year contractual distribution agreements between Vedkang Medical and distributors; (2) economic benefits were more likely than to be generated from these distributors through stable revenue over an extended period, considering the high industry entry barriers, strong physician usage stickiness, and high switching costs for end-hospital procurement nature of the market; and (3) fair value of the customer relationships were evaluated by an independent valuer using the income approach. The useful life of such customer relationships was determined to be 10 years, taking into consideration a range of factors including the useful lives of similar intangible assets in comparable transactions, historical customer data, and our 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. For details of Vedkang Medical's downstream customer profiles prior to the acquisition, and the revenue and gross profit of Vedkang Medical CGU post-acquisition, see "Business — Material Acquisitions — Post-Acquisition Business Performance."

Patents were identified through the acquisitions of both Vedkang Medical and Penlon. Given the continued contribution of these patents to our product R&D, and their contribution to product commercialization that generates future economic benefits, we have classified them as intangible assets based on the fair value determined by an independent valuer using the income approach. The useful lives of patents were determined by taking into consideration a range of factors, including the residual duration of patent rights and our management's expectation of the economic benefits generation period.

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 pre-tax discount rates applied were 12.92%, 12.31%, 12.93% and 12.94% for 2023, 2024 and 2025 and three months ended March 31, 2026, respectively, reflecting asset-specific risks. Cash flows beyond the forecast period were extrapolated using a long-term average growth rate of 2.0%. As such, the headroom was RMB1,232,933,000, RMB1,411,148,000, RMB1,428,041,000 and RMB1,411,471,000, respectively, as of December 31, 2023, 2024 and 2025 and March 31, 2026, and a decrease in the revenue growth rate by 69.4%, 74.0%, 67.6% and 67.2% would cause the carrying amount to exceed its recoverable amount as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. Similarly, the recoverable amount of the brand acquired through Penlon was estimated based on a five-year management-approved forecast, with pre-tax discount rates of 13.25%, 13.54%, 14.15% and 14.39% for 2023, 2024 and 2025 and three months ended March 31, 2026, respectively. A terminal growth rate of 2.0% was applied for cash flows beyond the forecast period. As such, the headroom was RMB54,446,000, RMB64,529,000, RMB54,729,000 and RMB49,958,000, respectively, as of December 31, 2023, 2024 and 2025 and March 31, 2026, and a decrease in the revenue growth rate by 31.5%, 36.7%, 33.8% and 31.8% would cause the carrying amount to exceed its recoverable amount as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. Based on the impairment assessments performed for each period during the Track Record Period, the recoverable amounts of the above-mentioned brands exceeded their respective carrying amounts, and no impairment losses were recognized. Any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the cash-generating units' carrying amounts to exceed their recoverable amounts.

Our intangible assets decreased from RMB597.4 million as of December 31, 2023 to RMB550.2 million as of December 31, 2024, then decreased to RMB515.1 million as of December 31, 2025, and RMB499.3 million as of March 31, 2026, primarily due to the regular amortization of patents and customer relationships.

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 decreased from RMB166.9 million as of December 31, 2023 to RMB138.8 million as of December 31, 2024, primarily due to depreciation of our leased lands and properties. As of December 31, 2025, right-of-use assets increased to RMB166.3 million, 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 fluctuations. As of March 31, 2026, right-of-use assets decreased to RMB157.5 million, primarily due to depreciation of our leased lands and properties.

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 RMB905.5 million, RMB905.5 million, RMB928.2 million and RMB927.8 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. During the Track Record Period, our goodwill primarily resulted from (i) the acquisition of Penlon in January 2022, which represented the difference between the purchase consideration of RMB183.7 million and the fair value of the identifiable net assets acquired of RMB172.9 million on the acquisition date, (ii) the acquisition of Vedkang Medical in April 2022, which represented the difference between the purchase consideration of RMB1,621.2 million and the fair value of the identifiable net assets acquired of RMB727.2 million on the acquisition date, (iii) the acquisition of Vedefar in June 2025, which represented the difference between the purchase consideration of RMB10.9 million and the fair value of the identifiable net assets acquired of RMB9.0 million on the acquisition date, and (iv) our acquisition of Caring Medical in September 2025, which recorded a difference between the purchase consideration of RMB5 and the fair value of the identifiable net liabilities acquired of RMB20.4 million on the acquisition date. 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 March 31, 2026
	2023	2024	2025	
	(RMB in thousands)			
Vedkang Medical	894,049	894,049	914,429	914,429
Penlon[(1)]	11,425	11,468	11,922	11,521
Vedefar	–	–	1,874	1,805
	905,474	**905,517**	**928,225**	**927,755**

