[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANDONG ANDE HEALTHCARE APPARATUS CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Shandong Ande Healthcare Apparatus Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [•] to [•], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [•] to [•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "Document") in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [•] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the Hong Kong Institute of Certified Public Accountants (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	940,570	935,628	909,726
Cost of sales		(512,108)	(506,554)	(476,830)
Gross profit		428,462	429,074	432,896
Other income and gains	*5*	9,035	9,971	11,088
Selling and distribution expenses		(145,336)	(151,791)	(136,953)
Administrative expenses		(44,843)	(46,045)	(56,444)
Research and development expenses		(64,486)	(63,196)	(69,736)
Impairment losses on financial assets, net		(1,086)	(2,476)	(3,459)
Other expenses	*6*	(4,557)	(1,649)	(2,629)
Finance costs	*8*	(1,734)	(663)	(621)
PROFIT BEFORE TAX	*7*	175,455	173,225	174,142
Income tax expense	*11*	(19,377)	(20,178)	(20,034)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		156,078	153,047	154,108
Attributable to:				
Shareholders of the Company		156,196	153,169	154,108
Non-controlling interests		(118)	(122)	—
		156,078	153,047	154,108
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Basic (RMB)	*13*	2.34	2.30	2.31
Diluted (RMB)	*13*	2.34	2.30	2.31

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	454,096	480,850	486,137
Right-of-use assets	*15(a)*	36,201	46,263	45,195
Intangible assets	*16*	773	651	536
Long-term prepayments	*19*	14,172	2,411	1,481
Time deposits	*23*	30,743	31,653	20,111
Deferred tax assets	*17*	3,977	5,023	8,447
Total non-current assets		539,962	566,851	561,907
CURRENT ASSETS				
Inventories	*20*	165,010	163,647	164,388
Trade and bills receivables	*18*	50,673	53,966	41,939
Prepayments, other receivables and other assets	*19*	9,413	10,726	13,162
Financial assets at fair value through profit or loss	*21*	1,001	—	—
Financial assets at fair value through other comprehensive income	*22*	854	2,088	5,767
Time deposits	*23*	—	—	32,563
Restricted cash	*23*	2,872	2,249	1,449
Cash and cash equivalents	*23*	185,102	213,267	292,862
Total current assets		414,925	445,943	552,130
CURRENT LIABILITIES				
Trade and bills payables	*24*	54,949	46,811	42,826
Other payables and accruals	*25*	80,932	85,549	73,952
Contract liabilities	*26*	51,671	46,046	56,476
Bank borrowings	*27*	49,533	—	5,015
Lease liabilities	*15(b)*	1,760	2,095	2,448
Income tax payables		7,989	7,080	9,875
Total current liabilities		246,834	187,581	190,592
NET CURRENT ASSETS		168,091	258,362	361,538
TOTAL ASSETS LESS CURRENT LIABILITIES		708,053	825,213	923,445

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Bank borrowings	*27*	—	—	15,000
Lease liabilities	*15(b)*	3,839	3,451	2,983
Deferred income	*28*	8,572	8,622	11,231
Total non-current liabilities		12,411	12,073	29,214
Net assets		695,642	813,140	894,231
EQUITY				
Equity attributable to shareholders of the Company				
Share capital	*29*	66,660	66,660	66,660
Treasury shares	*29*	—	—	(45,852)
Reserves	*31*	628,614	746,480	873,423
		695,274	813,140	894,231
Non-controlling interests		368	—	—
Total equity		695,642	813,140	894,231

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to shareholders of the Company							
	Share capital	Capital reserve*	Share-based payment reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	66,660	411,215	1,020	11,685	106,170	596,750	486	597,236
Profit/(loss) and total comprehensive income/(loss) for the year	—	—	—	—	156,196	156,196	(118)	156,078
Equity-settled share-based payment arrangements *(note 30)*	—	—	8,988	—	—	8,988	—	8,988
Dividends declared *(note 12)*	—	—	—	—	(66,660)	(66,660)	—	(66,660)
Appropriation to statutory surplus reserve	—	—	—	15,868	(15,868)	—	—	—
At 31 December 2023	66,660	411,215	10,008	27,553	179,838	695,274	368	695,642

Year ended 31 December 2024

	Attributable to shareholders of the Company							
	Share capital	Capital reserve*	Share-based payment reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	66,660	411,215	10,008	27,553	179,838	695,274	368	695,642
Profit/(loss) and total comprehensive income/(loss) for the year	—	—	—	—	153,169	153,169	(122)	153,047
Equity-settled share-based payment arrangements *(note 30)*	—	—	11,613	—	—	11,613	—	11,613
Dividends declared *(note 12)*	—	—	—	—	(46,662)	(46,662)	—	(46,662)
Acquisition of non-controlling interests	—	(254)	—	—	—	(254)	(246)	(500)
Appropriation to statutory surplus reserve	—	—	—	15,580	(15,580)	—	—	—
At 31 December 2024	66,660	410,961	21,621	43,133	270,765	813,140	—	813,140

Year ended 31 December 2025

	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	RMB'000 *(note 29)*	*RMB'000*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*
At 1 January 2025	66,660	—	410,961	21,621	43,133	270,765	813,140
Profit and total comprehensive income for the year	—	—	—	—	—	154,108	154,108
Repurchase of shares *(note 29)*	—	(45,852)	—	—	—	—	(45,852)
Equity-settled share-based payment arrangements *(note 30)*	—	—	—	12,831	—	—	12,831
Dividend declared *(note 12)*	—	—	—	—	—	(39,996)	(39,996)
At 31 December 2025	66,660	(45,852)	410,961	34,452	43,133	384,877	894,231

* These reserve accounts represent the consolidated reserves of RMB628,614,000, RMB746,480,000, and RMB873,423,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		175,455	173,225	174,142
Adjustments for:				
Finance costs	*8*	1,734	663	621
Interest income	*5*	(1,416)	(1,433)	(1,334)
Investment income of structured deposits	*5*	(1,607)	(2,821)	(3,920)
(Gains)/losses on disposal of items of property, plant and equipment, net	*5, 6*	(59)	645	203
Gains on lease terminations, net	*5*	(18)	(4)	—
Fair value gains on structured deposits	*5*	(1)	—	—
Depreciation of property, plant and equipment	*7, 14*	40,813	41,195	43,315
Depreciation of right-of-use assets	*7, 15*	2,606	3,318	3,548
Amortisation of intangible assets	*7, 16*	246	236	185
Assets-related government grants released	*28*	(788)	(845)	(1,045)
Equity-settled share-based payment expenses	*30*	8,988	11,613	12,831
Impairment of financial assets, net	*7*	1,086	2,476	3,459
Write-down of inventories to net realisable value	*7*	3,458	2,303	3,613
Impairment losses of property, plant and equipment	*6, 14*	3,988	—	1,858
		234,485	230,571	237,476
Decrease/(increase) in inventories		4,057	(940)	(4,354)
Decrease/(increase) in trade and bills receivables		2,638	(5,820)	8,717
Decrease in restricted cash		4,530	623	800
Decrease/(increase) in prepayments, other receivables and other assets		4,267	(1,262)	(979)
Decrease/(increase) in financial assets at fair value through other comprehensive income		2,478	(1,234)	(3,679)
Decrease in trade and bills payables		(7,386)	(8,138)	(3,985)
Increase in other payables and accruals		10,470	9,136	10,347
(Decrease)/increase in contract liabilities		(1,709)	(5,625)	10,430
Cash generated from operations		253,830	217,311	254,773
Interest received		671	523	314
Income tax paid		(13,829)	(22,133)	(20,663)
Net cash flows from operating activities		240,672	195,701	234,424

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant, equipment		(83,411)	(62,105)	(70,090)
Purchase of a land use right		—	(11,360)	—
Proceeds from disposal of items of property, plant and equipment		555	553	540
Purchases of intangible assets		(653)	(114)	(70)
Purchases of structured deposits		(446,840)	(732,399)	(687,000)
Proceeds from redemption of structured deposits		450,910	733,400	687,000
Receipt of government grants for property, plant and equipment		—	1,095	1,555
New time deposits with original maturity over three months		(30,000)	—	(20,000)
Investment income of structured deposits received		1,607	2,821	3,920
Net cash flows used in investing activities		(107,832)	(68,109)	(84,145)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
New bank borrowings		59,500	—	20,000
Repayment of bank borrowings		(59,450)	(49,500)	—
Acquisition of non-controlling interests		—	(500)	—
Principal portion of lease payments	*15(b)*	(1,615)	(2,069)	(2,595)
Interest portion of lease payments	*15(b)*	(113)	(271)	(190)
Dividends paid	*12*	(66,660)	(46,662)	(39,996)
Repurchase of shares		—	—	(45,852)
Interest paid		(1,621)	(425)	(416)
Net cash flows used in financing activities		(69,959)	(99,427)	(70,684)
NET INCREASE IN CASH AND CASH EQUIVALENTS		62,881	28,165	79,595
Cash and cash equivalents at beginning of year		122,221	185,102	213,267
CASH AND CASH EQUIVALENTS AT END OF YEAR		185,102	213,267	292,862
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*23*	185,102	213,267	292,862
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statements of financial position		185,102	213,267	292,862

