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Application Proof of

Shandong Ande Healthcare Apparatus Co., Ltd.

(山東安得醫療用品股份有限公司)

(the “Company”)

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

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Shandong Ande Healthcare Apparatus Co., Ltd.

山東安得醫療用品股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)

Nominal value : RMB1.00 per H Share

[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



中信建投國際
CHINA SECURITIES INTERNATIONAL

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The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] (Hong Kong time) and, in any event, not later than 12:00 noon on [REDACTED] (Hong Kong time). The [REDACTED] will not be more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED]. Applicants for [REDACTED] may be required to pay, on [REDACTED] (subject to application channels), the maximum [REDACTED] of HK\$[REDACTED] for each Hong Kong [REDACTED] together with brokerage fee of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the [REDACTED] as finally determined is less than HK\$[REDACTED]. If, for any reason, the [REDACTED] is not agreed by 12:00 noon on [REDACTED] (Hong Kong time) between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company, the [REDACTED] will not proceed and will lapse.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, where considered appropriate and with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document at any time on or prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.andemed.com as soon as practicable following such decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [REDACTED] under the [REDACTED]. For more information, see the paragraph headed “Structure of the [REDACTED]”.

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Prior to making an [REDACTED] decision, prospective [REDACTED] should consider carefully all the information set out in this document, including the risk factors set out in the section headed “Risk Factors.” in this document.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be [REDACTED], sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and sold outside the United States in offshore transactions in reliance on Regulation S.

[REDACTED]

[REDACTED]

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EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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EXPECTED TIMETABLE⁽¹⁾

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EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

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SUMMARY

This Summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to [REDACTED] in the [REDACTED].

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

OVERVIEW

We are a leading innovation-driven medical consumables provider in China. We provide medical institutions with comprehensive, quality medical consumables solutions.

Leveraging our integrated capabilities spanning R&D, regulatory registration, manufacturing, quality management and commercialization, we build a competitive and diversified portfolio, comprising (i) drug delivery products, (ii) vascular access products, (iii) blood specimen collection products, and (iv) others, mainly including interventional therapy products, surgical products and medical imaging consumable products. These products allow us to serve multiple clinical departments and a wide range of clinical application scenarios.

Our product portfolio has underpinned our market position. According to Frost & Sullivan:

- Based on the number of National Medical Products Administration of the PRC (“NMPA”) registration certificates for medical consumable products as of the Latest Practicable Date, we ranked second in China;
- Based on the number of registration certificates for vascular access products as of the Latest Practicable Date, we are among the companies with most comprehensive offerings globally; and
- Based on revenue in 2025, our drug delivery products ranked second in China.

Further, in 2025, our polyurethane peripheral intravenous catheter (“PIVC”) was recognized as National-level Manufacturing Single Champion product in China. Looking ahead, guided by our commitment to continual innovation, premium quality, cost efficiency and best customer value (創新驅動、質量一流、成本領先及為客戶提供最優價值), we aspire to become a leading global provider of medical consumables.

Our R&D capabilities support our product development and innovation. In particular, our R&D is guided by principles of tracking clinical needs and emerging trends, adoption of cross-disciplinary engineering, and the ability to bring products through verification and registration in a compliant, scalable manner. See “Business — Our Strengths — Clinical Needs-oriented and Innovation-driven R&D Platforms, Underpinning Our Continual Product Innovation and Iterative Upgrading” for further details.

Quality is fundamental to our sustainable development. We have built and continue to enhance a quality management system covering R&D, procurement, manufacturing and post-market quality monitoring. Substantially all of our products are sterile medical consumables, and we implement stringent controls over critical processes and maintain traceability mechanism. In parallel, we continue to upgrade precision manufacturing and automation capabilities to enhance manufacturing stability. These efforts enable us to deliver reliable quality products in a cost-efficient manner while meeting evolving regulatory and quality requirements.

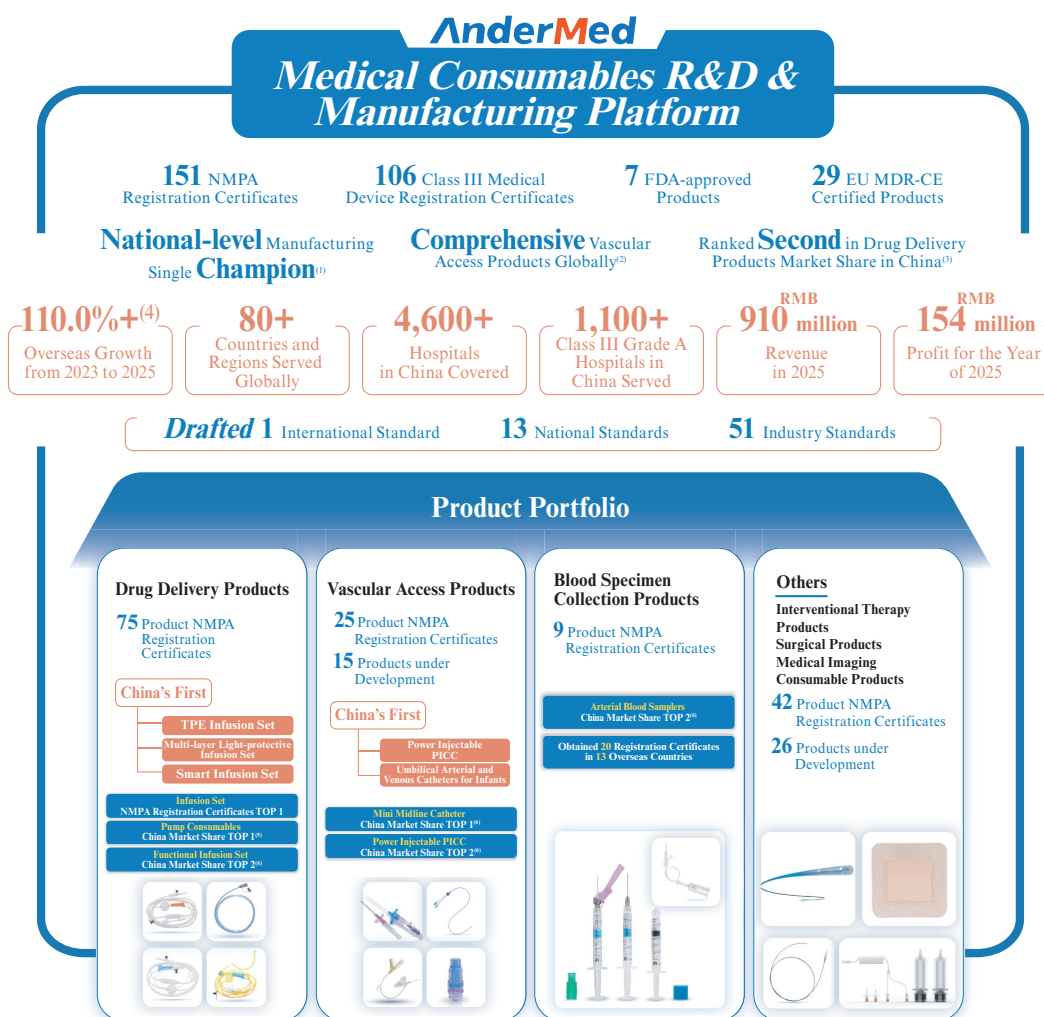
SUMMARY

We have built a commercialization network to reach both China and overseas markets. As of the Latest Practicable Date:

- In China, our products had reach over 4,600 hospitals in 31 provinces, including over 1,100 Class III Grade A hospitals.
- We are also exploring overseas markets by strengthening market access and compliance capabilities, and (i) seven of our products, including infusion sets and PIVC had obtained U.S. FDA certificates; (ii) 29 products had obtained CE certificates under the EU Medical Device Regulation (EU 2017/745) (“MDR”).

Further, in 2024, we achieved WHO-PQS prequalification and were included in the WHO global tender procurement directory, further supporting our overseas expansion. As of the Latest Practicable Date, in addition to China, we had obtained 134 regulatory approvals and registration certificates across 58 countries and regions.

Set forth below are further details of our business highlights as of the Latest Practicable Date and for the periods indicated:



Notes:

- (1) In 2025, our polyurethane PIVC was recognized as National-level Manufacturing Single Champion product in China.

SUMMARY

- (2) Based on the number of registration certificates for vascular access products as of the Latest Practicable Date, we are among the companies with most comprehensive offerings globally according to Frost & Sullivan.
- (3) Based on revenue in 2025.
- (4) Calculated as overseas revenue in 2025 minus overseas revenue in 2023, divided by overseas revenue in 2023.
- (5) In terms of reported volume of centralized procurement in 24 provinces for pump consumables in 2025.
- (6) Based on sales volume in 2025.

OUR PRODUCT

Our products comprise (i) drug delivery products, which are mainly used to administer medications, fluids and nutrition through established vascular access during infusion therapy; (ii) vascular access products, which are mainly used to establish and maintain vascular access by inserting and securing a catheter into patients’ vein or artery for subsequent clinical uses; (iii) blood specimen collection products, which are mainly used for the collection and preservation of blood samples for clinical testing, analysis and diagnostic purposes; and (iv) others, mainly including interventional therapy products, surgical products and medical imaging consumable products.

The following table sets forth a breakdown of our revenue by product category, in absolute number and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Drug delivery products	561,082	59.7	551,738	59.0	493,043	54.2
Vascular access products . . .	320,070	34.0	304,657	32.6	324,556	35.7
Blood specimen collection products	43,796	4.6	56,847	6.1	66,134	7.3
Others ⁽¹⁾	15,622	1.7	22,386	2.3	25,993	2.8
Total	940,570	100.0	935,628	100.0	909,726	100.0

Note:

- (1) Primarily include interventional therapy products, surgical products and medical imaging consumable products.

The following table sets forth the sales volume and ASP information of our products by product category for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	(thousand units)	(RMB'000/ thousand units)	(thousand units)	(RMB'000/ thousand units)	(thousand units)	(RMB'000/ thousand units)
Drug delivery products	531,125	1.1	524,325	1.1	466,948	1.1
Vascular access products . . .	71,576	4.5 ⁽¹⁾	77,809	3.9 ⁽¹⁾	85,742	3.8
Blood specimen collection products	58,767	0.7	77,628	0.7	84,094	0.8
Others ⁽²⁾	31,406	0.5	17,524	1.3	13,818	1.9
Total	692,874	1.4	697,285	1.3	650,602	1.4

Note:

- (1) The decrease in the ASP of vascular access products in 2024 as compared with 2023 was mainly attributable to the inclusion of our products in the centralized volume-based procurement program.
- (2) Primarily include interventional therapy products, surgical products and medical imaging consumable products.

See “Business — Our Products” for further details.