Note:

(1) 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 amounts of our CGUs were 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 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.

For the Vedkang Medical CGU, the discount rates applied to its cash flow projections were 12.92%, 12.31%, 12.93% and 12.94% for the years ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026, respectively, and the growth rate used to extrapolate its cash flows beyond the five-year period was 2% for the years ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026. 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, the headroom was RMB338,883,000, RMB517,099,000, RMB513,611,000 and RMB497,040,000, respectively, as of December 31, 2023, 2024 and 2025 and March 31, 2026, and a decrease in the growth rate by 19.1%, 27.1%, 24.3% and 23.7% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount as of December 31, 2023, 2024 and 2025 and March 31, 2026, 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 the Penlon CGU, the discount rates applied to its cash flow projections were 13.25%, 13.54%, 14.15% and 14.39% for the years ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026, respectively, and the growth rate used to extrapolate its cash flows beyond the five-year period was 2% for the years ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026. 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, the headroom was RMB43,021,000, RMB53,059,000, RMB42,807,000 and RMB38,437,000, respectively, as of December 31, 2023, 2024 and 2025 and March 31, 2026, and a decrease in the growth rate by 24.8%, 30.0%, 26.5% and 25.0% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount as of December 31, 2023, 2024 and 2025 and March 31, 2026, 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.

Inventories

Our inventories primarily comprised (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 March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Raw materials	107,747	98,700	109,142	107,866
Work in progress	49,340	69,350	77,468	82,464
Finished goods	95,500	88,704	108,149	98,129
	252,587	256,754	294,759	288,459
Less: Impairment allowances on inventories	15,630	26,542	31,321	34,641
	236,957	**230,212**	**263,438**	**253,818**

Our inventories decreased from RMB237.0 million as of December 31, 2023 to RMB230.2 million as of December 31, 2024, primarily due to an increase of RMB10.9 million in impairment allowances for aged inventories. Our inventories then increased to RMB263.4 million as of December 31, 2025, primarily due to inventory build-up in line with our production and sales plans. Our inventories then decreased to RMB253.8 million as of March 31, 2026, primarily due to consumption of finished goods and work in progress in connection with our production and sales activities.

The following tables set forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 year	207,182	199,351	213,233	223,249
1 to 2 years	22,137	23,309	33,805	17,440
Over 2 years	7,638	7,551	16,400	13,129
	236,957	**230,212**	**263,438**	**253,818**

The following table sets forth our inventory turnover days for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2023	2024	2025	2026
Inventory turnover days[(1)]	128	121	120	121

Note:

(1) Inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balances of inventories for 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 were 128 days, 121 days, 120 days and 121 days in 2023, 2024 and 2025 and for the three months ended March 31, 2026, respectively, reflecting moderate fluctuations in our inventory turnover over the periods.

As of June 30, 2026, approximately RMB180.6 million, or 62.6% of our inventories as of March 31, 2026, had been subsequently used or sold. Given our inventory turnover cycle of approximately 120 days (implying a theoretical three-month utilization rate of approximately 75%), the actual usage rate of 62.6% is close to the theoretical expectation. We have made impairment provision of approximately RMB36.5 million, which we believe is adequate and sufficient.

Trade and Bills Receivables

Our trade and bills receivables primarily consisted of amounts due from distributors and other customers for the 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 March 31, 2026
	2023	2024	2025	
	(RMB in thousands)			
Bills receivables[(1)]	90	819	110	47
Trade receivables	106,820	135,543	171,462	173,910
	106,910	136,362	171,572	173,957
Less: Impairment loss	2,135	3,289	3,338	3,440
	104,775	**133,073**	**168,234**	**170,517**

Note:

(1) Bills receivables are subject to impairment under the general approach, and the impairment is considered to be minimal.