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	453,105	477,840	481,902
Right-of-use assets	*15(a)*	34,596	44,115	42,072
Intangible assets	*16*	773	651	536
Investments in subsidiaries	*40*	10,303	15,247	20,247
Long-term prepayments	*19*	14,172	2,241	1,210
Time deposits	*23*	30,743	31,653	20,111
Deferred tax assets	*17*	3,089	3,326	5,007
Total non-current assets		546,781	575,073	571,085
CURRENT ASSETS				
Inventories	*20*	164,730	163,038	163,376
Trade and bills receivables	*18*	50,820	54,626	43,356
Prepayments, other receivables and other assets	*19*	7,676	8,632	12,411
Financial assets at fair value through other comprehensive income	*22*	854	2,088	5,767
Time deposits	*23*	—	—	32,563
Restricted cash	*23*	2,872	2,249	1,449
Cash and cash equivalents	*23*	180,511	210,743	290,539
Total current assets		407,463	441,376	549,461
CURRENT LIABILITIES				
Trade and bills payables	*24*	54,771	47,362	42,370
Other payables and accruals	*25*	80,893	85,416	73,673
Contract liabilities	*26*	51,617	46,046	56,375
Bank borrowings	*27*	49,533	—	5,015
Lease liabilities	*15(b)*	854	1,007	959
Income tax payable		7,989	7,080	9,875
Total current liabilities		245,657	186,911	188,267
NET CURRENT ASSETS		161,806	254,465	361,194
TOTAL ASSETS LESS CURRENT LIABILITIES		708,587	829,538	932,279
NET CURRENT LIABILITIES				
Bank borrowings	*27*	—	—	15,000
Lease liabilities	*15(b)*	3,263	2,641	1,441
Deferred income	*28*	8,572	8,622	11,231
Total non-current liabilities		11,835	11,263	27,672
Net assets		696,752	818,275	904,607

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
EQUITY				
Share capital	*29*	66,660	66,660	66,660
Treasury shares	*29*	—	—	(45,852)
Reserves	*31*	630,092	751,615	883,799
Total equity		696,752	818,275	904,607

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 23 January 2003 as a limited liability company. The Company was converted into a joint stock company with limited liability on 1 June 2022, and its name was changed to Shandong Ande Healthcare Apparatus Co., Ltd.* (山東安得醫療用品股份有限公司). The registered office of the Company is located at 999, Zunxian Road, High-Tech Zone, Zibo City, Shandong Province, PRC.

During the Relevant Periods, the Group was principally engaged in development, production and sale of medical devices.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of registration and place of operations	Nominal value of registered capital	Percentage of equity directly attributable to the Company	Principal activities
Shandong Toge Medical Technology Co., Ltd. (山東同齊醫學科技有限公司*) *(note)*	PRC/Chinese mainland 25 July 2022	RMB20,000,000	100%	R&D, manufacturing and sales of medical devices
Shandong Ande Healthcare Apparatus Sales Co., Ltd. (山東安得醫療用品銷售有限公司*) *(note)*	PRC/Chinese mainland 29 November 2016	RMB3,000,000	100%	Sales of medical devices

* The English names of the companies registered in PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

Note:

No audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 Issued but not yet Effective IFRS Accounting Standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

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

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

Further information about these new and amended IFRS Accounting Standards is described below:

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows, and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. The Company's subsidiaries will not elect to apply IFRS 19 and its amendments.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

- IAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.3 Material Accounting Policy Information

Fair value measurement

The Group measures its financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.38% to 9.50%
Moulds and production equipment	7.92% to 50.00%
Office equipment and electronic devices	7.92% to 23.75%
Motor vehicles	13.57% to 19.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over their estimated useful lives of 5 to 10 years, which are mainly determined by reference to the licensed period of the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on the straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 5 years
Leasehold land	42 to 50 years

If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of motor vehicles, machinery, equipment and buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 —Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, and bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, other payables and accruals, and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers, generally upon delivery and acceptance of the medical devices by customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of medical devices

Revenue from the sales of medical devices, mainly comprising drug delivery products, vascular access products, Blood specimen collection products, interventional catheter products, surgical products, and other high-value medical devices, is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the products by the customer.

Volume rebates

Volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates can be utilised in future purchases within a valid period. The volume rebate gives rise to a separate performance obligation because it provides a material right to the customers. The Group allocates a portion of transaction price to the rebate based on the relative stand-alone selling price and records the amount as contract liability until the rebate is redeemed by customers in the future purchases.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Share-based payments

The Group operates an employee share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined with reference to the fair value of the underlying share for share awards, further details of which are given in note 30 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, at the grant date or over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Company and its subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and its subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

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

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable at the end of each of the Relevant Periods.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 12 to the Historical Financial Information.

Events after the reporting period

If the Group receives information after the end of each reporting period, but prior to the date of authorisation for issue of the Historical Financial Information, about conditions that existed at the end of each reporting period, it will assess whether the information affects the amounts that it recognises in the Historical Financial Information. The Group will adjust the amounts recognised in the Historical Financial Information to reflect any adjusting events after the end of each reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the end of each reporting period, the Group will not change the amounts recognised in the Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

This Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are contained in note 17 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of grant date fair value of shares granted

The Group granted share awards to the Group's directors and employees during and prior to the Relevant Periods. The Group has engaged an independent valuer to evaluate the grant date fair value of the share awards, which is determined based on the fair value of the Company's ordinary shares at the grant date of the award. Estimation of the fair value of the Company's ordinary shares involves significant assumptions, such as average enterprise value to sales and discount for lack of marketability, that might not be observable in the market, and it could have significant impact on the share-based payment expenses charged to profit or loss. Further details are included in note 30 to the Historical Financial Information.

Provision of inventories

Net realisable value of inventories is based on estimated selling prices less any estimation costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each of the Relevant Periods. The carrying amount of inventories is disclosed in note 20 to the Historical Financial Information.

Provision for expected credit losses ("ECL") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs of the Group's trade receivables is disclosed in note 18.

4. OPERATING SEGMENT INFORMATION

The Group principally focuses on the development, production and sale of medical devices. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	893,948	884,936	810,558
Other countries/regions	46,622	50,692	99,168
Total	940,570	935,628	909,726

The revenue information above is based on the locations of the ultimate users.

(b) Non-current assets

Approximately all of the Group's non-current assets as at the end of each of the Relevant Periods were located in the Chinese mainland. Accordingly, no geographical information of non-current assets is presented.

Information about major customers

There was no single customer or group of customers under common control which contributed 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	940,570	935,628	909,726

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Types of goods			
Drug delivery products	561,082	551,738	493,043
Vascular access products	320,070	304,657	324,556
Blood specimen collection products	43,796	56,847	66,134
Others	15,622	22,386	25,993
Total	940,570	935,628	909,726
Geographical markets			
Chinese mainland	893,948	884,936	810,558
Other countries/regions	46,622	50,692	99,168
Total	940,570	935,628	909,726
Timing of revenue recognition			
Goods transferred at a point in time	940,570	935,628	909,726

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sale of medical devices	45,493	38,775	33,033
Deferred sale incentives	7,887	12,896	13,013
Total	53,380	51,671	46,046

(b) Performance obligations

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

The performance obligation is satisfied upon delivery and acceptance of the medical devices by customers, Advance payment from customers is generally required except for some customers, where the trading terms are on credit, with credit period ranging from one to five months from the date of invoice to these customers.

The Group provides incentives to distributors in the form of volume rebates, which can be utilised in future purchases with expiry date of four months. The volume rebates give rise to a separate performance obligation because they provide a material right to distributors.