SUMMARY

OUR STRENGTHS

We believe that the following strengths contribute to our success: (i) a leading provider of medical consumables with a comprehensive portfolio and leading positions in multiple segments; (ii) clinical needs-oriented and innovation-driven R&D platforms, underpinning our continual product innovation and iterative upgrading; (iii) integrated quality control, automation and in-house key component manufacturing, enhancing our competitiveness; (iv) robust commercialisation capabilities and rapid global expansion, sustaining our solid operating performance and profitability; and (v) visionary and experienced leadership, reinforced by our culture of integrity.

See “Business — Our Strengths” for further details.

OUR STRATEGIES

We intend to implement the following strategies: (i) strengthening our established strengths while building new growth engines to broaden our clinical application coverages; (ii) accelerating global expansion by strengthening overseas channels and enhancing our global brand profile; (iii) increasing R&D efforts to strengthen product development; and (iv) expanding capacity and strengthening manufacturing quality system to drive future growth.

See “Business — Our Strategies” for further details.

SALES AND DISTRIBUTION NETWORK

During the Track Record Period, a majority of our revenue was generated from distributorship, and our products were mainly sold in China. The following table sets forth the breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Distributorship	900,278	95.7	904,673	96.7	892,622	98.1
Direct Sales	40,292	4.3	30,955	3.3	17,104	1.9
Total	940,570	100.0	935,628	100.0	909,726	100.0

See “Business — Sales and Marketing — Our Sales Network” for further details.

OUR PRODUCTION

As of the Latest Practicable Date, our production base was located in Shandong Province, China, with a land area of 194,045 sq.m. The following table sets forth our production capacity, production volume and utilization rate of our major production lines, by major product types, for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
	Production Capacity ⁽¹⁾ (units in millions)	Production Volume (units in millions)	Utilization Rate ⁽²⁾ (%)	Production Capacity ⁽¹⁾ (units in millions)	Production Volume (units in millions)	Utilization Rate ⁽²⁾ (%)	Production Capacity ⁽¹⁾ (units in millions)	Production Volume (units in millions)	Utilization Rate ⁽²⁾ (%)
Drug delivery products	552.0	488.4	88.5	552.0	474.0	85.9	555.1	446.7	80.5
Vascular access products	60.3	52.3	86.7	69.6	56.2	80.7	88.7	74.4	83.9
Blood specimen collection products	44.7	34.7	77.6	52.0	45.0	86.5	62.2	52.4	84.2
Others ⁽³⁾	0.6	0.5	83.3	1.1	0.9	81.8	1.5	1.2	80.0

Notes:

- (1) The production capacity is calculated based on the number of employees per production line, average working hours and individual output per unit of time.

SUMMARY

- (2) Calculated by dividing the production volume for a period by the production capacity of the same period.
- (3) Mainly including interventional therapy products, surgical products and medical imaging consumable products.

See “Business — Production” for further details.

CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of companies engaged in sales of pharmaceutical and medical devices. In 2023, 2024 and 2025, revenue generated from our five largest customers amounted to RMB105.8 million, RMB93.9 million and RMB84.0 million, respectively, accounting for 11.2%, 10.0%, and 9.2% of our total revenue in the same periods, respectively. Revenue from our largest customer in each period of the Track Record Period accounted for 5.4%, 5.0% and 3.8% of our total revenue, respectively. See “Business — Sales and Marketing — Our Major Customers” for further details.

During the Track Record Period, our suppliers primarily consisted of raw material suppliers. In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB91.4 million, RMB75.2 million and RMB63.2 million, respectively, representing 21.7%, 18.7% and 17.7% of our total purchases, respectively. In addition, purchases from our largest supplier accounted for 5.1%, 5.0% and 5.3% of our total purchases in 2023, 2024 and 2025, respectively. See “Business — Our Suppliers” for further details.

COMPETITIVE LANDSCAPE

We operate in a highly competitive and rapidly evolving medical device market. We currently compete with a large and growing number of companies focusing on medical device in China and globally. Competition in our industry is primarily based on product quality, production capacity, sales capability, cost efficiency and customers’ recognition. We believe that our diversified product portfolio, together with our established sales network, enables us to meet the needs of a broad range of customers, which position us favorably in the competitive environment and will remain crucial to our future development. See “Industry Overview” for further details.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors.” Some of the risks we face include: (i) we may experience fluctuations in downstream demand of the industries and sectors in which we operate, average selling prices and sales volume of our products, and our market share in the industries in which we operate; (ii) our continuing success depends on our ability to meet evolving customer demands and expectations, as well as our ability to attract and retain customers; (iii) our business prospects, financial condition and results of operations depend on our ability to continually and successfully introduce new, innovative or competitive products and develop, enhance or adapt to new technologies and methodologies in a timely manner; (iv) our business operations and product sales depend on maintaining our existing distributor relationships and securing new distributors; and (v) we may not be able to obtain, maintain or renew all the approvals, permits, licenses, and registration filings and certificates required for our business, operations and commercialization of our products in a timely manner.

See “Risk Factors” for further details.

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

Our historical financial information was prepared in accordance with IFRS. The summary of historical financial data should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants’ Report in Appendix I to this document.

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SUMMARY

Summary of Consolidated Statements of Profit or Loss

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

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	940,570	100.0	935,628	100.0	909,726	100.0
Cost of sales	(512,108)	(54.4)	(506,554)	(54.1)	(476,830)	(52.4)
Gross profit	428,462	45.6	429,074	45.9	432,896	47.6
Other income and gains . .	9,035	1.0	9,971	1.1	11,088	1.2
Selling and distribution expenses	(145,336)	(15.5)	(151,791)	(16.2)	(136,953)	(15.1)
Administrative expenses . .	(44,843)	(4.8)	(46,045)	(4.9)	(56,444)	(6.2)
Research and development expenses	(64,486)	(6.9)	(63,196)	(6.8)	(69,736)	(7.7)
Impairment losses on financial assets, net . . .	(1,086)	(0.1)	(2,476)	(0.3)	(3,459)	(0.4)
Other expenses	(4,557)	(0.5)	(1,649)	(0.2)	(2,629)	(0.3)
Finance costs	(1,734)	(0.2)	(663)	(0.1)	(621)	(0.1)
Profit before tax	175,455	18.7	173,225	18.5	174,142	19.1
Income tax expense	(19,377)	(2.1)	(20,178)	(2.2)	(20,034)	(2.2)
Profit for the year	156,078	16.6	153,047	16.4	154,108	16.9

See “Financial Information — Results of Operations” for further details.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial positions as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total current assets	414,925	445,943	552,130
Total non-current assets	539,962	566,851	561,907
Total assets	954,887	1,012,794	1,114,037
Total current liabilities	246,834	187,581	190,592
Total non-current liabilities	12,411	12,073	29,214
Total liabilities	259,245	199,654	219,806
Net current assets	168,091	258,362	361,538
Net assets	695,642	813,140	894,231
Share capital	66,660	66,660	66,660
Treasury shares	—	—	(45,852)
Reserves	628,614	746,480	873,423
Non-controlling interests	368	—	—
Total equity	695,642	813,140	894,231

SUMMARY

Our net assets increased from RMB695.6 million as of December 31, 2023 to RMB813.1 million as of December 31, 2024, primarily due to profit and total comprehensive income in 2024 of RMB153.0 million. Our net assets increased from RMB813.1 million as of December 31, 2024 to RMB894.2 million as of December 31, 2025, primarily due to profit and total comprehensive income in 2025 of RMB154.1 million.

See “Financial Information — Selected Balance Sheet Items” for further details.

Summary of Consolidated Cash Flow Statements

The following table sets forth selected cash flow statement information for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows from operating activities	240,672	195,701	234,424
Net cash flows used in investing activities . . .	(107,832)	(68,109)	(84,145)
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 the beginning of the year	122,221	185,102	213,267
Cash and cash equivalents at the end of the year	185,102	213,267	292,862

See “Financial Information — Liquidity and Capital Resources” for further details.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated:

	As of/For the Year Ended December 31,		
	2023	2024	2025
Current ratio ⁽¹⁾	1.7	2.4	2.9
Quick ratio ⁽²⁾	1.0	1.5	2.0
Gross profit margin ⁽³⁾	45.6%	45.9%	47.6%
Net profit margin ⁽⁴⁾	16.6%	16.4%	16.9%
Return on assets ⁽⁵⁾	17.2%	15.6%	14.5%
Return on equity ⁽⁶⁾	24.1%	20.3%	18.1%

Notes:

- (1) Current ratio equals total current assets divided by total current liabilities.
- (2) Quick ratio equals total current assets less inventories and divided by total current liabilities.
- (3) Gross profit margin equals to gross profit divided by revenue for the respective year.
- (4) Net profit margin equals to profit for the year divided by revenue for the respective year.
- (5) Return on assets equals to profit for the year divided by average balance of total assets at the beginning and the end of that year and multiplied by 100%.
- (6) Return on equity equals to profits for the year divided by average balance of total equity at the beginning and the end of that year and multiplied by 100%.

SUMMARY

USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] stated in this document), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED]. In line with our business strategies and development, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to enhance our scaled production capabilities for products sold in overseas market and for new products developed for China;
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our R&D facilities and team, enhance our R&D platforms and advance key R&D projects;
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used further strengthen our sales and marketing capabilities to support scalable growth; and
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for working capital and general corporate uses.

See “Future Plans and Use of [REDACTED].”

DIVIDENDS

For the years ended December 31, 2023, 2024 and 2025, we declared and paid dividends of RMB66.7 million, RMB46.7 million and RMB40.0 million, respectively. See also Note 41 to the Accountants’ Report in Appendix I to this document.

We do not maintain a formal dividend policy or have a fixed dividend distribution ratio, and we may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Pursuant to the Articles of Association, our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders’ interests and any other conditions that our Board may deem relevant. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

SUMMARY

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was held as to (i) approximately 40.66% by Shanghai Yirui, which was controlled by Zibo Heyi through Zibo Weilan, Zibo Xinye and Zibo Chuangyue, (ii) approximately 34.18% by Patrick Choay SAS, which was controlled by Dr. Patrick Henri Jean Choay, (iii) approximately 10.17% by Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhongyue, each of which was controlled by Zibo Heyi, and (iv) approximately 9.99% by Shanghai Zhuanjingle, which was controlled by Mr. Ji. Zibo Heyi was owned as to 55% by Mr. Ji, 20% by Mr. Zou Peng, 12.5% by Ms. Wang Huimin and 12.5% by Mr. Tian Xiaolei.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), (i) Mr. Ji, Mr. Zou Peng, Ms. Wang Huimin and Mr. Tian Xiaolei, through Zibo Heyi, exercises [REDACTED]% of the voting rights at the general meetings of the Company, (ii) Mr. Ji, through Shanghai Zhuanjingle, exercises [REDACTED]% of the voting rights at the general meetings of the Company, and (iii) Dr. Patrick Henri Jean Choay, through Patrick Choay SAS, exercises [REDACTED]% of the voting rights at the general meetings of the Company. Upon [REDACTED], Mr. Ji, Mr. Zou Peng, Ms. Wang Huimin, Mr. Tian Xiaolei, Shanghai Yirui, Zibo Heyi, Zibo Weilan, Zibo Xinye, Zibo Chuangyue, Shanghai Zhuanjingle, Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhongyue will constitute a group of our Controlling Shareholders under the Listing Rules.