During the Track Record Period, our trade and bills receivables recorded a steady increase, from RMB104.8 million as of December 31, 2023 to RMB133.1 million as of December 31, 2024, and further to RMB168.2 million as of December 31, 2025, and further to RMB170.5 million as of March 31, 2026, 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 Three Months Ended March 31,
	2023	2024	2025	2026
Trade and bills receivables turnover days[(1)]	29	31	34	37

Note:

(1) Trade and bills receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balances of gross trade and bills receivables for that period by revenue for the same period and then multiplying by the number of days in that period.

Our trade and bills receivables turnover days increased from 29 days in 2023 to 31 days in 2024 and further to 34 days in 2025 and further to 37 days for the three months ended March 31, 2026, 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 a 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 March 31, 2026
	2023	2024	2025	
	(RMB in thousands)			
Within 1 year	100,881	128,422	163,164	165,922
1 to 2 years	3,586	4,039	4,024	3,645
2 to 3 years	308	612	1,046	950
	104,775	**133,073**	**168,234**	**170,517**

As of June 30, 2026, approximately RMB140.9 million, or 81.4% of our trade and bills receivables as of March 31, 2026, had been settled. Our normal credit terms range from 30 to 90 days. Accordingly, a one-month period covers only a portion of the receivables that have fallen due. As 96.4% of our trade receivables are aged within one year as of March 31, 2026, we have no history of material bad debts, and we maintain a highly diversified customer base, we believe that the existing provision for expected credit losses is sufficient and that no additional provision is required. Therefore, there is no material recoverability issue for trade receivables and sufficient provision has been made.

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 and an insurance payment to be received by Penlon. 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 March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Prepayments	24,287	28,168	24,755	35,767
VAT tax recoverable	7,743	10,482	15,608	7,259
Other receivables	4,828	4,423	11,080	12,234
Prepaid [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	36,858	**43,073**	**57,437**	**59,534**

Our prepayments, other receivables and other assets increased from RMB36.9 million as of December 31, 2023 to RMB43.1 million as of December 31, 2024, then to RMB57.4 million as of December 31, 2025, primarily due to increases in VAT tax recoverable, other receivables and prepaid [**REDACTED**] expenses. The increase in other receivables in 2025 was primarily related to an insurance payment receivable by Penlon, which was subsequently received in January 2026. Our prepayments, other receivables and other assets further increased to RMB59.5 million as of March 31, 2026, primarily driven by an increase in prepayments for the procurement of raw materials in line with our business expansion.

As of June 30, 2026, approximately RMB49.5 million, or 83.1% of our prepayments, other receivables and other assets as of March 31, 2026, had been subsequently settled or utilized.

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 1.20% to 2.90% per annum. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our financial assets at FVTPL were RMB156.1 million, RMB132.5 million, RMB145.2 million and RMB157.4 million, respectively.

Our financial assets at FVOCI were certificates of deposit, denominated in RMB, with expected yield rates ranging from 3.10% to 3.85% per annum. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our financial assets at FVOCI were RMB21.2 million, RMB21.9 million, nil and nil, respectively.

We have a 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. Our financial assets at FVTPL after the [**REDACTED**] will be subject to compliance with Chapter 14 of the Rules.

Trade Payables

Our trade payables increased from RMB88.9 million as of December 31, 2023 to RMB154.2 million as of December 31, 2024, reflecting the ramp-up in procurement to support upcoming production plans. Our trade payables further increased to RMB175.2 million and RMB197.7 million as of December 31, 2025 and March 31, 2026, primarily because we extended our procurement payment terms, while procurement volumes continued to grow in response to higher sales. The following table sets forth our trade payables turnover days for the periods indicated:

	For the Year ended December 31,			For the Three Months Ended March 31,
	2023	2024	2025	2026
Trade payables turnover days(1)	50	63	80	88

Note:

(1) Trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balances of trade payables for that period by cost of sales for the same period and then multiplying by the number of days in that period.