The Group has elected to apply the practical expedient for not to disclose the remaining performance obligations because the performance obligations are part of contracts with original expected duration of one year or less.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	2,870	1,626	3,057
VAT input tax credit increment deduction	2,385	2,663	2,322
Interest income	1,416	1,433	1,334
Investment income of structured deposits	1,607	2,821	3,920
Others	467	1,018	378
Total other income	8,745	9,561	11,011
Gains			
Foreign exchange gains, net	212	406	77
Gains on lease terminations	18	4	—
Gains on disposal of property, plant and equipment	59	—	—
Fair value gains on structured deposits	1	—	—
Total gains	290	410	77
Total other income and gains	9,035	9,971	11,088

* Government grants have been received from local government authorities as subsidies to the Group. There were no unfulfilled conditions or contingencies relating to these grants.

6. OTHER EXPENSES

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses of property, plant and equipment	3,988	—	1,858
Losses on disposal of items of property, plant and equipment	—	645	203
Donations	162	253	100
Others	407	751	468
Total	4,557	1,649	2,629

7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold*		512,108	506,554	476,830
Depreciation of property, plant and equipment*	*14*	40,813	41,195	43,315
Depreciation of right-of-use assets*	*15(a)*	2,606	3,318	3,548
Amortisation of intangible assets	*16*	246	236	185
Research and development expenses		64,486	63,196	69,736
Lease payments not included in the measurement of lease liabilities	*15(c)*	38	82	1,188
Auditor's remuneration		562	166	94
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense* (excluding directors' and supervisors' remuneration *(note 9)*):				
Wages and salaries		177,549	178,669	195,635
Social welfare benefits**		23,685	25,470	26,427
Pension scheme contribution (defined contribution scheme)**		26,213	28,404	29,398
Equity-settled share-based payment expenses		5,345	6,216	5,487
Total		232,792	238,759	256,947
Impairment/(reversal of impairment) of financial assets, net:				
Trade receivables	*18*	880	2,527	3,310
Financial assets included in prepayments, other receivables and other assets	*19*	206	(51)	149
Total		1,086	2,476	3,459
Write-down of inventories to net realisable value		3,458	2,303	3,613

* *Cost of inventories sold include write-down of inventories to net realisable value, depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.*

** *The Company engaged third-party human resource agencies to make full social welfare benefits and pension scheme contribution for some of its employees, see "Business — Social Insurance and Housing Provident Fund" section in this document for details.*

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowings	1,621	392	431
Interest on lease liabilities	113	271	190
Total	1,734	663	621

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of the Company's directors and supervisors during the Relevant Periods is summarised as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	1,465	1,544	1,563
Performance related bonuses	3,014	2,607	3,017
Equity-settled share-based payment expense	3,643	5,397	7,344
Pension scheme contributions and social welfare	549	494	500
Subtotal	8,671	10,042	12,424
Total	8,671	10,042	12,424

During the Relevant Periods, certain directors and supervisors were granted share awards of the Company in respect of their services to the Group, under the share award scheme of the Company, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and supervisors' remuneration disclosures.

(a) Independent non-executive directors

There were no independent non-executive directors during the Relevant Periods.

(b) Directors and supervisors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Directors:						
Mr. Ji Yuexiang *(note i)*	—	421	906	1,381	120	2,828
Mr. Zou Peng *(note ii)*	—	324	626	986	117	2,053
Ms. Wang Huimin *(note ii)*	—	276	474	500	111	1,361
Mr. Patrick Jean Marie Bouveret *(note iii)*	—	—	—	—	—	—
Dr. Patrick Henri Jean Choay *(note iv)*	—	—	—	—	—	—
Subtotal	—	1,021	2,006	2,867	348	6,242
Supervisors:						
Ms. Ma Xuejing *(note v)*	—	264	436	658	94	1,452
Mr. Wang Cihai *(note v)*	—	180	572	118	107	977
Ms. Xiangzhi Mercier *(note v)*	—	—	—	—	—	—
Subtotal	—	444	1,008	776	201	2,429
Total	—	1,465	3,014	3,643	549	8,671

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024						
Directors:						
Mr. Ji Yuexiang *(note i)*	—	421	900	2,689	129	4,139
Mr. Zou Peng *(note ii)*	—	342	513	1,181	124	2,160
Ms. Wang Huimin *(note ii)*	—	290	385	598	120	1,393
Mr. Patrick Jean Marie Bouveret *(note iii)*	—	—	—	—	—	—
Dr. Patrick Henri Jean Choay *(note iv)*	—	—	—	—	—	—
Subtotal	—	1,053	1,798	4,468	373	7,692
Supervisors:						
Ms. Ma Xuejing *(note v)*	—	278	352	787	—	1,417
Mr. Wang Cihai *(note v)*	—	213	457	142	121	933
Ms. Xiangzhi Mercier *(note v)*	—	—	—	—	—	—
Subtotal	—	491	809	929	121	2,350
Total	—	1,544	2,607	5,397	494	10,042

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025						
Directors:						
Mr. Ji Yuexiang *(note i)*	—	421	900	4,636	125	6,082
Mr. Zou Peng *(note ii)*	—	343	610	1,181	125	2,259
Ms. Wang Huimin *(note ii)*	—	291	512	598	125	1,526
Dr. Patrick Henri Jean Choay *(note iv)*	—	—	—	—	—	—
Mr. Dominique Andre Luc Choay *(note vi)*	—	—	—	—	—	—
Subtotal	—	1,055	2,022	6,415	375	9,867
Supervisors:						
Ms. Ma Xuejing *(note v)*	—	279	441	787	—	1,507
Mr. Wang Cihai *(note v)*	—	229	554	142	125	1,050
Ms. Xiangzhi Mercier *(note v)*	—	—	—	—	—	—
Subtotal	—	508	995	929	125	2,557
Total	—	1,563	3,017	7,344	500	12,424

Notes:

(i) Mr. Ji Yuexiang was appointed as a director on 27 May 2004 and chairman of the Board in March 2021.

(ii) Mr. Zou Peng and Ms. Wang Huimin were appointed as directors on 19 March 2021.

(iii) Mr. Patrick Jean Marie Bouveret was appointed as a director on 22 September 2017, and resigned from the position on 20 June 2025.

(iv) Dr. Patrick Henri Jean Choay was appointed as a director on 11 June 2010.

(v) Ms. Ma Xuejing, Mr. Wang Cihai and Ms. Xiangzhi Mercier were appointed as supervisors on 31 May 2022.

(vi) Mr. Dominique Andre Luc Choay was appointed as a director on 20 June 2025.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included four, four and four directors or supervisors, respectively and whose remuneration are set out in note 9 above.

Details of the remuneration of the remaining one, one and one highest paid employee who is neither a director nor a supervisor of the Company for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	264	278	215
Performance related bonuses	436	352	1,018
Share-based payment expenses	395	472	299
Pension scheme contributions and social welfare	109	118	124
Total	1,204	1,220	1,656

The non-director and non-supervisor highest paid employee whose remuneration fell within the following bands:

	Year ended 31 December		
	2023	**2024**	**2025**
HK$1,000,001 to HK$1,500,000	1	1	—
HK$1,500,001 to HK$2,000,000	—	—	1

11. INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Chinese mainland are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. During the Relevant Periods, the Company was entitled to a preferential tax rate of 15% because it was qualified as a "High and New Technology Enterprise".

During the Relevant Periods, all subsidiaries were entitled to effective preferential tax rates of 5% because they were regarded as "small-scale minimal profit enterprises" with taxable income not exceeding RMB3,000,000.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current tax	21,806	21,224	23,458
Deferred tax *(note 17)*	(2,429)	(1,046)	(3,424)
Total tax charge for the year	19,377	20,178	20,034

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	175,455	173,225	174,142
Tax at the statutory tax rates	43,864	43,306	43,536
Lower tax rates enacted by local authorities	(17,877)	(17,516)	(18,113)
Expenses not deductible for tax	1,899	2,742	3,413
Research & development cost super-deductions	(8,550)	(8,368)	(8,802)
Deductible temporary differences and tax losses not recognised	41	14	—
Tax charge at the Group's effective tax rate	19,377	20,178	20,034

12. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dividends declared and paid:			
RMB1.0 per share	66,660	—	—
RMB0.7 per share	—	46,662	—
RMB0.6 per share	—	—	39,996
Total	66,660	46,662	39,996

13. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to shareholders of the Company for each of the Relevant Periods, and the weighted average number of ordinary shares outstanding during each of the Relevant Periods.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the total of (i) the number of ordinary shares outstanding during each of the Relevant Periods, as used in the basic earnings per share calculation; and (ii) the weighted average number of ordinary shares that would be issued on the conversion of the dilutive potential ordinary shares into ordinary shares.