RECENT DEVELOPMENT

We continue to expand our product portfolio. Subsequent to December 31, 2025, for example, we have developed implanted port (“PORT”), which is currently under the NMPA registration review process. We have responded to the supplemental information request from the NMPA and have submitted the required supplemental materials. We expect to obtain the medical device registration certificate in 2026.

No Material Adverse Change

Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of our latest audited financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED] expenses, such as [REDACTED] fees and [REDACTED], and (ii) [REDACTED] expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately of [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED] expenses of HK\$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], was or is expected to be expensed through profit or loss and the remaining amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We recognized [REDACTED] of [REDACTED], [REDACTED] and RMB[REDACTED] in 2023, 2024 and 2025 in our consolidated statements of profit or loss and other comprehensive income, respectively.

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SUMMARY

[REDACTED] STATISTICS

All statistics in the following table are based on the fact that (i) the [REDACTED] has been completed and [REDACTED] H Shares are [REDACTED] pursuant to the [REDACTED]; and (ii) the [REDACTED] is not exercised.

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
[REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible asset of our Group attributable to owners of our parent per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible asset attributable to owners of our parent per Share as of December 31, 2025 is calculated after making the adjustments referred to in “Unaudited [REDACTED] Financial Information” in Appendix II to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in “Glossary of Technical Terms”.

“Accountants’ Report”	the accountants’ report of our Company, the text of which is set out in “Appendix I”
“affiliate(s)”	with respect to any specified person, or any other person, directly or indirectly, controlling or controlled by, or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Ande Sales”	Shandong Ande Healthcare Apparatus Sales Co., Ltd. (山東安得醫療用品銷售有限公司), a limited liability company established under the laws of the PRC on November 29, 2016, which is one of our subsidiaries
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on May 6, 2026 with effect from the [REDACTED], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in “Appendix V — Summary of Articles of Association”
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	our board of Directors of our Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
[REDACTED]	[REDACTED]
“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China and for the purpose of this document only and for geographical reference only, except where the context requires, references in this document to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Shandong Ande Healthcare Apparatus Co., Ltd. (山東安得醫療用品股份有限公司), a company established under the laws of the PRC on January 23, 2003 and converted into a joint stock company with limited liability on June 1, 2022.
“Compliance Advisor”	Yue Xiu Capital Limited

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Ji, Mr. Zou Peng (鄒鵬), Ms. Wang Huimin (王卉敏), Mr. Tian Xiaolei (田曉雷), Shanghai Yirui, Zibo Heyi, Zibo Weilan, Zibo Xinye, Zibo Chuangyue, Shanghai Zhuanjingle, Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhongyue
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“Employee Shareholding Platforms”	Zibo Weilan, Zibo Xinye, Zibo Chuangyue, Shanghai Zhuanjingle, Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe, Zibo Zhongyue, Zibo Zunxin and Zibo Tongxinyuan
[REDACTED]	[REDACTED]
“Extreme Conditions”	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale with serious extreme and widespread impact, such as large-scale power outage, extensive flooding, major landslides and serious obstruction of public transport services
[REDACTED]	[REDACTED]
“Frost & Sullivan” or “Industry Consultant”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, an independent market research and consulting company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Group”, “we” or “us”	our Company and its subsidiaries from time to time
“Guide”	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which will be [REDACTED] and [REDACTED] in Hong Kong dollars and [REDACTED] on the Stock Exchange
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

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DEFINITIONS

[REDACTED]	[REDACTED]
“HKS” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong”, “HK” or “Hong Kong SAR”	the Hong Kong Special Administrative Region of the PRC
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

“Independent Third Party(ies)”	entity(ies) or person(s) which, to the best of the Directors’ knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of our Company within the meaning of the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Latest Practicable Date”	May 8, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from, and operated in parallel with, GEM of the Stock Exchange
“Mr. Ji”	Mr. Ji Yuexiang (季躍相), the chairman of the Board and executive Director and one of the Controlling Shareholders of the Company

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DEFINITIONS

“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Patrick Choay SAS”	formerly known as Patrick Choay S.A.S., a France-incorporated simplified joint stock company and one of our Shareholders
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisor”	Allbright Law Offices, our legal advisor as to PRC law
[REDACTED]	[REDACTED]
“document”	this document being issued in connection with the [REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of our Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shandong Toge”	Shandong Toge Medical Technology Co., Ltd. (山東同齊醫學科技有限公司), a limited liability company established under the laws of the PRC on July 25, 2022, which is one of our subsidiaries
“Shanghai Yirui”	Shanghai Yirui Investment Co., Ltd. (上海億瑞投資有限公司), a limited liability company established under the laws of the PRC on November 17, 2009, which is one of the Controlling Shareholders of the Company
“Shanghai Zhuanjingle”	Shanghai Zhuanjingle Investment Co., Ltd. (上海專敬樂投資有限公司), a limited liability company established under the laws of the PRC on June 26, 2012, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Sole Sponsor”	the sole sponsor as named in “Directors and Parties Involved in the [REDACTED]”
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the financial years ended December 31, 2023, 2024 and 2025
“treasury shares”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. dollar” or “US\$”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Unlisted Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
“VAT”	value-added tax
“Zibo Chuangyue”	Zibo Chuangyue Investment Partnership Enterprise (Limited Partnership) (淄博創悅投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 9, 2021, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Zibo Tongxinyuan”	Zibo Tongxinyuan Investment Partnership Enterprise (Limited Partnership) (淄博同心圓投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 14, 2026, which is an Employee Shareholding Platform of the Company
“Zibo Heyi”	Zibo Heyi Investment Co., Ltd. (淄博合一投資有限公司), a limited liability company established under the laws of the PRC on February 2, 2021, which is one of the Controlling Shareholders of the Company
“Zibo Weilan”	Zibo Weilan Investment Partnership Enterprise (Limited Partnership) (淄博蔚藍投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 7, 2021, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Zibo Xinye”	Zibo Xinye Investment Partnership Enterprise (Limited Partnership) (淄博鑫業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 9, 2021, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Zibo Zhongce”	Zibo Zhongce Investment Partnership Enterprise (Limited Partnership) (淄博眾策投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 25, 2023, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company

DEFINITIONS

“Zibo Zhongcheng”	Zibo Zhongcheng Investment Partnership Enterprise (Limited Partnership) (淄博眾城投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 25, 2023, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Zibo Zhonghe”	Zibo Zhonghe Investment Partnership Enterprise (Limited Partnership) (淄博眾和投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 25, 2023, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Zibo Zhonghui”	Zibo Zhonghui Investment Partnership Enterprise (Limited Partnership) (淄博眾惠投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 26, 2023, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Zibo Zhongjie”	Zibo Zhongjie Investment Partnership Enterprise (Limited Partnership) (淄博眾捷投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 26, 2023, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Zibo Zhongyue”	Zibo Zhongyue Investment Partnership Enterprise (Limited Partnership) (淄博眾越投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 26, 2023, which is an Employee Shareholding Platform and one of the Controlling Shareholders of the Company
“Zibo Zunxin”	Zibo Zunxin Investment Partnership Enterprise (Limited Partnership) (淄博尊信投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 17, 2025, which is an Employee Shareholding Platform of the Company
“%”	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“balloon dilatation catheter”	a catheter with an inflatable balloon at its distal end, used to dilate narrowed or obstructed vessels or other body passages to restore blood flow or improve organ function
“blood collection tube”	a single-use tube used to collect and preserve blood specimens for subsequent laboratory analysis
“blood gas analysis”	a diagnostic test measuring oxygen, carbon dioxide, pH and related parameters in blood to assess respiratory, metabolic and acid-base status
“blood specimen collection products”	products used for the collection and preservation of blood samples for clinical testing and diagnostic purposes, primarily including blood collection needles, blood collection tubes, and arterial blood sampler
“CAGR”	compound annual growth rate
“cardiovascular”	relating to or affecting heart and blood vessels
“CE certificate”	a certification indicating that a medical device conforms to the applicable requirements and may be placed on the European market
“CMO”	contract manufacturing organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of manufacturing services outsourced on a contract basis
“CNAS”	China National Accreditation Service for Conformity Assessment, the national accreditation body in China
“CRBSI”	catheter-related bloodstream infection, a bloodstream infection attributable to an intravascular catheter
“CT”	computed tomography
“DEHP”	di(2-ethylhexyl) phthalate, a plasticizer commonly added to polyvinyl chloride to increase flexibility
“drug delivery product”	single-use materials, devices, and associated components used in clinical treatment, disease prevention, or nutritional support to enable the safe, precise, and continuous administration of drugs, nutritional fluids, blood products, and other substances internally
“DSA”	digital subtraction angiography, a fluoroscopy technique used in interventional radiology to clearly visualize blood vessels in a bony or dense soft tissue environment
“hydrophilic coating”	a surface coating applied to medical devices to reduce friction and improve lubricity in aqueous environments, facilitating easier and less traumatic insertion and navigation through vessels or other body pathways
“interventional therapy products”	medical devices used in minimally invasive diagnostic or therapeutic procedures performed through vascular or other body pathways

GLOSSARY OF TECHNICAL TERMS

“ISO 13485”	an internationally recognized quality management system standard specifically applicable to organizations involved in the design, development, production, installation and servicing of medical devices
“MDR”	Medical Device Regulation (EU 2017/745), the regulatory framework governing medical devices placed on the market in the European Union
“microcatheter”	a small-diameter, flexible catheter used to navigate tortuous vascular anatomy and deliver therapeutic or diagnostic agents or instruments to target areas
“midline catheter”	a peripheral venous catheter typically inserted in the upper arm for medium-to-short-term intravenous therapy
“minimally invasive intervention”	a surgical procedure that uses small incisions or punctures to perform an operation, allowing for the use of miniaturized instruments and a camera
“minimally invasive surgery”	surgical procedure performed through tiny incisions instead of a large opening
“MRI”	magnetic resonance imaging
“needle-free connector”	a valve-based device used at the terminal end of an intravenous catheter or infusion line that allows access to the catheter lumen without the use of a needle
“NMPA”	the National Medical Products Administration of the PRC, responsible for the supervision and administration of drugs, medical devices and cosmetics in China
“PA”	polyamide, a polymer material commonly used in industrial and medical applications due to its strength, durability and mechanical performance
“percutaneous coronary intervention”	a minimally invasive procedure that opens narrowed or blocked coronary arteries to restore blood flow to the heart
“peripheral intravenous catheter” or “PIVC”	a short catheter inserted into a peripheral vein (typically in the arm or hand) to provide short-term intravenous access
“PICC”	peripherally inserted central catheter, a long, flexible catheter inserted through a peripheral vein and advanced to a central vein for medium-to long-term intravenous access
“polyurethane”	a polymer material widely used in vascular access catheters, valued for its biocompatibility, flexibility and relatively low thrombogenicity
“polyurethane PIVC”	a type of PIVC with a catheter tube made of polyurethane material
“precision filtration”	a filtration mechanism used in infusion products to remove particles from infusion fluids before administration
“PVC”	polyvinyl chloride, a synthetic polymer used in medical tubing and infusion sets
“R&D”	research and development
“sterilization”	a validated process used to eliminate viable microorganisms from medical devices or products to ensure they are safe for clinical use