Our trade payables turnover days increased from 50 days in 2023 to 63 days in 2024, primarily due to the extension of payment terms granted by certain suppliers. Our trade payables turnover days further increased to 80 days in 2025 and 88 days for the three months ended March 31, 2026, following the amendment of our procurement terms to allow a payment cycle of up to 90 days.

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 March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 3 months	84,912	134,446	141,945	167,196
3 to 12 months	2,592	18,876	32,418	28,707
Over 1 year	1,410	867	817	1,764
	88,914	**154,189**	**175,180**	**197,667**

As of June 30, 2026, approximately RMB158.2 million, or 80.0% of our trade payables as of March 31, 2026, had been settled.

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 relating to property, plant and equipment for our expansion of manufacturing center in Changzhou; (iv) other tax payables, which primarily represented value-added taxes and stamp duties; and (v) 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 March 31, 2026
	2023	2024	2025	
	(RMB in thousands)			
Payroll payable	97,849	96,487	111,549	67,950
Other payables	45,522	64,988	61,187	53,979
Payables for non-current assets	30,016	44,378	15,202	11,742
Other tax payables	15,096	11,390	17,359	17,513
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	189,215	**223,110**	**213,381**	**161,353**

Our other payables and accruals increased from RMB189.2 million as of December 31, 2023 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 then decreased to RMB213.4 million as of December 31, 2025, primarily due to a decrease in payables for non-current assets as we made milestone payments based on the construction progress of our new R&D and manufacturing center.

Our other payables and accruals decreased to RMB161.4 million as of March 31, 2026, primarily due to the settlement of payroll payable and other payables in the ordinary course of business.

As of June 30, 2026, approximately RMB94.5 million, or 58.5% of our other payables and accruals as of March 31, 2026, had been subsequently settled.

Contract Liabilities

Our contract liabilities increased from RMB110.7 million as of December 31, 2023 to RMB159.3 million as of December 31, 2024, then to RMB184.6 million as of December 31, 2025, primarily driven by an increase in customer advances reflecting strong demand for our products. Our contract liabilities remained relatively stable at RMB183.3 million as of March 31, 2026.

As of June 30, 2026, approximately RMB47.9 million, or 26.1% of our contract liabilities as of March 31, 2026, had been subsequently recognized as revenue.

Financial Liabilities Measured at FVTPL

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our financial liabilities measured at FVTPL amounted to RMB18.4 million, RMB1.0 million, RMB0.2 million and nil, respectively. Our financial liabilities measured at FVTPL were primarily contingent consideration in relation to our acquisition of Penlon.

Share Capital

Our share capital amounted to RMB476.6 million, RMB499.7 million, RMB499.7 million and RMB499.7 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. Pursuant to the agreements entered into from February 2016 to March 2019 (collectively, the "**Agreements**"), our Company issued 140,800,000 ordinary shares to the Series A Investors, Series B Investors and the Series C Investors (collectively the "**Relevant** [**REDACTED**] **Investors**") for a total net cash proceeds of approximately RMB359,800,000 (collectively the "**Relevant** [**REDACTED**] **Investments**"). Pursuant to the Agreements, the Relevant [**REDACTED**] Investors were granted by the Company with certain special rights which included redemption rights, anti-dilution rights and liquidation rights (the "**Relevant Special Rights**"). There was no exercise of the Relevant Special Rights granted by the Company throughout the Track Record Period.

On June 26, 2025, the Company and the Relevant [**REDACTED**] Investors subsequently entered into a supplemental agreement, agreeing that the redemption rights granted and certain deemed liquidation events beyond our control by the Company to Relevant [**REDACTED**] investors have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreement, the Directors considered that it is appropriate to present the Relevant [**REDACTED**] Investments as equity throughout the Track Record Period.