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to shareholders of the Company (RMB'000)	156,196	153,169	154,108
Shares			
Weighted average number of ordinary shares outstanding during the year	66,660,000	66,660,000	66,632,605
Effect of dilution — weighted average number of ordinary shares:			
Shares held for share award scheme	—	—	20,733
Total	66,660,000	66,660,000	66,653,338
Earnings per share			
Basic (RMB)	2.34	2.30	2.31
Diluted (RMB)	2.34	2.30	2.31

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Moulds and production equipment	Office equipment and electronic devices	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	250,519	321,070	14,633	3,428	3,132	592,782
Accumulated depreciation and impairment	(35,705)	(109,031)	(5,779)	(2,153)	—	(152,668)
Net carrying amount	214,814	212,039	8,854	1,275	3,132	440,114
At 1 January 2023, net of accumulated depreciation and impairment	214,814	212,039	8,854	1,275	3,132	440,114
Additions	—	—	1,745	6	57,528	59,279
Depreciation provided during the year	(6,558)	(32,508)	(1,384)	(363)	—	(40,813)
Transfers	—	32,040	1,216	—	(33,256)	—
Disposals	—	(488)	(8)	—	—	(496)
Impairment	—	(3,988)	—	—	—	(3,988)
At 31 December 2023, net of accumulated depreciation and impairment	208,256	207,095	10,423	918	27,404	454,096
At 31 December 2023:						
Cost	250,519	347,997	17,433	3,434	27,404	646,787
Accumulated depreciation and impairment	(42,263)	(140,902)	(7,010)	(2,516)	—	(192,691)
Net carrying amount	208,256	207,095	10,423	918	27,404	454,096

	Buildings	Moulds and production equipment	Office equipment and electronic devices	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024:						
Cost	250,519	347,997	17,433	3,434	27,404	646,787
Accumulated depreciation and impairment	(42,263)	(140,902)	(7,010)	(2,516)	—	(192,691)
Net carrying amount	208,256	207,095	10,423	918	27,404	454,096
At 1 January 2024, net of accumulated depreciation and impairment	208,256	207,095	10,423	918	27,404	454,096
Additions	—	169	1,429	1,474	66,075	69,147
Depreciation provided during the year	(6,641)	(32,645)	(1,558)	(351)	—	(41,195)
Transfers	7,235	56,679	918	—	(64,832)	—
Disposals	(768)	(317)	(50)	(63)	—	(1,198)
At 31 December 2024, net of accumulated depreciation and impairment	208,082	230,981	11,162	1,978	28,647	480,850
At 31 December 2024:						
Cost	256,486	399,062	19,451	3,881	28,647	707,527
Accumulated depreciation and impairment	(48,404)	(168,081)	(8,289)	(1,903)	—	(226,677)
Net carrying amount	208,082	230,981	11,162	1,978	28,647	480,850

	Buildings	Moulds and production equipment	Office equipment and electronic devices	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025:						
Cost	256,486	399,062	19,451	3,881	28,647	707,527
Accumulated depreciation and impairment	(48,404)	(168,081)	(8,289)	(1,903)	—	(226,677)
Net carrying amount	208,082	230,981	11,162	1,978	28,647	480,850
At 1 January 2025, net of accumulated depreciation and impairment	208,082	230,981	11,162	1,978	28,647	480,850
Additions	—	—	2,741	462	48,000	51,203
Depreciation provided during the year	(6,983)	(34,083)	(1,874)	(375)	—	(43,315)
Transfers	25,412	43,573	3,471	—	(72,456)	—
Disposals	(133)	(323)	(265)	(22)	—	(743)
Impairment	—	(1,826)	(32)	—	—	(1,858)
At 31 December 2025, net of accumulated depreciation and impairment	226,378	238,322	15,203	2,043	4,191	486,137
At 31 December 2025:						
Cost	281,184	438,969	24,865	3,909	4,191	753,118
Accumulated depreciation and impairment	(54,806)	(200,647)	(9,662)	(1,866)	—	(266,981)
Net carrying amount	226,378	238,322	15,203	2,043	4,191	486,137

During the years ended 31 December 2023 and 2025, the management identified certain production equipment of the Group that were no longer in use and are subject to replacement or demolition. Their recoverable amounts were assessed to be equal to the residual value and accordingly, impairment losses of RMB3,988,000 and RMB1,858,000 against these assets were recognised in profit or loss in 2023 and 2025, respectively.

The Company

	Buildings	**Moulds and production equipment**	**Office equipment and electronic devices**	**Motor vehicles**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	250,519	320,376	14,633	3,428	3,132	592,088
Accumulated depreciation and impairment	(35,705)	(109,015)	(5,779)	(2,153)	—	(152,652)
Net carrying amount	214,814	211,361	8,854	1,275	3,132	439,436
At 1 January 2023, net of accumulated depreciation and impairment	214,814	211,361	8,854	1,275	3,132	439,436
Additions	—	—	1,745	6	56,983	58,734
Depreciation provided during the year	(6,558)	(32,384)	(1,384)	(363)	—	(40,689)
Transfers	—	31,495	1,216	—	(32,711)	—
Disposals	—	(488)	(8)	—	—	(496)
Impairment	—	(3,880)	—	—	—	(3,880)
At 31 December 2023, net of accumulated depreciation and impairment	208,256	206,104	10,423	918	27,404	453,105
At 31 December 2023:						
Cost	250,519	346,758	17,433	3,434	27,404	645,548
Accumulated depreciation and impairment	(42,263)	(140,654)	(7,010)	(2,516)	—	(192,443)
Net carrying amount	208,256	206,104	10,423	918	27,404	453,105

	Buildings	Moulds and production equipment	Office equipment and electronic devices	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024:						
Cost	250,519	346,758	17,433	3,434	27,404	645,548
Accumulated depreciation and impairment. . .	(42,263)	(140,654)	(7,010)	(2,516)	—	(192,443)
Net carrying amount	208,256	206,104	10,423	918	27,404	453,105
At 1 January 2024, net of accumulated depreciation and impairment.	208,256	206,104	10,423	918	27,404	453,105
Additions.	—	—	1,356	1,474	65,233	68,063
Depreciation provided during the year	(6,641)	(32,399)	(1,554)	(351)	—	(40,945)
Transfers	7,235	55,837	918	—	(63,990)	—
Disposals	(768)	(1,502)	(50)	(63)	—	(2,383)
At 31 December 2024, net of accumulated depreciation and impairment.	208,082	228,040	11,093	1,978	28,647	477,840
At 31 December 2024:						
Cost	256,486	395,041	19,377	3,881	28,647	703,432
Accumulated depreciation and impairment. . .	(48,404)	(167,001)	(8,284)	(1,903)	—	(225,592)
Net carrying amount	208,082	228,040	11,093	1,978	28,647	477,840

	Buildings	Moulds and production equipment	Office equipment and electronic devices	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025:						
Cost	256,486	395,041	19,377	3,881	28,647	703,432
Accumulated depreciation and impairment. . .	(48,404)	(167,001)	(8,284)	(1,903)	—	(225,592)
Net carrying amount	208,082	228,040	11,093	1,978	28,647	477,840
At 1 January 2025, net of accumulated depreciation and impairment.	208,082	228,040	11,093	1,978	28,647	477,840
Additions.	—	—	2,677	462	46,813	49,952
Depreciation provided during the year	(6,983)	(33,517)	(1,856)	(375)	—	(42,731)
Transfers	25,412	42,460	3,397	—	(71,269)	—
Disposals	(133)	(893)	(253)	(22)	—	(1,301)
Impairment	—	(1,826)	(32)	—	—	(1,858)
At 31 December 2025, net of accumulated depreciation and impairment.	226,378	234,264	15,026	2,043	4,191	481,902
At 31 December 2025:						
Cost	281,184	433,185	24,672	3,909	4,191	747,141
Accumulated depreciation and impairment. . .	(54,806)	(198,921)	(9,646)	(1,866)	—	(265,239)
Net carrying amount	226,378	234,264	15,026	2,043	4,191	481,902

During the years ended 31 December 2023 and 2025, the management identified certain production equipment of the Company that were no longer in use and are subject to replacement or demolition. Their recoverable amounts were assessed to be equal to the residual value and accordingly, impairment losses of RMB3,880,000 and RMB1,858,000 against these assets were recognised in profit or loss in 2023 and 2025, respectively.

15. LEASES

The Group/Company as a lessee

The Group has lease contracts for various items of leasehold land and buildings used in its operations.