GLOSSARY OF TECHNICAL TERMS

“thrombus aspiration catheter”	a catheter used in interventional procedures to aspirate and remove thrombus from blood vessels to help restore blood flow
“TPE”	thermoplastic elastomer, a class of copolymers or a physical mix of polymers that combine thermoplastic processability with elastomeric properties
“TPU”	thermoplastic polyurethane, a flexible and durable thermoplastic elastomer commonly used in medical device components, including catheter tubes, due to its elasticity, abrasion resistance and processability
“vascular access”	the establishment of a route into the blood vessel system of the body, typically through insertion of a catheter or needle, to enable the administration of medications, fluids or nutrients
“WHO-PQS”	World Health Organization Performance, Quality and Safety prequalification programme for medical devices, which evaluates and qualifies products for inclusion in WHO procurement programmes

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future. These forward-looking statements are contained principally in “Summary,” “Risk Factors,” “Industry Overview,” “Business,” “Financial Information” and “Future Plans and Use of [REDACTED].” Forward-looking statements typically can be identified by the use of words such as “aim,” “anticipate,” “aspire,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goals,” “intend,” “may,” “objective,” “ought to,” “outlook,” “plan,” “potential,” “project,” “schedules,” “seek,” “should,” “target,” “vision,” “will,” “would” and other similar terms. Forward-looking statements reflect the current views of the Directors with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including those listed in “Risk Factors,” which are beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our future business development, financial condition and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our capital expenditure plan;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, suppliers and other partners to conduct our business;
- our planned use of [REDACTED];
- future developments, trends and competitive landscape in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates. Should one or more of these risks or uncertainties, among others, materialize, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

FORWARD-LOOKING STATEMENTS

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of the Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may experience fluctuations in downstream demand of the industries and sectors in which we operate, average selling prices and sales volume of our products, and our market share in the industries in which we operate.

We offer a comprehensive portfolio of medical consumables. These markets are intensely competitive and are subject to rapid technological evolution. This necessitates continuous R&D and adaptation to clinical needs, emerging trends and technologies. Given such market conditions, we cannot assure you that we will always sustain and enhance our market share. Further, our ability to compete effectively on price, or to boost the sales volume of our products, is not guaranteed. Any reduction in market sizes or our market share, or any decrease in the average selling prices or sales volumes of our products, could have a material and adverse impact on our results of operations, financial performance and business prospects.

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

Our continuing success depends on our ability to innovate in response to market competition and shifting customer demands. We may not always meet evolving customer needs, and our existing R&D and distribution infrastructure may not be flexible enough to adapt to these changes. Furthermore, not all innovations may successfully integrate with or enhance our current products and operations, and we cannot guarantee that new developments will improve our operational efficiency, competitiveness, or reduce costs. Further, our success also rests in attracting new customers by offering unique and quality products. While we anticipate further growth through expanding customer base, the effective and successful execution of our business plans is not assured. If our marketing strategies do not yield the expected efficiency, we may face challenges in maintaining reasonable selling and marketing expenses. Moreover, if our products are not perceived as high-quality, we may encounter difficulties in attracting and retaining customers. We may also fail to diversify our product offerings, pursue new business opportunities, or achieve further business growth. Any of these potential failures could have a material and adverse impact on our results of operations, financial performance and business prospects.

Our business prospects, financial condition and results of operations depend on our ability to continually and successfully introduce new, innovative or competitive products and develop, enhance or adapt to new technologies and methodologies in a timely manner.

The industries in which we operate are evolving rapidly, and our success depends on the ability to identify trends and introduce innovative products that meet customer needs. However, the development of new products and the identification of promising opportunities hinge on the effective allocation of technical, financial, and human resources. Accordingly, the outcome of our R&D endeavors remains uncertain and may carry the risk of failure, which could materially and adversely impact our business operations. Even if we are able to develop new products and obtain the necessary registration certificates, we cannot guarantee that our new products will be commercially

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successful, in which case they may not yield the anticipated returns to cover prior investments. Further, our competitors may launch new and competing products earlier than us. All of the above could affect the demand for our products or cause our products to become obsolete, in which case our results of operations, financial performance and business prospects will be materially and adversely affected.

Our business operations and product sales depend on maintaining our existing distributor relationships and securing new distributors.

During the Track Record Period, a majority of our revenue was generated from distributorship. As a result, the performance of our distributors directly influences our sales volume and profitability. Any decline in our distributors’ performance could have a negative impact on our results of operations. Additionally, we may experience challenges when developing our network of distributors, especially in regions where we have relatively low or no presence before. We may not be able to offer the most favorable arrangements to our distributors compared to our competitors. Competitors may require their distributors to sign exclusive distribution agreements that prohibit them from selling our products.

Moreover, we rely on the distribution agreements and the policies and measures we have in place to manage our distributors. Any disputes between us and our distributors, complaints by our distributors, violation or alleged violation by our distributors of the distribution agreements, our policies or any applicable laws and regulations could result in damages to our products. We also could be liable for damages or fines due to defects on the products marketed and sold by our distributors, which may have an adverse effect on our financial condition. Furthermore, some of our distributors may engage sub-distributors to distribute our products and there is no contractual relationship between us and these sub-distributors. We mainly rely on our distributors to manage and control their sub-distributors and cannot assure you that we will be able to identify sub-distributors’ practices that impact our business in a timely manner or at all, which may adversely affect our results of operations and reputation.

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

Our business operations are regulated by comprehensive regulatory regimes of the jurisdictions which we operate. We need to complete regulatory filings or obtain registration certificates for our products from the NMPA or its local branches in China, or from the competent regulatory authorities in other jurisdictions where we sell our products. The filing and registration process is unpredictable, and may be lengthy and costly, and depends on numerous factors including the discretion of regulatory authorities. After obtaining the necessary registration certificates, any safety issues identified subsequently by us or others could lead to the suspension of sales and marketing activities, and regulatory authorities may cancel the registration certificates for such products.

Such permits, licenses and certificates that we hold are subject to periodic reviews and renewals by relevant government authorities, and the standards of such reviews and renewals may change from time to time. Failure to obtain or renew any permits, licenses and certificates necessary for our operations may result in penalties, fines, governmental sanctions, proceedings and/or suspension or revocation of our permits, licenses or certificates necessary to conduct our business, and may also result in being ordered to suspend or cease operations. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional permits, licenses or certificates. Such changes may also result in increased compliance costs and could adversely affect our results of operations, financial performance and business prospects.

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

Our products, marketing, sales and development activities and manufacturing processes are subject to extensive and dynamic regulation by the regulatory authorities of the jurisdictions in which we operate. The regulatory framework for the industry in which we operate in the PRC addresses various aspects of a medical company’s operations, including approval, production, licensing, certification requirements and procedures. In recent years, the PRC government implemented a pilot program, known as “Two-invoice System,” which refers to the system that allows a maximum of two invoices to be issued across the pharmaceutical or (in high-value medical consumables areas) medical device supply chain, namely, one invoice to be issued from manufacturers to distributors and the other invoice to be issued from distributors to medical institutions thereby eliminating multiple layers of distributors and reducing the multi-tiered margins involved. The Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (《關於印發〈治理高值醫用耗材改革方案〉的通知》) issued on July 19, 2019 by the General Office of the PRC State Council (the “**Circular on High-Value Medical Consumables**”) encouraged local governments to apply the “Two-invoice System” on high-value medical consumables on a case-by-case basis to promote the transparency of purchase and sales.

As the interpretation and enforcement of the “Two-invoice System” in the medical consumable industry are evolving, we cannot predict how the implementation and enforcement will evolve in different provinces in China, or whether and how that will affect our business and results of operations in the future. Furthermore, the Circular on High-Value Medical Consumables proposed to explore the classification of high-value medical consumables in accordance with the principles of volume-based procurement policy, which refers to a procurement regime based on public tender processes to regulate prices of medical devices through group procurement. As such, we may experience downward pressure on the prices of these products, which in turn may have a material adverse impact on our revenue, financial condition and results of operation. Our global regulatory environment is becoming increasingly stringent and unpredictable, which could increase the time and complexity of obtaining regulatory approvals, as well as the clinical and regulatory costs of supporting those approvals. Certain regulators are exhibiting less flexibility and are requiring local pre-clinical and clinical data in addition to global data. While harmonization of global regulations has been pursued, requirements continue to differ significantly among countries. We expect this global regulatory environment will continue to evolve, which could impact our ability, or increase the time and cost, to obtain future approvals for our products.

Our products may be further included in centralized volume-based procurement programs, or become subject to price supervision or other cost-containment policies, which could adversely affect our revenue, financial condition and results of operations.

In recent years, centralized volume-based procurement of medical consumables in the PRC has become an established practice. According to the Notice on Strengthening Regional Coordination and Enhancing the Quality and Coverage of Centralized Procurement of Pharmaceuticals in 2024 (《關於加強區域協同做好2024年醫藥集中採購提質擴面的通知》) issued by the National Healthcare Security Administration in May 2024, provincial alliance procurement is upgraded to nationwide joint procurement, extending to high-value consumables such as ultrasonic scalpels. As of the Latest Practicable Date, certain of our products sold in the PRC had already been included in centralized procurement programs, and the terminal prices of such products had been reduced accordingly. Going forward, with the continued normalization of centralized procurement policies, if the scope of centralized procurement expands, more of our products may be included, which may adversely affect our gross profit margin, results of operations, financial performance and business prospects.

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If certain of our products fail to be timely included in, or are removed from, national, provincial or other government-sponsored medical insurance programs, or if reforms to medical insurance payment methods affect our pricing strategy and terminal prices, our revenue and profitability may be adversely affected.

The pricing strategy and terminal prices of certain of our products might be influenced by the scope of medical insurance programs. As of December 31, 2024, diagnosis-related group (“DRG”) payment methods had been rolled out to many regions in China, with DRG payments accounting for over 80% of inpatient medical insurance expenditures in those regions. Specifically, in October 2024, the National Healthcare Security Administration initiated a nationwide regulation of medical service pricing, focusing on high-volume and high-cost testing items. Provincial governments were instructed to rationally lower prices and reduce regional disparities. Going forward, if certain of our products fail to be timely included in, or are removed from, national, provincial or other government-sponsored medical insurance programs, or if reforms to medical insurance payment methods adversely affect our pricing strategy and terminal prices, our revenue and profitability may be adversely affected.

Aspects of the impending healthcare reform in the industries in which we operate may adversely affect our business.