Had the Relevant Special Rights granted by the Company to the Relevant [**REDACTED**] Investors been accounted for as financial liabilities measured at the present value of the redemption amount prior to entering into the supplemental agreements:

(i) the redemption financial liabilities, total current liabilities, total non-current liabilities and net assets would have been:

	As of December 31,			As of March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Redemption financial liabilities	(512,713)	(545,877)	N/A *(note 1)*	(553,073)	N/A *(note 1)*
Total current liabilities	(1,009,499)	(1,088,545)		(1,182,007)	
Total non-current liabilities	(558,491)	(511,079)		(387,685)	
Net current liabilities	(187,410)	(239,713)		(334,809)	
Net assets	1,187,573	1,205,337		1,218,238	

(ii) the finance costs associated with the redemption financial liabilities, the net (losses)/profit for the years, basic and dilutive (losses)/earnings per share attributable to ordinary equity holders of the parent would have been:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Financial costs associated with the redemption financial liabilities	(35,797)	(33,164)	(14,392)	(7,196)	N/A *(note 1)*
Total net (loss)/profit attributable to ordinary equity holders of the parent	(99,506)	(129,564)	34,494	(2,173)	
Basic and diluted (losses)/earnings per share	(0.21)	(0.26)	0.07	(0.01)	

Note:

(1) As the Relevant Special Rights were terminated on June 26, 2025, the relevant disclosure does not apply to the consolidated statement of financial position as at December 31, 2025 and March 31, 2026, as well as the consolidated statement of profit or loss and other comprehensive income for the three months ended March 31, 2026.

For details, please refer to Note 34 to the Accountants' Report in 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, [**REDACTED**] from the [**REDACTED**] and other funds raised from the capital markets from time to time. Any significant decrease in demand for, 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, 2023, 2024 and 2025 and March 31, 2026, we had cash and bank balances of RMB262.3 million, RMB284.0 million, RMB301.3 million and RMB321.2 million, respectively. As of June 30, 2026, we had cash and bank balances of RMB246.0 million, and wealth management products and pledged deposits of RMB145.7 million.

Net Current Assets

	As of December 31,			As of March 31,	As of June 30,
	2023	2024	2025	2026	2026
	(RMB in thousands)				
					(Unaudited)
Current assets					
Inventories	236,957	230,212	263,438	253,818	265,702
Trade and bills receivables	104,775	133,073	168,234	170,517	200,768
Prepayments, other receivables and other assets	36,858	43,073	57,437	59,534	64,218
Financial assets at FVTPL	156,106	132,488	145,219	157,381	124,478
Financial assets at FVOCI	21,189	21,863	–	–	–
Pledged deposits	3,937	4,135	654	2,535	21,248
Cash and bank balances	262,267	283,988	301,259	321,227	246,049
Total current assets	**822,089**	**848,832**	**936,241**	**965,012**	**922,463**
Current liabilities					
Trade payables	88,914	154,189	175,180	197,667	226,985
Other payables and accruals	189,215	223,110	213,381	161,353	178,098
Contract liabilities	50,726	61,654	77,947	79,624	81,170
Interest-bearing bank borrowings	114,409	74,261	84,125	124,601	82,226
Lease liabilities	26,946	19,974	22,897	18,616	16,149
Deferred income	331	261	223	223	223
Tax payables	8,657	8,422	5,505	5,169	6,785
Financial liabilities at FVTPL	17,588	797	160	–	–
Total current liabilities	**496,786**	**542,668**	**579,418**	**587,253**	**591,636**
Net current assets	**325,303**	**306,164**	**356,823**	**377,759**	**330,827**

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 RMB356.8 million as of December 31, 2025, primarily due to (i) an increase of RMB35.2 million in trade and bills receivables, and (ii) an increase of RMB33.2 million in inventories; partially offset by (i) a decrease of RMB21.9 million in financial assets at FVOCI; and (ii) an increase of RMB21.0 million in trade payables.

Our net current assets increased to RMB377.8 million as of March 31, 2026, primarily due to (i) a decrease in other payables and accruals of RMB52.0 million, (ii) an increase in cash and bank balances of RMB20.0 million, (iii) an increase in financial assets at FVTPL of RMB12.2 million, and (iv) an increase in trade and bills receivables of RMB2.3 million, partially offset by an increase in trade payables of RMB22.5 million and interest-bearing bank borrowings of RMB40.5 million.