For leasehold land with land use rights periods of 42 to 50 years, lump sum payments were made upon the acquisition and no ongoing payments will be made under the terms of these land use rights. Leases of buildings generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) ***Right-of-use assets***

The carrying amounts of right-of-use assets and the movements during each of the Relevant Periods are as follows:

The Group

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	3,998	31,272	35,270
Additions	4,721	—	4,721
Depreciation charge	(1,754)	(852)	(2,606)
Lease termination	(1,184)	—	(1,184)
As at 31 December 2023 and 1 January 2024	5,781	30,420	36,201
Additions	2,193	11,360	13,553
Depreciation charge	(2,238)	(1,080)	(3,318)
Lease termination	(173)	—	(173)
As at 31 December 2024 and 1 January 2025	5,563	40,700	46,263
Additions	2,480	—	2,480
Depreciation charge	(2,468)	(1,080)	(3,548)
As at 31 December 2025	5,575	39,620	45,195

The Company

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	1,855	31,272	33,127
Additions	4,422	—	4,422
Depreciation charge	(917)	(852)	(1,769)
Lease termination	(1,184)	—	(1,184)
As at 31 December 2023 and 1 January 2024	4,176	30,420	34,596
Additions	191	11,360	11,551
Depreciation charge	(952)	(1,080)	(2,032)
As at 31 December 2024 and 1 January 2025	3,415	40,700	44,115
Additions	30	—	30
Depreciation charge	(993)	(1,080)	(2,073)
As at 31 December 2025	2,452	39,620	42,072

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during each of the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount as at beginning of year	3,695	5,599	5,546
New leases	4,721	2,193	2,480
Accretion of interest recognised during the year	113	271	190
Payments	(1,728)	(2,340)	(2,785)
Lease termination	(1,202)	(177)	—
Carrying amount as at end of year	5,599	5,546	5,431
Analysed into:			
Current portion			
Within one year	1,760	2,095	2,448
Non-current portion			
In the second year	1,485	1,719	2,077
In the third to fifth years, inclusive	2,354	1,732	906
Subtotal	3,839	3,451	2,983
Total	5,599	5,546	5,431

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount as at beginning of year	1,678	4,117	3,648
New leases	4,422	191	30
Accretion of interest recognised during the year	39	202	109
Payments	(820)	(862)	(1,387)
Lease termination	(1,202)	—	—
Carrying amount as at end of year	4,117	3,648	2,400
Analysed into:			
Current portion			
Within one year	854	1,007	959
Non-current portion			
In the second year	960	1,206	958
In the third to fifth years, inclusive	2,303	1,435	483
Subtotal	3,263	2,641	1,441
Total	4,117	3,648	2,400

The maturity analysis of lease liabilities is disclosed in note 39 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	113	271	190
Depreciation charge of right-of-use assets	2,606	3,318	3,548
Expenses relating to short-term leases	38	82	1,188
Gains on lease terminations	(18)	(4)	—
Total amount recognised in profit or loss	2,739	3,667	4,926

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	39	202	109
Depreciation charge of right-of-use assets	1,769	2,032	2,073
Expenses relating to short-term leases	33	82	1,188
Gain on a lease term termination	(18)	—	—
Total amount recognised in profit or loss	1,823	2,316	3,370

(d) The total cash outflows for leases are disclosed in note 32 to the Historical Financial Information.

16. INTANGIBLE ASSETS

The Group and the Company

Software

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year			
Cost	3,417	4,070	4,184
Accumulate amortisation and impairment	(3,051)	(3,297)	(3,533)
Net carrying amount	366	773	651
At beginning of year, net of accumulated amortisation and impairment	366	773	651
Additions	653	114	70
Amortisation provided during the year	(246)	(236)	(185)
At end of year, net of accumulated amortization and impairment	773	651	536
At end of year			
Cost	4,070	4,184	4,255
Accumulate amortisation and impairment	(3,297)	(3,533)	(3,719)
Net carrying amount	773	651	536

17. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Impairment of assets	Lease liabilities	Deferred income	Unrealised profits	Deferred sale incentives	Tax losses	Provision	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,808	282	689	—	1,183	88	116	5,166
Deferred tax credited/(charged) to profit or loss during the year	606	358	(96)	15	752	822	48	2,505
Gross deferred tax assets at 31 December 2023	3,414	640	593	15	1,935	910	164	7,671
At 1 January 2024	3,414	640	593	15	1,935	910	164	7,671
Deferred tax (charged)/credited to profit or loss during the year	(322)	(90)	60	(6)	17	973	41	673
Gross deferred tax assets at 31 December 2024	3,092	550	653	9	1,952	1,883	205	8,344
At 1 January 2025	3,092	550	653	9	1,952	1,883	205	8,344
Deferred tax credited/(charged) to profit or loss during the year	1,037	(151)	443	12	42	1,731	(90)	3,024
Gross deferred tax assets at 31 December 2025	4,129	399	1,096	21	1,994	3,614	115	11,368

The Company

	Impairment of assets	Lease liabilities	Deferred income	Deferred sale incentives	Provision	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,808	282	689	1,183	116	5,078
Deferred tax credited/(charged) to profit or loss during the year	643	358	(96)	752	48	1,705
Gross deferred tax assets at 31 December 2023	3,451	640	593	1,935	164	6,783
At 1 January 2024	3,451	640	593	1,935	164	6,783
Deferred tax (charged)/credited to profit or loss during the year	(164)	(90)	60	17	41	(136)
Gross deferred tax assets at 31 December 2024	3,287	550	653	1,952	205	6,647
At 1 January 2025	3,287	550	653	1,952	205	6,647
Deferred tax credited/(charged) to profit or loss during the year	1,037	(151)	443	42	(90)	1,281
Gross deferred tax assets at 31 December 2025	4,324	399	1,096	1,994	115	7,928

Deferred tax liabilities

The Group and the Company

	Right-of-use assets	Depreciation allowance in excess of related depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	278	3,340	3,618
Deferred tax charged/(credited) to profit or loss during the year	348	(272)	76
Gross deferred tax liabilities at 31 December 2023	626	3,068	3,694
At 1 January 2024	626	3,068	3,694
Deferred tax credited to profit or loss during the year	(114)	(259)	(373)
Gross deferred tax liabilities at 31 December 2024	512	2,809	3,321
At 1 January 2025	512	2,809	3,321
Deferred tax credited to profit or loss during the year	(144)	(256)	(400)
Gross deferred tax liabilities at 31 December 2025	368	2,553	2,921

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group and the Company for financial reporting purposes:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	3,977	5,023	8,447
Net deferred tax liabilities recognised in the consolidated statements of financial position	—	—	—

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statements of financial position	3,089	3,326	5,007
Net deferred tax liabilities recognised in the statements of financial position	—	—	—

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	163	—	—
Deductible temporary differences	58	—	—
Total	221	—	—

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

18. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	46,125	46,788	42,909
Impairment	(2,798)	(5,325)	(8,570)
Trade receivables, net	43,327	41,463	34,339
Bills receivables	7,346	12,503	7,600
Trade and bills receivables	50,673	53,966	41,939

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	46,121	46,705	42,910
Amounts due from subsidiaries	151	739	1,416
Impairment	(2,798)	(5,321)	(8,570)
Trade receivables, net	43,474	42,123	35,756
Bills receivables	7,346	12,503	7,600
Trade and bills receivables	50,820	54,626	43,356

The Group and the Company have a policy of requiring payment in advance from customers for the sale of products, except for some customers where the trading terms are on credit. The Group and the Company grant a defined credit period usually ranging from one to five months from the date of invoice and/or acceptance date to these customers. The Group and the Company seek to maintain strict control over its receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's and the Company's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group and the Company do not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's and the Company's trade receivables at the end of each of the Relevant Periods, based on invoice date and/or acceptance, and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	34,744	36,752	34,199
13 to 24 months	8,583	305	74
25 to 36 months	—	4,406	66
Total	43,327	41,463	34,339

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	34,891	37,412	35,616
13 to 24 months	8,583	305	74
25 to 36 months	—	4,406	66
Total	43,474	42,123	35,756

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	1,918	2,798	5,325
Amount written off as uncollectible	—	—	(65)
Impairment losses recognised, net *(note7)*	880	2,527	3,310
At end of year	2,798	5,325	8,570

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	1,918	2,798	5,321
Amount written off as uncollectible	—	—	(65)
Impairment losses recognised, net	880	2,523	3,314
At end of year	2,798	5,321	8,570

The increase in the loss allowance during the Relevant Periods was mainly due to the increase in trade receivables with ageing for over 24 months and 36 months.