In countries where we have operations, legislative and regulatory changes and proposed changes regarding healthcare could prevent or delay regulatory approval of our products, restrict or regulate post-approval activities and affect our ability to profitably sell our products. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes to healthcare laws and policies, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or successfully commercialize our pipeline products. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA, FDA, and other regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our products, if any, may be. We cannot predict whether and how that will affect our results of operations, financial performance and business prospects in the future.

We face intense market competition and if we fail to keep pace with the rapid technological changes in the industries in which we operate, our business prospects, financial condition or results of operations could be adversely affected.

We face intense market competition, which stems from peer companies, some of which may possess greater financial and marketing resources than we do. Our competitors include both domestic and international large-scale medical consumable companies, which boast extensive product lines and a broad global market presence. We also face competition from companies that specialize in niche markets, offering targeted products that directly compete with our offerings. Development by peer companies may make our products or proposed products obsolete or less competitive and may negatively impact our net sales. We will need to apply our technologies cost-effectively across product lines and markets, obtain patents and other protection for our technologies and products, obtain required regulatory and reimbursement approvals and successfully manufacture and market our products consistent with our quality standards, failure of which could have a material adverse effect on our results of operations, financial performance and business prospects.

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If we encounter difficulties in enrolling patients in our clinical trials, or if we experience significant delays or are unable to successfully complete clinical trials, obtain regulatory approval and filing and commercialize our pipeline products successfully, our business prospects will be materially and adversely affected.

The timely completion of clinical trials depends, among other things, on our ability to enroll a sufficient number of patients. We may experience difficulties in relation to patient enrollment in our clinical trials for a variety of reasons, including but not limited to: (i) the size and nature of the patient population; (ii) the patient eligibility criteria defined in the protocol; (iii) the size of the population required for analysis of the trial’s primary endpoints; (iv) the proximity of patients to trial sites; and (v) the design of the trial. Our clinical trials will likely compete with other clinical trials. This competition will reduce the number and types of patients available to us. Further, even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development and timely commercialization of our pipeline products.

In addition, to obtain product registrations for Class III medical devices, we may need to conduct, at our own expense, adequate and well-controlled clinical trials to demonstrate the safety and efficacy of our products. Clinical trials may involve lengthy and expensive processes with uncertain outcomes. There can be no assurance that these clinical trials or procedures will be completed in a timely or cost-effective manner or result in a commercially viable product or expanded usage. Unexpected trial events may delay or prevent our ability to receive regulatory approval or successfully commercialize our pipeline products, including but not limited to: (i) regulators, institutional review boards, or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site; (ii) clinical trials may have undesirable side effects, produce negative or inconclusive results, and we may decide, or be required, to conduct additional clinical trials, suspend or terminate the product development programs; and (iii) the initial or interim results of clinical trials may not be predictive of the final clinical trial results and may be subject to adjustments.

Our reputation and results of operations depend on the safety, effectiveness and proper use of our products.

The success of our products is attributable to their ability to deliver consistent and reliable performance. Any failure of our products to perform as intended could result in patient harm or other adverse events. For instance, improper surgical techniques or inadequate training among physicians using our products may lead to poor performance of our products during procedures. Misuse or mishandling by medical staff could further compromise the performance of our products. Our products may also be perceived as ineffective if regulators, such as the NMPA, link adverse events to similar technologies or materials used by competitors. Such real or perceived ineffectiveness could erode confidence among hospitals, medical institutions, doctors and patients, leading to reduced adoption of our products, product liability claims and negative publicity. These consequences could adversely affect our results of operations, financial performance and business prospects.

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

We cannot assure you that our quality control system will continue to be effectively implemented. Any significant failure or deterioration of our quality control system may seriously damage our product quality. A decline in product quality could negatively impact our reputation. This could lead to reduced orders or loss of customers, severely harming our results of operations, financial performance and business prospects. Moreover, a failure in our quality control system could potentially lead to product recalls or safety alerts, which could result in significant costs, legal liabilities, and damage to our reputation.

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

We may be subject to product liability claims and product recalls if our products have latent quality issues, including allegations of defects in design and manufacturing, improper handling or transportation of products, negligence, strict liability and breach of warranties. Even if our products do not have latent defects, the quality and skill of medical professionals using our products, may affect the safety and outcome of the treatment. Regardless of the merits or eventual outcome, liability claims and product recalls can lead to decreased demand for our products, tarnish our reputation, and divert management’s focus and resources.

We may not be able to seek compensation under our insurance policy, or acquire such insurance at a reasonable cost or in an adequate amount. In any such event, our results of operations, financial performance and business prospects would be adversely and materially affected. In addition, our products may be perceived to cause severe adverse events if one or more regulators, such as the NMPA or FDA, determine that other companies’ products containing the same or similar key parts or using the same delivery technologies as our products’ cause or are perceived to have caused severe adverse events. If our products cause, or are perceived to cause, severe adverse events, we may face a number of consequences, including but not limited to: (i) injury or death of patients; (ii) revocation of regulatory approvals for the relevant products or the relevant production base; (iii) damage to our brand name and reputation; and (iv) exposure to lawsuits and regulatory investigation relating to the relevant products.

If we are unable to execute our business strategies, our future growth and business prospects may be affected.

Executing our business strategies requires significant time and attention from our management, and any failure to effectively execute our business strategies could adversely affect our business prospects. In addition, the growth of our business places strains on our operational systems and processes, financial systems, internal controls and other aspects of our business. The time and resources required to improve our existing systems and procedures, implement new ones and staff them adequately are uncertain. Failure to do so in a timely and efficient manner could adversely affect our operations and negatively impact our business and financial performance.

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

Continued service of our key executives, R&D personnel and other key employees is pivotal to our success. If we lose their service, we may face difficulties in finding suitable or qualified replacements and may incur additional expenses to recruit and train new personnel. Furthermore, we will need to continue attracting and retaining experienced management and key R&D personnel following our continuous business expansion. Competition for personnel in the industries in which we operate is intense. We may be unable to attract or retain the personnel required to achieve our business objectives and failure to do so could severely disrupt our business and growth.

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

We develop our production plans based on past order volumes, feedback from distributors, our understanding of anticipated hospital procurement spending, and distributor inventory levels. We may face challenges in accurately forecasting future demand. If we overestimate demand, we may purchase more raw materials or components than required. If we underestimate demand, our third-party suppliers may have inadequate raw material or product component inventories, which could interrupt our manufacturing, and could result in lost sales.

We rely primarily on our manufacturing and storage facility. Any disruption to our current manufacturing facility could reduce our sales and affect our reputation.

Our operations are significantly dependent on our manufacturing facility located in Shandong Province, China. Any natural disaster or unanticipated catastrophic events, including power interruptions, water shortages, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to manufacture our products and operate our business. Our manufacturing facility and certain equipment would be challenging to replace and could necessitate a substantial lead time for replacement. Catastrophic events may also destroy any inventory located in our manufacturing facility. The occurrence of any such event could have a material and adverse impact on our business, potentially causing significant operational disruptions and financial losses.

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

We procure various raw materials which are essential for manufacturing our products. Our supply chain is subject to risks including but not limited to global economic conditions, price fluctuations, regional regulatory policies and natural disasters. These factors could destabilize raw material prices or supply, directly impacting our profit margins and production. In addition, general economic conditions could adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. Given the competitive nature of our industry, centralized procurement programs, and pricing pressures across the industry, we may be unable to pass on these cost increases without risking reduced demand or lost market share. These disruptions could therefore adversely affect our results of operations, financial performance and business prospects.

We rely on third-party logistics service providers for delivering our products from our production base to our customers.

We rely on our third-party logistics service providers for the transportation of our products. The services provided by these logistics service providers may be suspended and cause interruption to the supply of our products due to unforeseen events. Delivery delays may occur for various reasons beyond our control, including poor handling by our logistics companies, labor disputes or strikes, acts of war or terrorism, health epidemics, earthquakes and other natural disasters, and could lead to delayed or lost deliveries, which in turn, may adversely affect our results of operations, financial performance and business prospects.

The continuing development of our products depends on our stable cooperation with hospitals, doctors, medical and academic institutions.

We gain valuable insights from hospitals, doctors and academic institutions regarding unmet clinical needs, doctors’ preferences, and practice trends. If we fail to maintain cooperations with them, we may be unable to promote our new products smoothly. These industry participants may leave their roles, change their business or practice focus, choose to no longer cooperate with us or cooperate with our competitors instead. Moreover, we cannot assure you that our academic promotion and marketing strategy will continue to serve as an effective marketing strategy. In

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addition, the hospitals, patients, doctors and academics that we focus on may not continue to have a significant demand for our products. Our reputation and influence could be weakened if we are unable to maintain our cooperations with them.

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

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

We are subject to credit risks of our customers. If we experience delays in collecting or if we are unable to collect payments from customers, our cash flows and operations could be adversely affected.

We cannot assure you that we can properly assess and respond in a timely manner to changes in their credit profile. If our customers’ cash flows, working capital, financial condition or results of operations deteriorate, they may be unable, or they may otherwise be unwilling, to pay receivables owed to us promptly or at all. Any substantial defaults or delays could adversely affect our cash flows, and we could be required to terminate our relationship with our customers in a manner that may adversely affect our cash flows and operations.

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

Supply of raw materials and other supplies may be impacted by factors such as commodity price levels and restrictions on international trade. Customer demand can be affected by uncertainties, including regulatory approvals, timing and success of clinical trials, international tension and conflict and other factors beyond our control. If we fail to manage our inventory levels effectively, we may be subject to inventory obsolescence, a decline in the value of inventories, and potential inventory write-downs or write-offs. Any of the foregoing may adversely affect our results of operations, financial performance and business prospects.

We are subject to requirements of permits, certificates and other approvals in relation to our properties.

For real properties that we construct on our own, we must obtain various permits, certificates and other approvals from the relevant government authorities at various stages of property development. For real properties that we use or lease, we are also subject to various PRC laws and regulations, including the requirement to register our lease agreements with the local housing bureau within 30 days after signing the lease agreements. In addition, property lease agreements must be filed with the local branch of the Ministry of Housing and Urban-Rural Development (the “MOHURD”) of the PRC.

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We face certain legal and regulatory risks relating to labor-related laws and regulations, which may adversely affect our business and our results of operations.

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, we engaged third-party human resource agencies to make full social insurance and housing provident fund contributions for certain employees primarily as requested by the employees themselves in accordance with the requirements of applicable laws and regulations. See “Business — Employees — Social Insurance and Housing Provident Fund.” As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, we may be ordered to pay social insurance premium and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts. If the third-party human resource agencies we engaged fail to fulfill their obligations to make social insurance and housing provident fund contributions for the relevant employees, or if such arrangements are challenged by relevant regulatory authorities, we may be subject to penalties for failing to discharge our obligations as an employer or be ordered to rectify. The occurrence of any of the foregoing could have a material adverse effect on our results of operations, financial performance and business prospects.

Future strategic alliances, acquisitions or investments may have a material effect on our results of operations, financial performance and business prospects.