Our net current assets decreased from RMB377.8 million as of March 31, 2026 to RMB330.8 million as of June 30, 2026, primarily due to the redemption of certain financial assets at FVTPL and the repayment of long-term loans.

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 [**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 Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Net cash flows from/(used in) operating activities	64,845	183,350	203,794	(15,210)	38,047
Net cash flows used in investing activities	(260,424)	(118,345)	(89,775)	(94,925)	(34,080)
Net cash flows from/(used in) financing activities	127,272	(46,922)	(99,065)	31,999	24,743
Net (decrease)/increase in cash and cash equivalents	(68,307)	18,083	14,954	(78,136)	28,710
Cash and cash equivalents at beginning of the year	317,350	262,267	283,988	283,988	301,259
Effect of foreign exchange rate changes, net	13,224	3,638	2,317	2,233	(8,742)
Cash and cash equivalents at end of the year	**262,267**	**283,988**	**301,259**	**208,085**	**321,227**

Net Cash Flows Generated From/Used in Operating Activities

For the three months ended March 31, 2026, net cash generated from our operating activities was RMB38.0 million while our profit before tax was RMB3.3 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 RMB25.1 million, amortisation of intangible assets of RMB13.5 million, depreciation of property, plant and equipment of RMB11.2 million and depreciation of right-of-use assets of RMB7.7 million. The amount was further adjusted by (i) changes in working capital, including an increase in trade and bills receivables of RMB2.5 million, a decrease in inventories of RMB8.2 million, a decrease in contract liabilities of RMB1.2 million and an increase in trade payables of RMB22.5 million; and (ii) a payment of RMB7.8 million in income tax.

In 2025, net cash generated from our operating activities was RMB203.8 million while our profit before tax was RMB78.7 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 RMB67.9 million, amortisation of intangible assets of RMB52.8 million, depreciation of property, plant and equipment of RMB38.2 million and depreciation of right-of-use assets of RMB28.7 million. The amount was further adjusted by (i) changes in working capital, including an increase in trade and bills receivables of RMB34.0 million, and an increase in inventories of RMB26.7 million, partially offset by an increase in contract liabilities of RMB17.3 million and an increase in trade payables of RMB14.9 million; and (ii) a payment of RMB39.9 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 an increase in 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 RMB49.8 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 and 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.

Net Cash Flows Used in Investing Activities

For the three months ended March 31, 2026, net cash used in investing activities was RMB34.1 million, primarily attributable to purchase of financial assets at FVTPL of RMB100.0 million, and purchase of items of property, plant and equipment of RMB21.3 million, partially offset by proceeds from the disposal of financial assets at FVTPL of RMB88.4 million.

In 2025, net cash used in investing activities was RMB89.8 million, primarily attributable to purchase of financial assets at FVTPL of RMB945.5 million, and purchase of items of property, plant and equipment of RMB90.7 million, partially offset by proceeds from the disposal of financial assets at FVTPL of RMB937.6 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.

Net Cash Flows Generated From/Used in Financing Activities

For the three months ended March 31, 2026, net cash generated from financing activities was RMB24.7 million, primarily attributable to proceeds from new bank loans of RMB100.0 million, partially offset by repayment of bank loans of RMB61.9 million.

In 2025, net cash used in financing activities was RMB99.1 million, primarily attributable to repayment of bank loans of RMB229.9 million and principal portion of lease payments of RMB26.6 million, partially offset by proceeds from new bank loans of RMB177.5 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.