An impairment analysis was performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses for trade receivable. The provision rates were based on the ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's and the Company's trade receivables using a provision matrix:

The Group

As at 31 December 2023

	Ageing				
	Within 12 months	**13 to 24 months**	**25 to 36 months**	**Over 36 months**	**Total**
Provision on a collective basis:					
Expected credit loss rate (%)	3.66	14.65	—	100.00	6.07
Gross carrying amount (RMB'000)	36,065	10,056	—	4	46,125
Expected credit losses (RMB'000)	1,321	1,473	—	4	2,798

As at 31 December 2024

	Ageing				
	Within 12 months	**13 to 24 months**	**25 to 36 months**	**Over 36 months**	**Total**
Provision on a collective basis:					
Expected credit loss rate (%)	3.62	19.31	46.75	100.00	11.38
Gross carrying amount (RMB'000)	38,132	378	8,274	4	46,788
Expected credit losses (RMB'000)	1,380	73	3,868	4	5,325

As at 31 December 2025

	Ageing				
	Within 12 months	**13 to 24 months**	**25 to 36 months**	**Over 36 months**	**Total**
Provision on a collective basis:					
Expected credit loss rate (%)	4.15	23.71	50.00	100.00	19.97
Gross carrying amount (RMB'000)	35,679	97	132	7,001	42,909
Expected credit losses (RMB'000)	1,480	23	66	7,001	8,570

The Company

As at 31 December 2023

	Ageing				
	Within 12 months	**13 to 24 months**	**25 to 36 months**	**Over 36 months**	**Total**
Provision on a collective basis:					
Expected credit loss rate (%)	3.65	14.65	—	100.00	6.05
Gross carrying amount (RMB'000)	36,212	10,056	—	4	46,272
Expected credit losses (RMB'000)	1,321	1,473	—	4	2,798

As at 31 December 2024

	Ageing				
	Within 12 months	**13 to 24 months**	**25 to 36 months**	**Over 36 months**	**Total**
Provision on a collective basis:					
Expected credit loss rate (%)	3.55	19.31	46.75	100.00	11.22
Gross carrying amount (RMB'000)	38,788	378	8,274	4	47,444
Expected credit losses (RMB'000)	1,376	73	3,868	4	5,321

As at 31 December 2025

	Ageing				
	Within 12 months	**13 to 24 months**	**25 to 36 months**	**Over 36 months**	**Total**
Provision on a collective basis:					
Expected credit loss rate (%)	3.99	23.71	50.00	100.00	19.33
Gross carrying amount (RMB'000)	37,096	97	132	7,001	44,326
Expected credit losses (RMB'000)	1,480	23	66	7,001	8,570

The Group and the Company

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2023, 2024 and 2025, the Group and the Company endorsed certain bills receivable in the Chinese mainland (the "Endorsed Bills") with carrying amounts of RMB6,388,000, RMB7,623,000 and RMB3,705,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group and the Company have retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group and the Company did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. As at 31 December 2023, 2024 and 2025, the aggregate carrying amount of the trade payables settled by the Endorsed Bills to which the suppliers have recourse was RMB6,388,000, RMB7,623,000 and RMB3,705,000, respectively.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Prepayments	7,542	8,327	9,719
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable and prepaid other tax	534	1,025	976
Other receivables	1,712	1,698	1,492
	9,788	11,050	13,635
Impairment allowance	(375)	(324)	(473)
Total-current	9,413	10,726	13,162
Non-current:			
Prepayments for purchase of long-term assets	14,172	2,411	1,481
Total	23,585	13,137	14,643

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Prepayments	6,734	7,688	9,547
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable and prepaid other tax	—	21	562
Other receivables	1,257	1,081	1,040
	7,991	8,790	12,597
Impairment allowance	(315)	(158)	(186)
Total-current	7,676	8,632	12,411
Non-current:			
Prepayments for purchase of long-term assets	14,172	2,241	1,210
Total	21,848	10,873	13,621

The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	169	375	324
Impairment loss/(reversal of impairment loss) recognised, net	206	(51)	149
At end of year	375	324	473

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	157	315	158
Impairment loss/(reversal of impairment loss) recognised, net	158	(157)	28
At end of year	315	158	186

20. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	63,159	59,943	56,745
Work in progress	40,005	35,967	37,447
Finished goods	61,846	67,737	70,196
Total	165,010	163,647	164,388

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	62,926	59,530	55,908
Work in progress	40,005	35,759	37,127
Finished goods	61,799	67,749	70,341
Total	164,730	163,038	163,376

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	1,001	—	—

The structured deposits were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank acceptance bills	854	2,088	5,767

The above bank acceptance bills are issued by reputable banks in Chinese mainland. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling. The fair value as at the end of each of the Relevant Periods approximates to the carrying value due to the short maturity.

Transferred financial assets that are derecognised in their entirety

The Group and the Company endorsed certain bank acceptance bills in Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB14,518,000, RMB12,146,000 and RMB9,320,000 as at 31 December 2023, 2024 and 2025, respectively. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the bills may exercise the right of recourse against any, several or all of the persons liable for these derecognised bills, including the Group and the Company, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the Directors, the risk of the Group and the Company being claimed by the holders of these bills is remote in the absence of a default of the accepted banks. The Group and the Company have transferred substantially all risks and rewards relating to the bills. Accordingly, it has derecognised the full carrying amounts of the bills and the associated trade payables. The maximum exposure to loss from the Group's and the Company's Continuing Involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's and the Company's Continuing Involvement in the derecognised bills are not significant. The derecognised bills have a maturity from one to six months at the end of each of the Relevant Periods.

During the years ended 31 December 2023, 2024 and 2025, the Group and the Company have not recognised any gain or loss on the date of transfer of the derecognised bills. No gains or losses were recognised from the Continuing Involvement, both during the years ended 31 December 2023, 2024 and 2025 and cumulatively. The endorsement has been made evenly throughout the years ended 31 December 2023, 2024 and 2025.

The Group and the Company discounted certain bank acceptance bills in Chinese mainland with aggregate carrying amount of RMB1,896,000 as at 31 December 2025 to certain banks. The interest amount corresponding to the above discounted bills was RMB3,000 during the year ended 31 December 2025. In the opinion of the Directors, the risk of the Group and the Company being claimed by the banks holding those bills is remote. The Group and the Company have transferred substantially all risks and rewards relating to the bills. Accordingly, it has derecognised the full carrying amounts of the bills. The maximum exposure to loss from the Group's and the Company's continuing Involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's and the Company's continuing Involvement in the derecognised bills are not significant. As at 31 December 2025, the derecognised bills have a maturity from one to two months at the end of each of the Relevant Periods.

23. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances other than time deposits	187,974	215,516	294,311
Time deposits	30,743	31,653	52,674
Total cash and bank balances	218,717	247,169	346,985
Less:			
Restricted cash			
Current portion	2,872	2,249	1,449
Time deposits with original maturities of over three months			
Current portion	—	—	32,563
Non-current portion	30,743	31,653	20,111
Cash and cash equivalents	185,102	213,267	292,862
Denominated in			
RMB	218,717	247,169	333,843
USD	—	—	13,142
Total	218,717	247,169	346,985

An analysis of restricted cash is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash for letters of guarantee	2,872	1,449	1,449
Restricted cash for bank acceptance bills	—	800	—
Total	2,872	2,249	1,449

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash balances other than time deposits	183,383	212,992	291,988
Time deposits	30,743	31,653	52,674
Total cash and bank balances	214,126	244,645	344,662
Less:			
Restricted cash			
Current portion	2,872	2,249	1,449
Time deposits with original maturities of over three months			
Current portion	—	—	32,563
Non-current portion	30,743	31,653	20,111
Cash and cash equivalents	180,511	210,743	290,539
Denominated in			
RMB	214,126	244,645	331,520
USD	—	—	13,142
Total	214,126	244,645	344,662

An analysis of restricted cash is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash for letters of guarantee	2,872	1,449	1,449
Restricted cash for bank acceptance bills	—	800	—
Total	2,872	2,249	1,449

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are placed with banks in Chinese mainland for original maturities of three years and earn interest at the respective deposits rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	54,949	46,011	42,826
Bills payables	—	800	—
Total	54,949	46,811	42,826

An ageing analysis of the trade payables at the end of each of the Relevant Periods, based on the date of goods or services received, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	54,333	45,606	42,682
13 to 24 months	260	332	52
25 to 36 months	53	18	50
Over 36 months	303	55	42
Total	54,949	46,011	42,826

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	54,771	45,739	41,932
Amount due to a subsidiary	—	823	438
Bills payables	—	800	—
Total	54,771	47,362	42,370

An ageing analysis of the trade payables and amount due to a subsidiary at the end of each of the Relevant Periods, based on the date of goods or services received, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	54,168	46,195	42,226
13 to 24 months	247	294	52
25 to 36 months	53	18	50
Over 36 months	303	55	42
Total	54,771	46,562	42,370

The trade payables are non-interest-bearing and are normally settled within 120 days upon receipt of the value-added tax invoice.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	35,179	35,474	41,836
Payables for purchase of long-term assets	22,654	26,352	9,281
Other tax payables	15,382	14,769	12,792
Deposits and other payables	5,777	6,544	8,037
Provision	301	629	—
Deferred income *(note 28)*	845	1,045	1,237
Refund liabilities	794	736	769
Total	80,932	85,549	73,952

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	35,149	35,437	41,673
Payables for purchase of long-term assets	22,654	26,352	9,281
Other tax payables	15,374	14,733	12,676
Deposits and other payables	5,776	6,484	8,037
Provision	301	629	—
Deferred income *(note 28)*	845	1,045	1,237
Refund liabilities	794	736	769
Total	80,893	85,416	73,673

All financial liabilities above are unsecured, non-interest-bearing and repayable on demand.