We may enter into strategic alliances, acquisitions or investments with third parties to further our business purpose from time to time. Our ability to grow through acquisitions depends on our ability to identify, negotiate, complete and integrate suitable acquisitions. Such acquisitions and investments may also require approval from the relevant government authorities, which can lead to compliance costs and increase uncertainty. In addition, investments and acquisitions could result in greater liabilities and expenses, unidentified issues not discovered in our due diligence, insufficient cash flow, or intangible assets and exposure to potential unknown liabilities of the acquired business. Further, our investments or acquisitions may not yield the results we expect. The integration process involves risks and uncertainties, and there can be no assurance that we will be able to realize the anticipated benefits or synergies. In the event that our investments and acquisitions are not successful, our results of operations, financial performance and business prospects may be materially and adversely affected.

We may be unable to obtain and maintain effective and sufficient protection of our intellectual property rights. And we may be subject to intellectual property infringement claims or other disputes, which could expose us to costly litigation and substantial liability and adversely affect our reputation.

Effective and sufficient protection of our intellectual property is critical to maintaining our competitive position. There is no assurance that intellectual property rights will be granted in a timely manner or that protection will be consistent across jurisdictions. Third parties may independently develop similar technologies or infringe our intellectual property. Enforcing our rights may require costly and time-consuming litigation, the outcome of which is uncertain. Any failure to protect our intellectual property or any adverse determination in related disputes could impair our competitive position and materially and adversely affect our business and results of operations.

In addition, we could in the future be subject to claims that we or our current or former employees, consultants or advisors have inadvertently or otherwise used or disclosed alleged intellectual property rights of third parties. We cannot assure you that we will prevail in these matters. Even if we were to succeed in our defense, involvement in such litigations and legal proceedings may also cause us to incur substantial expenses and divert the time and attention of our management. An adverse determination in any such litigations or proceedings could subject us to significant liability to third parties, require us to obtain licenses from third parties, pay ongoing royalties, or subject us to injunctions prohibiting the distribution and marketing of our products.

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Any similar claim against us, even without any merit, could also damage our reputation and brand image. Any such event could have a material and adverse effect on our business, financial condition and results of operations.

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

We own a number of trademarks in China and overseas. Our trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, and prevent unauthorized use of our trademarks and trade names by distributors, which may harm our brand and reputation. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected.

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

We rely upon unpatented trade secret protection, unpatented know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We also seek to protect our proprietary technologies, in part, by entering into confidentiality agreements with parties that have access to them. If any of our employees or other third parties who are parties to these agreements breach these agreements or otherwise disclose our proprietary information, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets. Enforcing a claim that a third party illegally disclosed or misappropriated our trade secrets is difficult, expensive and time-consuming, and the outcome is unpredictable. We are unable to prevent or prohibit other third parties from acquiring technology that is identical or similar to our trade secrets through their own research and development or reverse engineering effort, which could significantly undermine our business operations and competitive advantages.

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

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the course of our business, including various disputes with or claims from our suppliers, customers, business partners and other third parties that we engage for our business operations. Ongoing or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management’s attention and consume their time and our other resources. If any adverse verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products, which could further materially and adversely affect our business.

RISK FACTORS

We rely on certain third-party manufacturers for the production of certain products. Our business could be adversely affected if those third-party manufacturers fail to deliver sufficient quantities of quality products.

We collaborate with third-party manufacturers for the production of certain of our products. For details, see “Business — Production — Collaboration with CMOs.” Such production arrangement with third-party manufacturers could expose us to several risks, including but not limited to: (a) the third-party manufacturer may face production issues, such as capacity constraints or supply chain disruptions, which could cause delay and disruption in our product sales; (b) if the third-party manufacturer provides substandard or defective products, it could compromise the integrity and safety of the products; (c) relying on third-party manufacturers means our Company has less control over the production process, which could expose us to unforeseen risks like operational inefficiencies or failure to meet market demand; (d) if the third-party manufacturer increases its prices or encounter cost-related issues, it could result in higher production costs for us, affecting our profitability; and (e) we may be unable to identify manufacturers on acceptable terms, or at all, because the number of potential manufacturers is limited and the NMPA, the FDA or other comparable regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight. Such evaluation would require new testing and GMP-compliance inspections by the NMPA, the FDA or other comparable regulatory authorities.

We may experience fluctuations in labor costs or labor shortages.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees. Increasing market competition may cause market demand and competition for qualified employees to intensify. If we face labor shortages or significant increases in labor costs caused by the intense competition, higher employee turnover rates, increases in wages or other employee benefit costs or changes to labor laws and regulations, our operating costs could increase significantly, which could materially and adversely affect our results of operations. If any labor disputes occur, we may be subject to fines by relevant governmental authorities and may incur settlement costs in order to resolve labor disputes. In addition, we may become subject to higher labor costs in the future when recruiting new employees due to the reputational damage caused by labor disputes. Such potential incidents could disrupt our operations, harm our reputation and divert our management’s attention, which may have a material and adverse effect on our business, financial condition and results of operations.

Our internal IT systems may fail, be subject to cyber-attacks, or have security breaches.

Our business operations rely on our IT systems, which are critical for maintaining data accuracy and operational efficiency. However, our systems are subject to various risks, including system failures, data inaccuracies, cyber-attacks, data breaches, and other security incidents. Any such event could disrupt our operations, compromise our data, and result in significant remediation costs, legal liabilities, and reputational damage. Furthermore, our systems need to be regularly updated to align technological advancements, which could require significant investment and upgrade costs. We also rely on third-party vendors for certain IT services. Any failure of these vendors to meet their service obligations could impact the performance of our systems. Furthermore, any breach of contract or termination of services by these vendors could result in disruptions to the operation of our IT systems, additional costs and time delays associated with transitioning to a new vendor.

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

We maintain insurance policies to cover various aspects of our business, such as property insurance and logistics insurance. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our results of operations, financial performance and business prospects could be materially and adversely affected.

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If we fail to comply with health, safety, social and environmental laws and regulations, we may be subject to fines or penalties, or incur costs, which may adversely impact our business.

We are subject to various health, safety, social and environmental laws and regulations, including laws and regulations governing the handling, use, storage, treatment and disposal of hazardous materials and wastes. Failure to abide by such laws and regulations may also lead to substantial fines, penalties or other sanctions. Our manufacturing process may involve the use of hazardous and flammable chemical materials and special equipment. Our operations may also produce hazardous waste. If we cause pollution or injury by using harmful materials, we may assume liability for any loss arising therefrom, and any liability may exceed our resources. We may also incur substantial costs related to civil or criminal fines and penalties.

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

Any negative publicity or other public disclosures concerning us, our affiliates or subsidiaries, or third parties we cooperate with, or our industry generally, even if untrue, partially true or inconsistent, could adversely affect our reputation, damage our brand image or have a material adverse effect on our results of operations, financial performance and business prospects. Damage to our reputation could be difficult, expensive and time consuming to restore and could make potential or existing customers reluctant to select us for new engagements, resulting in a loss of business. Damage to our reputation could also reduce the value and effectiveness of our brand and could reduce [REDACTED] confidence in us, adversely affecting the [REDACTED] of our Shares.

Anti-corruption, anti-bribery, anti-money laundering, economic sanctions and other relevant laws and regulations may expose us to potential compliance risks.

We are subject to anti-corruption, anti-bribery, anti-money laundering, economic sanctions, export controls and other relevant laws and regulations in the countries and regions where we have business operations. Any violation of these laws or regulations could result in governmental or regulatory investigations, civil liabilities or criminal fines or other sanctions, whistleblower complaints and adverse publicity, which could have an adverse effect on our reputation, results of operations, financial performance and business prospects. In addition, responding to any enforcement action may result in a significant diversion of management’s attention and significant defense costs and other professional fees.

We may be subject to anti-corruption, anti-bribery, anti-money laundering laws and regulations in jurisdictions in which we conduct activities, including the United States Foreign Corrupt Practices Act (“FCPA”). The FCPA prohibits us and our officers, employees, and business partners acting on our behalf, from corruptly offering, promising, authorizing, or providing anything of value to a “foreign official” for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records, and accounts that accurately reflect transactions and dispositions of assets. In addition, anti-money laundering laws and regulations generally require companies to establish and maintain appropriate policies and procedures designed to prevent and detect money laundering and other illicit financial activities, including, where applicable, customer due diligence, record-keeping and reporting of suspicious transactions. A violation of these laws or regulations could adversely affect our results of operations, financial performance and business prospects.

Moreover, certain countries, regions or organizations, including the U.S., the European Union, the United Nations, the United Kingdom, and Australia, have, through executive order, legislations or other government means, implemented measures that impose economic sanctions or export control restrictions against certain countries, regions or targeted industry sectors, groups of companies or persons, and/or organizations within such countries and regions. If any government or organization were to determine that any of our activities constitutes a violation of the sanctions or export control restrictions they impose or provide a basis for sanctions designation of or other

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restrictions on us, our results of operations, financial performance and business prospects would be adversely affected. In addition, new requirements or restrictions could come into effect, which might increase scrutiny of our business or result in additional compliance risks.

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

Our business could be materially and adversely affected by public health crises, force majeure events, severe weather conditions and other natural disasters, which may disrupt our supply chain, damage infrastructure, and hinder workforce productivity. Natural disasters such as snowstorms, earthquakes, fires, and floods can cause physical damage to our production facilities, equipment, and inventory which could result in production delays, inventory shortages and obsolescence, which could increase our impairment and costs for repairs and replacements.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

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

We are headquartered in Shandong, China and have established a global sales network across over 80 countries and regions. Accordingly, our results of operations, financial performance and business prospects may be influenced by the economic, regulatory, political and social conditions in countries and regions where we operate. Global medical consumable industry in general is affected by macro-economic factors, including international, national and regional economic conditions, trade relationships, overall healthcare expenditure and hospital procurement budgets. Any changes in these factors may have material and adverse effect on our results of operations, financial performance and business prospects.

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

The regional and global economy has experienced a deceleration in growth in recent years, and it remains uncertain how long this economic downturn will persist. There are significant uncertainties surrounding the long-term effects of the monetary and fiscal policies implemented by the central banks and financial authorities in leading economies. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies and the overall economic growth rate. It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could indirectly affect on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. Consequently, these factors could have an adverse effect on our results of operations, financial performance and business prospects.

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

Our global sales network spans across various geographic markets, each with its unique legal system. We acknowledge the inherent uncertainties within the legal frameworks of some of the markets we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities. The interpretation and enforcement of such laws and regulations, and their applicability to our business operations remains unsettled. It can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion in refusing to enforce foreign or arbitration awards. These uncertainties could potentially affect our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal

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actions, claims concerning third party conduct, or threats aimed at extracting payments or benefits from us. Additionally, many of the legal systems are influenced by their respective government policies and internal rules, which may not be published promptly, and could have retroactive effects. There are instances where key regulatory definitions are ambiguous, imprecise, or absent, or where regulatory interpretations diverge from court interpretations in analogous cases. Furthermore, administrative and court proceedings in some of our markets may be prolonged, leading to significant costs and diversion of resources and management attention.