INDEBTEDNESS

Our Directors confirm that as of the Latest Practicable Date, there were no material covenants 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 June 30, 2026, 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 June 30, 2026, and up to the date of this document, there had been no material 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 March 31, 2026	As of June 30, 2026
	2023	2024	2025		
	(RMB in thousands)				
					(Unaudited)
Interest-bearing bank borrowings					
Current:	114,409	74,261	84,125	124,601	82,226
Non-current:	321,654	270,309	207,925	205,516	123,630
Lease liabilities					
Current:	26,946	19,974	22,897	18,616	16,149
Non-current:	85,743	67,279	93,241	87,086	83,633
	548,752	**431,823**	**408,188**	**435,819**	**305,638**

Borrowings

Our bank loans and other borrowings during the Track Record Period were primarily used for business development and working capital purposes. During the Track Record Period, the effective interest rates of our bank loans ranged from LPR minus 80 basis points to LPR plus 210 basis points. Certain of our bank borrowings are secured by mortgages over our buildings, with a net carrying values of RMB14.5 million, RMB13.8 million, RMB222.3 million and RMB220.2 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 June 30, 2026, we had bank loans and other borrowings of RMB205.9 million, and we had committed unutilized banking facilities of RMB422.0 million.

Lease Liabilities

Our lease liabilities amounted to RMB112.7 million, RMB87.3 million, RMB116.1 million and RMB105.7 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively, which were primarily in relation to the properties we leased for our R&D, manufacturing and office premises. Our lease liabilities decreased by 3.2% from RMB105.7 million as of March 31, 2026 to RMB99.8 million as of June 30, 2026, mainly due to our lease payments.

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 2023, 2024 and 2025 and for the three months ended March 31, 2026, we incurred capital expenditure payments of RMB90.2 million, RMB134.9 million, RMB98.5 million and RMB22.7 million, respectively. The following table sets forth our capital expenditures for the periods indicated:

	For the Year ended December 31,			For the Three Months Ended March 31,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
				(Unaudited)	
Purchases of property, plant and equipment	79,648	120,140	90,735	34,638	21,264
Purchase of intangible assets	10,586	14,749	7,718	2,913	1,424
	90,234	**134,889**	**98,453**	**37,551**	**22,688**

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we had capital commitments of RMB13.3 million, RMB8.1 million, nil and nil, respectively, primarily in connection with our purchase of property, plant and equipment.

CONTINGENT LIABILITIES

As of March 31, 2026, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes in, 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.

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 Three Months Ended/As of March 31,
	2023	2024	2025	2026
Current ratio[(1)]	1.65	1.56	1.62	1.64
Quick ratio[(2)]	1.18	1.14	1.16	1.21
Adjusted profit/(loss) margin (non-IFRS measure) (%)[(3)]	0.1	(1.8)	7.9	8.3
Adjusted EBITDA margin (non-IFRS measure) (%)[(4)]	11.4	9.5	17.9	17.8

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) for the period (non-IFRS measure) by total revenue. We define adjusted profit/(loss) for the period (non-IFRS measure) as the profit/(loss) for the period excluding share-based payment expenses and [**REDACTED**] expenses.

(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) for the period (non-IFRS measure), adding back net 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.

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 41 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 on 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, 2023, 2024 and 2025 and March 31, 2026, our outstanding balances due from related parties that were trade in nature were nil, 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.

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. See Note 44 to the Accountants' Report included in Appendix I to this document.

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. As advised by our PRC Legal Adviser, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution.

Under 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 March 31, 2026, we did not have any distributable reserves.

[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 [**REDACTED**] million ([**REDACTED**] million) (including [**REDACTED**] commission), at the [**REDACTED**] of [**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised. As of March 31, 2026, we had incurred a total of [**REDACTED**] million ([**REDACTED**] million) in [**REDACTED**] expenses, of which [**REDACTED**] million was recognized in our consolidated statement of comprehensive income, and [**REDACTED**] million was 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 [**REDACTED**] million ([**REDACTED**] million) (including [**REDACTED**] commissions and incentives of approximately [**REDACTED**] million ([**REDACTED**] million), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of [**REDACTED**] per [**REDACTED**]) will be incurred by our Company, approximately [**REDACTED**] million ([**REDACTED**] million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately [**REDACTED**] million ([**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 [**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

See ''Unaudited [**REDACTED**] Financial Information'' in Appendix II to this Document for details.

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 or operational position or prospects since March 31, 2026, 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.