26. CONTRACT LIABILITIES

The Group

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale of medical devices	45,493	38,775	33,033	43,185
Deferred sale incentives	7,887	12,896	13,013	13,291
Total	53,380	51,671	46,046	56,476

The Company

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale of medical devices	45,493	38,721	33,033	43,084
Deferred sale incentives	7,887	12,896	13,013	13,291
Total	53,380	51,617	46,046	56,375

The increase or decrease in contract liabilities for the years ended 31 December 2023, 2024 and 2025 was mainly due to the increase or decrease in short-term advances received from customers in relation to the sale of medical devices at the end of the respective year.

27. BANK BORROWINGS

The Group and the Company

The effective interest rates and maturities of the borrowings are as follows:

	As at 31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	2.20	2024	49,533

	As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Current portion of long term bank loans — unsecured	2.51	2026	5,015
Non-current			
Bank loans — unsecured	2.51	2027–2029	15,000
Total			20,015

The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	49,533	—	20,015

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fixed interest rate	49,533	—	20,015
Analysed into:			
Bank loans repayable:			
Within one year	49,533	—	5,015
In the second year	—	—	5,000
In the third to fifth years, inclusive	—	—	10,000
Total	49,533	—	20,015

28. DEFERRED INCOME

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	9,417	9,667	12,468

Movements in government grants of the Group and the Company during the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	10,205	9,417	9,667
Additions	—	1,095	3,846
Released to profit or loss	(788)	(845)	(1,045)
At end of year	9,417	9,667	12,468
Current portion *(note 25)*	845	1,045	1,237
Non-current portion	8,572	8,622	11,231

The Group and the Company received government grants related to capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

29. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

Share capital

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
66,660,000 ordinary shares of RMB1.00 each	66,660	66,660	66,660

There was no movement in the issued share capital of the Company during each of the Relevant Periods.

Treasury Shares

During the year ended 31 December 2025, for share award scheme, the Company repurchased 3,333,000 of its shares at a total cash consideration of RMB45,852,000 and these shares were classified as treasury shares held for the share award scheme as at 31 December 2025.

30. SHARE-BASED PAYMENTS

The Company approved and adopted the share award scheme (the "Share Award Scheme") for certain directors and employees ("Share Incentive Participants") to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group. The Share Award Scheme became effective in June 2012.

The shares granted are subject to a service condition which will be satisfied at the later of (i) the date of completion of [REDACTED] of the Company's shares and (ii) 5 years after the date of grant.

The fair values of the shares granted at the grant date were determined with reference to the fair value of the underlying shares which was determined using the comparable companies method of the market approach, taking into account the terms and conditions upon which the shares were granted. The following table lists the key inputs to the model used:

	As at 31 December		
	2023	2024	2025
Average enterprise value to sales ("EV/Sales")	2.45	2.46	2.53
Discount for lack of marketability (%)	34.63	39.52	37.31

Movements in the number of shares and their respective weighted average grant price under the Share Award Scheme were as follows:

	Year ended 31 December 2023		Year ended 31 December 2024		Year ended 31 December 2025	
	Weighted average grant price per share	Number of shares	Weighted average grant price per share	Number of shares	Weighted average grant price per share	Number of shares
	RMB		*RMB*		*RMB*	
At 1 January	5.64	415,000	5.64	3,335,000	5.64	3,940,000
Granted during the year	5.64	2,920,000	5.64	695,000	5.64	160,000
Forfeited during the year	5.64	—	5.64	(90,000)	5.64	(20,000)
At 31 December	5.64	3,335,000	5.64	3,940,000	5.64	4,080,000

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2023, 2024 and 2025, the Group recognised expenses of RMB8,988,000, RMB11,613,000, and RMB12,831,000, respectively.

Subsequent to 31 December 2025, the Company approved and adopted the 2025 stock incentive plan (the "2025 Stock Incentive Plan"), a total of 3,333,000 shares with a grant price of RMB6.50 each were granted under the 2025 Stock Incentive Plan.

31. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve mainly represents the amount paid by shareholders for capital injection in excess of the nominal value of the shares issued, the amount arising from the conversion to a joint stock company, as well as the reserves resulting from transactions with non-controlling interests.

(ii) Share-based payment reserve

Share-based payment reserve of the Group is attributable to the fair value of share award granted to the Group's employees, less the corresponding grant price, details of which are set out in note 30 to the Historical Financial Information.

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies subject to approval from the relevant PRC authorities, provided that the balance after such conversion is not less than 25% of the registered capital. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share -based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	411,215	1,020	11,685	105,165	529,085
Profit for the year	—	—	—	158,679	158,679
Total comprehensive income for the year	—	—	—	158,679	158,679
Appropriation to statutory surplus reserve	—	—	15,868	(15,868)	—
Dividend declared	—	—	—	(66,660)	(66,660)
Equity-settled share-based payment arrangements	—	8,988	—	—	8,988
At 31 December 2023 and 1 January 2024	411,215	10,008	27,553	181,316	630,092
Profit for the year	—	—	—	156,577	156,577
Total comprehensive income for the year	—	—	—	156,577	156,577
Appropriation to statutory surplus reserve	—	—	15,580	(15,580)	—
Dividend declared	—	—	—	(46,662)	(46,662)
Equity-settled share-based payment arrangements	—	11,608	—	—	11,608
At 31 December 2024 and 1 January 2025	411,215	21,616	43,133	275,651	751,615
Profit for the year	—	—	—	159,428	159,428
Total comprehensive income for the year	—	—	—	159,428	159,428
Dividend declared	—	—	—	(39,996)	(39,996)
Equity-settled share-based payment arrangements	—	12,752	—	—	12,752
At 31 December 2025	411,215	34,368	43,133	395,083	883,799

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB4,721,000, RMB2,193,000 and RMB2,480,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Bank borrowings	Lease liabilities	Dividends payable	Other payables for acquisition of non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	49,483	3,695	—	—	53,178
Changes from financing cash flows	(1,571)	(1,728)	(66,660)	—	(69,959)
New leases	—	4,721	—	—	4,721
Dividends declared	—	—	66,660	—	66,660
Lease termination	—	(1,202)	—	—	(1,202)
Interest expense	1,621	113	—	—	1,734
At 31 December 2023 and 1 January 2024	49,533	5,599	—	—	55,132
Changes from financing cash flows	(49,925)	(2,340)	(46,662)	(500)	(99,427)
New leases	—	2,193	—	—	2,193
Acquisition of non-controlling interests	—	—	—	500	500
Dividends declared	—	—	46,662	—	46,662
Interest expense	392	271	—	—	663
Lease termination	—	(177)	—	—	(177)
At 31 December 2024 and 1 January 2025	—	5,546	—	—	5,546
Changes from financing cash flows	19,584	(2,785)	(39,996)	—	(23,197)
New leases	—	2,480	—	—	2,480
Dividends declared	—	—	39,996	—	39,996
Interest expense	431	190	—	—	621
At 31 December 2025	20,015	5,431	—	—	25,446

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within investing activities	—	11,360	—
Within financing activities	1,728	2,340	2,785
Within operating activities	38	82	1,188
Total	1,766	13,782	3,973

33. CONTINGENT LIABILITIES

As at 31 December 2023, 2024 and 2025, neither the Group nor the Company had any significant contingent liabilities.

34. PLEDGE OF ASSETS

Details of the Group’s assets pledged are included in note 23 to the Historical Financial Information.