We may be directly or indirectly subject to applicable anti-kickback regulations, false claims statutes, physician payment transparency requirements, or similar healthcare and safety laws and regulations in China and other jurisdictions.

Healthcare providers, doctors and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. We are subject to various PRC fraud and abuse laws, including the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) and PRC Criminal Law (《中華人民共和國刑法》). These laws may impact, among others, our proposed sales, marketing and education programs.

Law enforcement authorities are increasingly focusing on enforcing these laws. Efforts to ensure compliance with applicable healthcare laws and regulations will involve substantial costs. Regulatory authorities could conclude that our business practices may not comply with current or future fraud, abuse or other healthcare laws or regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational damage, diminished profits and future earnings, and curtailment of our operations, any of which could have a material adverse effect on our results of operations, financial performance and business prospects.

Furthermore, we are subject to anti-bribery laws in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing other improper advantages. In addition, although currently our business operations are primarily in Chinese Mainland, we are subject to the FCPA of the United States, which generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs.

As we expand our operations globally, we may also become subject to similar laws and regulations from other jurisdictions. If any of the physicians or other third parties with whom we do business are found to be not in compliance with the applicable laws and regulations, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which may also adversely affect our business.

We are subject to privacy laws, information security policies and contractual obligations related to data privacy and security.

We collect, store, and process business and transaction data during our operations, which is subject to evolving regulatory requirements and administrative scrutiny. For details, see “Business — Information Security and Data Privacy.” In recent years, privacy and data protection have become an increasing regulatory focus of government authorities across the world. Particularly in China, where we operate substantially all our businesses, the PRC government has enacted a series of laws and regulations in respect of information security, data collection, privacy and protection, such as the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》), and the Cybersecurity Review Measures (《網絡安全審查辦法》). Complying with all

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applicable laws, regulations, standards and obligations relating to data privacy, security, and transfers may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have an adverse effect on our competitive position, results of operations, financial performance and business prospects.

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

We are a company incorporated under the laws of the PRC and most of our assets are located in the PRC. The majority of our Directors and senior management resides within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or senior management who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Additionally, China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in Chinese Mainland or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made, or if the jurisdiction is considered to satisfy the reciprocity requirements of the courts in Chinese Mainland.

We are a PRC enterprise and subject to periodic inspections by Chinese tax authorities regarding our compliance with tax obligations under Chinese tax laws and regulations. These laws and regulations may be interpreted and adjusted by relevant authorities from time to time.

Since we mainly conduct business in PRC, we are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities, and Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) imposes a tax rate of 25% on business enterprises. Moreover, during the Track Record Period, we were accredited as a “High and New Technology Enterprise” and were entitled to a preferential income tax rate of 15%. To the extent that there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. Moreover, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, financial performance and results of operations.

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

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

According to the relevant laws and regulations, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. And the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends. In addition, if a non-resident enterprise has

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no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Specifically, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends, (ii) otherwise, 10% of the total amount of dividends. Considering the above, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

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

The PRC government imposes supervision on the convertibility of RMB into foreign currencies. We receive the vast majority of our revenue in RMB. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior State Administration of Foreign Exchange of the PRC (“SAFE”) approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of China.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our H Shares. There can be no guarantee that an active [REDACTED] market for our H Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company, [REDACTED] (for itself and on behalf of the [REDACTED]), which may not be indicative of the price at which our H Shares will be [REDACTED] following completion of the [REDACTED]. The [REDACTED] of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

You will incur immediate and significant dilution and raising additional capital may cause further dilution or restrict our operation.

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

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

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other [REDACTED] relating to our H Shares in the [REDACTED], or the [REDACTED] of new shares or other [REDACTED], or the perception that such [REDACTED] may occur. The H Shares held by our existing Shareholders are subject to certain lock-up periods beginning on the date on which [REDACTED] in our H Shares commences on the Stock Exchange. We cannot assure you that our existing Shareholders will not dispose any H Shares they may own now or in the future. Future sales, or anticipated sales, of substantial amounts of our [REDACTED], including any future [REDACTED], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings if we issue more [REDACTED] in the future. New shares or shares-linked [REDACTED] [REDACTED] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders.

The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the [REDACTED] of our Shares. In addition, to the extent the interests of our Controlling Shareholders conflict with the interest of our other Shareholders, the interests of our other Shareholders may be disadvantaged or harmed.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions may prove to be inaccurate and as a result, the forward-looking statements based on those assumptions may also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

We have derived certain facts and other statistics in this document, particularly those relating to the general economy and the industries in which we operate, from information provided by official government sources. We, the Sole Sponsor, [REDACTED], any of their respective directors, supervisors, and advisors, or any other persons or parties involved in the [REDACTED] have not independently verified information and statistics from official government sources, and there can be no assurance as to the accuracy of such facts and statistics. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

WAIVERS

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the new applicant’s executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant’s arrangements for maintaining regular communication with the Stock Exchange.

Our Company’s headquarters, management, business operations and assets are primarily located in the PRC. The executive Directors are based in the PRC, as our Board believes it would be more effective and efficient for our executive Directors to be based in a location where our Company’s significant operations are located. The executive Directors are not or will not be ordinarily resident in Hong Kong upon the proposed [REDACTED]. The Directors consider that relocation of the executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and the Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong.

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

- (a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorized representatives (the “**Authorized Representatives**”), namely Mr. Ji Yuexiang (季躍相) (“**Mr. Ji**”) and Ms. Wang Huimin (王卉敏) (“**Ms. Wang**”). The Authorized Representatives are authorized to communicate on our Company’s behalf with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have means to contact all of the Directors promptly at all times. Our Company will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;
- (b) our Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to promptly contact any of the Directors (including the independent non-executive Directors) as and when required, as well as means to communicate with the Directors when they are travelling;
- (c) our Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess, or can apply for, valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required; and
- (d) our Company has appointed Yue Xiu Capital Limited as Compliance Advisor, pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will have access at all times to the Authorized Representatives, Directors and senior management of our Company, and will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the [REDACTED] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the [REDACTED]. The

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Compliance Advisor will maintain constant contact with the Authorized Representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers will promptly provide such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

In assessing “relevant experience”, the Stock Exchange will consider the individual’s:

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

We have appointed Ms. Wang as one of our joint company secretaries. Ms. Wang joined our Group in October 2010 and is our executive Director, chief financial officer and secretary of our Board. She is primarily responsible for the financial and capital management, Board affairs and corporate governance of our Company. Although our Company believes, having regard to her past experience in handling corporate matters, that she has a thorough understanding of our Company and the Board, she does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. Ye Jiahong (叶嘉红) (“**Ms. Ye**”), who is a Hong Kong resident and possesses such qualifications, to be a joint company secretary to assist Ms. Wang in the compliance matters for the [REDACTED] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [REDACTED]. For the biographies of our joint company secretaries, see “Directors and Senior Management — Joint Company Secretaries” in this document. Over such three-year period, we will implement measures to assist Ms. Wang to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

WAIVERS

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has] granted, a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Ms. Wang’s appointment as joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

- (a) Ms. Wang must be assisted by Ms. Ye, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and
- (b) the waiver is valid for a period of three years from the [REDACTED] and will be revoked immediately if and when Ms. Ye ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Ms. Wang will gain the relevant experience with the assistance of Ms. Ye. In addition, Ms. Wang will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules and enhance her understanding of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Ms. Wang has access to the relevant training and support to familiarize herself with the Listing Rules and the duties of a company secretary of an [REDACTED] on the Stock Exchange.

Before the end of the initial three-year period, we will evaluate Ms. Wang’s experience in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Ms. Wang, having had the benefit of Ms. Ye’s assistance for three years, would then have acquired the “relevant experience” within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

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[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Executive Directors		
Mr. Ji Yuexiang (季躍相)	Building 12 Fangzheng Phoenix International Zhangdian District, Zibo Shandong Province PRC	Chinese
Mr. Zou Peng (鄒鵬)	Building 18 Qiyue Garden Zhangdian District, Zibo Shandong Province PRC	Chinese
Ms. Wang Huimin (王卉敏)	Building 47 Jindu Garden Zhangdian District, Zibo Shandong Province PRC	Chinese
Mr. Tian Xiaolei (田曉雷)	Building 4 Wuxingyuan, Century Garden Zhangdian District, Zibo Shandong Province PRC	Chinese
Non-executive Directors		
Dr. Patrick Henri Jean Choay	16 B Hameau Boileau, 75016, Paris France	French
Mr. Dominique Andre Luc Choay	3 Rue Daniel Dreyfus 78860, St Nom La Breteche France	French
Independent Non-executive Directors		
Mr. Wong Jovi Chi Wing (王志榮)	Block 2, Scenecliff 33 Conduit Road Mid-Levels Central Hong Kong	Chinese (Hong Kong)
Mr. Jia Maoyuan (賈茂遠)	Building 7 Qiyue Garden Zhangdian District, Zibo Shandong Province PRC	Chinese
Dr. Chen Zhiwei (陳志偉)	Building 6 Boda Garden Zhangdian District, Zibo Shandong Province PRC	Chinese

For more information of the Directors, see “Directors and Senior Management”.

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DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

**China Securities (International)
Corporate Finance Company Limited**
18/F Two Exchange Square
8 Connaught Place
Central
Hong Kong

[REDACTED]

[REDACTED]

Legal Advisors to our Company

As to Hong Kong and United States law:
Paul Hastings (Hong Kong) LLP
22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

As to PRC law:
Allbright Law Offices
11&12/F Shanghai Tower
501 Yincheng Middle Road
Pudong New District
Shanghai
PRC

**Legal Advisors to the Sole Sponsor and
the [REDACTED]**

As to Hong Kong law:
**Eric Chow & Co. in Association with Commerce & Finance
Law Offices**
3401, Alexandra House
18 Chater Road
Central
Hong Kong

As to PRC law:
Commerce & Finance Law Offices
12–15th Floor, China World Office 2
No.1 Jianguomenwai Avenue
Chaoyang District
Beijing
PRC

**Reporting Accountants and Independent
Auditor**

*Certified Public Accountants
Registered Public Interest Entity Auditor*
Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

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DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Room 2504, Wheelock Square
No.1717 West Nanjing Road
Jing'an District
Shanghai
PRC

Property Valuer

Savills Valuation and Professional Services (China) Limited
Room 1208, 12/F
1111 King's Road
Taikoo Shing
Hong Kong

Compliance Advisor

Yue Xiu Capital Limited
Rooms Nos. 4917–4937
49/F, Sun Hung Kai Centre
No.30 Harbour Road
Wanchai
Hong Kong