35. COMMITMENTS

The Group had the following capital commitments at the end of the each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Properties, plant and equipment	8,586	13,700	3,050

36. RELATED PARTY TRANSACTIONS

(a) Names of and relationships with related parties:

The directors of the Company are of the view that the following parties were related parties of the Group that had material transactions or balances with the Group during the Relevant Periods:

Name of the related party	Relationship with the Group
Zibo Hangyuan Medical Equipment Incubator Co., Ltd.* (淄博航遠醫療器械孵化器有限公司) ("Zibo Hangyuan")	Mr. Ji Yuexiang is the chairman of the board, a director and the chief executive officer of Zibo Hangyuan.
PRODIMED SAS	Entity controlled by Dr. Patrick Henri Jean Choay
Patrick Choay SAS	Entity controlled by Dr. Patrick Henri Jean Choay

* The English name of the company registered in the PRC represent the best efforts made by management of the Company to translate the Chinese name of the company as the company does not have official English name.

(b) Transactions with related parties:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods			
PRODIMED SAS	1	—	—
Rental payments			
Zibo Hangyuan	982	1,635	2,119

In December 2025, the Company repurchased 3,333,000 shares held by Patrick Choay SAS at a total cash consideration of RMB45,852,000.

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

(c) Outstanding balances with related parties:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
PRODIMED SAS	3	1	—
Non-trade related:			
Other receivables			
Zibo Hangyuan	279	471	471
Less: Impairment allowance	(51)	(134)	(291)
Total	228	337	180

Non-trade other receivables mainly include rental deposits paid to Zibo Hangyuan, which are refundable upon the expiry of the lease term.

At the end of each of the Relevant Periods, all the remaining balances from/due to related parties were non-interest-bearing, unsecured and repayable on demand.

(d) Compensation of key management personnel of the Group:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,993	1,984	1,842
Performance related bonuses	3,886	3,109	3,537
Share-based payment expenses	4,169	5,737	7,816
Pension scheme contributions and social welfare	768	680	623
Total	10,816	11,510	13,818

Further details of directors' and supervisors' emoluments are included in note 9 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss-mandatorily designated as such	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	—	—	50,673	50,673
Financial assets included in prepayments, other receivables and other assets	—	—	1,337	1,337
Time deposits	—	—	30,743	30,743
Financial assets at fair value through profit or loss	1,001	—	—	1,001
Financial assets at fair value through other comprehensive income	—	854	—	854
Restricted cash	—	—	2,872	2,872
Cash and cash equivalents	—	—	185,102	185,102
Total	1,001	854	270,727	272,582

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	28,431
Lease liabilities	5,599
Trade and bills payables	54,949
Bank borrowings	49,533
Total	138,512

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables	—	53,966	53,966
Financial assets included in prepayments, other receivables and other assets	—	1,374	1,374
Time deposits	—	31,653	31,653
Financial assets at fair value through other comprehensive income	2,088	—	2,088
Restricted cash	—	2,249	2,249
Cash and cash equivalents	—	213,267	213,267
Total	2,088	302,509	304,597

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	32,896
Lease liabilities	5,546
Trade and bills payables	46,811
Total	85,253

As at 31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables	—	41,939	41,939
Financial assets included in prepayments, other receivables and other assets	—	1,019	1,019
Time deposits	—	52,674	52,674
Financial assets at fair value through other comprehensive income	5,767	—	5,767
Restricted cash	—	1,449	1,449
Cash and cash equivalents	—	292,862	292,862
Total	5,767	389,943	395,710

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	17,318
Lease liabilities	5,431
Trade and bills payables	42,826
Bank borrowings	20,015
Total	85,590

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount 31 December			Fair value 31 December		
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Financial assets at fair value through profit or loss	1,001	—	—	1,001	—	—
Financial assets at fair value through other comprehensive income	854	2,088	5,767	854	2,088	5,767
Time deposits, non-current portion	30,743	31,653	20,111	30,863	31,711	19,866
Total	32,598	33,741	25,878	32,718	33,799	25,633
Financial liabilities						
Bank borrowings, non-current portion	—	—	15,000	—	—	15,095

Management has assessed that the fair values of cash and cash equivalents, restricted cash, current portion of time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and short-term bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of time deposits, bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of structured deposits which are measured at fair value through profit or loss, bank acceptance bills which are measured at fair value through other comprehensive income have been estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	—	1,001	—	1,001
Financial assets at fair value through other comprehensive income	—	854	—	854
Total	—	1,855	—	1,855

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	—	2,088	—	2,088

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	—	5,767	—	5,767

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

Assets for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits, non-current portion	—	30,863	—	30,863

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits, non-current portion	—	31,711	—	31,711

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits, non-current portion	—	19,866	—	19,866

The Group did not have any financial liabilities measured at fair value as at 31 December 2023, 2024 and 2025.

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings, non-current portion	—	15,095	—	15,095

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, time deposits, bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, restricted cash, time deposits and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	46,125	46,125
Bills receivable-Normal**	7,346	—	—	—	7,346
Financial assets included in prepayments, other receivables and other assets — Normal**	1,712	—	—	—	1,712
Financial assets at fair value through other comprehensive income — Normal**	854	—	—	—	854
Time deposits — Not yet past due	30,743	—	—	—	30,743
Restricted cash — Not yet past due	2,872	—	—	—	2,872
Cash and cash equivalents — Not yet past due	185,102	—	—	—	185,102
Total	228,629	—	—	46,125	274,754

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	46,788	46,788
Bills receivable-Normal**	12,503	—	—	—	12,503
Financial assets included in prepayments, other receivables and other assets — Normal**	1,698	—	—	—	1,698
Financial assets at fair value through other comprehensive income — Normal**	2,088	—	—	—	2,088
Time deposits — Not yet past due	31,653	—	—	—	31,653
Restricted cash — Not yet past due	2,249	—	—	—	2,249
Cash and cash equivalents — Not yet past due	213,267	—	—	—	213,267
Total	263,458	—	—	46,788	310,246

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	42,909	42,909
Bills receivable-Normal**	7,600	—	—	—	7,600
Financial assets included in prepayments, other receivables and other assets — Normal**	1,492	—	—	—	1,492
Financial assets at fair value through other comprehensive income — Normal**	5,767	—	—	—	5,767
Time deposits — Not yet past due	52,674	—	—	—	52,674
Restricted cash — Not yet past due	1,449	—	—	—	1,449
Cash and cash equivalents — Not yet past due	292,862	—	—	—	292,862
Total	361,844	—	—	42,909	404,753

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18.

** The credit quality of the bills receivable, the financial assets included in prepayments, other receivables and other assets and the financial assets at fair value through other comprehensive income is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables is disclosed in note 18 to the Historical Financial Information.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables is disclosed in notes 18 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

31 December 2023

	On demand or less than 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	28,431	—	28,431
Bank borrowings	49,930	—	49,930
Lease liabilities	2,040	4,101	6,141
Trade and bills payables	54,949	—	54,949
Total	135,350	4,101	139,451

31 December 2024

	On demand or less than 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	32,896	—	32,896
Lease liabilities	2,358	3,541	5,899
Trade and bills payables	46,811	—	46,811
Total	82,065	3,541	85,606

31 December 2025

	On demand or less than 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	17,318	—	17,318
Bank borrowings	5,466	15,656	21,122
Lease liabilities	2,368	3,311	5,679
Trade and bills payables	42,826	—	42,826
Total	67,978	18,967	86,945

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group aims to maintain the gearing ratio at a reasonable level. Net debt includes trade and bills payables, financial liabilities included in other payables and accruals, bank borrowings and lease liabilities, less cash and cash equivalents, restricted cash and time deposits. Capital represents equity attributable to shareholders of the Company. The gearing ratios at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	54,949	46,811	42,826
Financial liabilities included in other payables and accruals	28,431	32,896	17,318
Bank borrowings	49,533	—	20,015
Lease liabilities	5,599	5,546	5,431
Less: Cash and cash equivalents	185,102	213,267	292,862
Less: Restricted cash	2,872	2,249	1,449
Less: Time deposits	30,743	31,653	52,674
Net debt	(80,205)	(161,916)	(261,395)
Equity attributable to shareholders of the Company	695,274	813,140	894,231
Capital and net debt	615,069	651,224	632,836
Gearing ratio	NA	NA	NA

40. INVESTMENTS IN SUBSIDIARIES

The Company

The carrying amounts of the Company's investments in subsidiaries:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, net carrying amount*	10,303	15,247	20,247

* Investments in subsidiaries are measured on initial recognition at cost.

41. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to the Relevant Periods, there were grant of shares under 2025 Stock Incentive Plan, details of which are set out in note 30 to the Historical Financial Information.

On 10 April 2026, the Company declared dividends of RMB0.25 per share totalling RMB16,665,000 for the year ended 31 December 2025, of which were paid in April 2026.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the Group's subsidiaries in respect of any period subsequent to 31 December 2025.