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office	Zunxian Road No. 999 High-tech Zone, Zibo Shandong Province PRC
Headquarters and Principal Place of Business in the PRC	Zunxian Road No. 999 High-tech Zone, Zibo Shandong Province PRC
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company’s Website	<u>www.andemed.com</u> <i>(The information contained on this website does not form part of this document)</i>
Joint Company Secretaries	Ms. Wang Huimin (王卉敏) Building 47 Jindu Garden Zhangdian District, Zibo Shandong Province PRC Ms. Ye Jiahong (叶嘉红) <i>(Member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute)</i> 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Mr. Ji Yuexiang (季躍相) Building 12 Fangzheng Phoenix International Zhangdian District, Zibo Shandong Province PRC Ms. Wang Huimin (王卉敏) Building 47 Jindu Garden Zhangdian District, Zibo Shandong Province PRC
Audit Committee	Mr. Wong Jovi Chi Wing (王志榮) (<i>Chairperson</i>) Dr. Patrick Henri Jean Choay Mr. Jia Maoyuan (賈茂遠)
Nomination Committee	Mr. Ji Yuexiang (季跃相) (<i>Chairperson</i>) Mr. Jia Maoyuan (賈茂遠) Mr. Wong Jovi Chi Wing (王志榮) Dr. Chen Zhiwei (陳志偉) Ms. Wang Huimin (王卉敏)

CORPORATE INFORMATION

Remuneration and Appraisal Committee Mr. Jia Maoyuan (賈茂遠) (*Chairperson*)
Dr. Chen Zhiwei (陳志偉)
Mr. Wong Jovi Chi Wing (王志榮)

Strategy Committee Mr. Ji Yuexiang (季躍相) (*Chairperson*)
Mr. Zou Peng (鄒鵬)
Mr. Wong Jovi Chi Wing (王志榮)

[REDACTED]

[REDACTED]

Principal Bank

Bank of China Limited, Zibo Zhangdian Branch
F1 Floor, Dongfang Shangwu
No. 99 Xincun West Road
Zhangdian District, Zibo
Shandong Province
PRC

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to January 2003, when our Company was established as a limited liability company under the name of Zibo Ande Medical Technology Co., Ltd. (淄博安得醫療科技有限公司) in the PRC, which was primarily engaged in the manufacturing of disposable syringe products. Under the leadership of Mr. Ji, our Company has adhered to an innovation-driven strategy. Through over 20 years of continuous investment in research and development, we have grown into a leading innovation-driven medical consumables provider in China. In June 2022, we were converted from a limited liability company into a joint stock limited company and renamed as Shandong Ande Healthcare Apparatus Co., Ltd. (山東安得醫療用品股份有限公司).

BUSINESS MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2003	Our Company was established in the PRC.
2010	Patrick Choay SAS became one of our Shareholders, transforming the Company into a Sino-foreign joint venture.
2011	We obtained the first registration certificate for TPE infusion sets in the PRC.
2012	We obtained the first registration certificate for multi-layer tubing light-protective infusion sets in the PRC and successfully developed the first smart infusion set in the PRC.
2014	We obtained the first registration certificate for polyurethane needle-free connector PIVC in the PRC.
2017	Our infusion set products were certified by the U.S. FDA.
2017	Our Shanghai R&D center was established.
2020	We obtained the first registration certificate for closed-system medication transfer devices and the first power injectable peripherally inserted central catheter (“PICC”) registration certificate in the PRC.
2022	Our Company was converted into a joint stock limited company and renamed as Shandong Ande Healthcare Apparatus Co., Ltd. (山東安得醫療用品股份有限公司).
	Our independently developed mini midline catheters was launched, representing the first entry into the PRC market for such products.
	We obtained the CE certificate under the EU MDR regulations.
2023	We obtained the first registration certificate for umbilical arterial and venous catheters for infants in China, and we established the Shenzhen International Marketing Centre.
2024	We have been approved to establish a national-level Postdoctoral Research Workstation in the PRC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

<u>Year</u>	<u>Event</u>
2025	We obtained the registration certificate for the “peripherally punctured midline catheter” product, bringing our total number of Class III medical device registration certificates in China to 100; and our polyurethane PIVC was recognized as National-level Manufacturing Single Champion product.

OUR SUBSIDIARIES

The following sets out the principal business activities, place of establishment, date of establishment and equity interest attributable to our Group of our subsidiaries as of the Latest Practicable Date. For further details of these subsidiaries, see “— Corporate Structure” in this section. For changes in the registered capital of our subsidiaries, see “Statutory and General Information — Further Information about Our Group — Changes in the Share Capital of Our Subsidiaries” in Appendix VI to this document.

<u>Name of subsidiary</u>	<u>Place of establishment</u>	<u>Date of establishment</u>	<u>Equity interest attributable to our Group</u>	<u>Principal business activities</u>
Ande Sales.	PRC	November 29, 2016	100%	Sales of medical devices
Shandong Toge . . .	PRC	July 25, 2022	100%	R&D, manufacturing and sales of medical devices

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment of our Company and Early Shareholding Changes

Our Company was established on January 23, 2003 as a limited liability company under the laws of the PRC with the name of Zibo Ande Medical Technology Co., Ltd. (淄博安得醫療科技有限公司) and an initial registered capital of RMB5.875 million. Our initial Shareholders were 196 employees of Shandong Xinhua Medical Device Group (山東新華醫療器械集團) (“**Device Group**”). To facilitate the administration of the equity interests held by these employees, the equity interests of our Company were registered under the names of Li Qin (李勤) and Ruan Xi’an (阮希安) as nominee shareholders on behalf of such employees pursuant to an arrangement of Device Group. In May 2003, Li Qin transferred her entire equity interest in our Company to Ruan Xi’an as a nominal holder adjustment.

In June 2003, our Company entered into a capital increase agreement with Shinva Medical Instrument Co., Ltd. (山東新華醫療器械股份有限公司) (“**Shinva Medical**”), China Machinery & Electronics Export Products Investment Corporation (中國機電出口產品投資公司) (“**China Machinery & Electronics Export**”), Zibo Qilu Venture Capital Co., Ltd. (淄博齊魯創業投資有限責任公司) (“**Qilu Venture Capital**”) and Ruan Xi’an, pursuant to which Shinva Medical, China Machinery & Electronics Export, Qilu Venture Capital and Ruan Xi’an subscribed for newly issued registered capital of our Company in the amounts of RMB15 million, RMB13 million, RMB2.97 million and RMB25,000, respectively. In June 2004, Shinva Medical further subscribed for RMB11.13 million of newly increased registered capital of our Company. Upon completion of the aforesaid capital increase, the Company was held by Shinva Medical, China Machinery & Electronics Export, Ruan Xi’an and Qilu Venture Capital as to 54.44%, 27.08%, 12.29% and 6.19%, respectively, and the registered capital of our Company increased to RMB48 million.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In March 2008, Ruan Xi'an and Qilu Venture Capital transferred all their respective equity interests in our Company to Zibo Huide Investment Co., Ltd. (淄博匯德投資有限公司) (“**Zibo Huide**”), a company controlled by Device Group. Zibo Huide replaced Ruan Xi'an and became the nominee shareholder on behalf of the employees of Device Group. Upon completion of the aforesaid equity transfer, our Company was held by Shinva Medical, China Machinery & Electronics Export and Zibo Huide as to 54.44%, 27.08% and 18.48%, respectively.

The consideration for all the above capital increases and equity transfers was RMB1 per RMB1 of registered capital.

Acquisition of our Company by Patrick Choay SAS and Shanghai Yirui in 2010

Pursuant to the share transfer agreements entered into in January 2010 and April 2010, (i) Shinva Medical transferred 35.69% of the equity interest in our Company held by it to Patrick Choay SAS; and (ii) China Machinery & Electronics Export and Zibo Huide transferred 27.08% and 18.48% of the equity interest in our Company to Shanghai Yirui, respectively. Pursuant to the capital increase agreements entered into in April 2010, Patrick Choay SAS and Shanghai Yirui, subscribed for RMB5.07 million and RMB6.93 million, respectively, of newly increased registered capital of our Company. The consideration for the aforesaid equity transfers and capital increases was RMB1 per RMB1 of registered capital. Such consideration was determined after arm's length negotiations between the parties with reference to a valuation report prepared by an independent professional valuer based on the net asset value of our Company, and was fully settled in July 2010.

Upon completion of the above equity transfers and capital increases, our Company was held as to 48%, 37% and 15% by Shanghai Yirui, Patrick Choay SAS and Shinva Medical, respectively, and the registered capital of our Company increased to RMB60.0 million.

Patrick Choay SAS

Patrick Choay SAS is a French pharmaceutical group primarily engaged in the manufacture and sale of pharmaceutical products and medical devices as well as equity investment. The embryo transfer catheter manufactured by its subsidiary, Laboratoire CCD, was used in the successful delivery of the first in vitro fertilization (IVF) babies in France and China, and has established a good reputation in the assisted reproductive medical device industry. Patrick Choay SAS was owned as to approximately 89.34% by Dr. Patrick Henri Jean Choay.

Shanghai Yirui

Shanghai Yirui was established under the laws of the PRC on November 17, 2009 as a limited liability company. The equity interests of Shanghai Yirui once was held as to 4.50%, 3.50% and 2.00% by Li Shiliang (李世良), Wang Wenbo (王文博) and Zhang Zhu (張竹), who are Independent Third Parties, respectively, with the remaining 90% held by such three individuals as nominee holders on behalf of Device Group. Pursuant to the instructions of the competent governmental authority of Device Group on equity clarification, in May 2021, Li Shiliang, Wang Wenbo and Zhang Zhu transferred the equity interests they had held on behalf of Device Group to Zibo Weilan, Zibo Xinye and Zibo Chuangyue, being employee shareholding platforms established for over 300 key employees of our Group, and the nominee shareholding arrangement was terminated. The consideration for the equity transfers was determined after arm's length negotiations among the parties with reference to a valuation report issued by an independent valuer. As of the Latest Practicable Date, Shanghai Yirui was owned as to 73.29%, 7.12%, 7.08%, 5.63%, 4.38% and 2.50%, by Zibo Weilan, Zibo Xinye, Zibo Chuangyue, Li Shiliang, Wang Wenbo and Mr. Zhang Zhu, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity Transfer in May 2012

In May 2012, Shanghai Yirui, Patrick Choay SAS and Shinva Medical entered into a share transfer agreement, pursuant to which Shinva Medical transferred 8.47% and 6.53% equity interests in our Company to Shanghai Yirui and Patrick Choay SAS, at a consideration of RMB8.13 million and RMB6.26 million, respectively, which were determined by the parties with reference to a valuation report prepared by an independent professional valuer based on the net assets value of our Company, and were fully settled by December 2012. Upon completion of the aforesaid equity transfer, our Company was held as to 56.47% and 43.53% by Shanghai Yirui and Patrick Choay SAS.

Capital Increase in August 2012 and December 2014

For the purpose of implementing the employee shareholding incentive, Shanghai Zhuanjingle, an employee shareholding platform of the Company, subscribed for newly increased registered capital of our Company in the amounts of RMB4.0 million and RMB2.66 million in June 2012 and December 2014, respectively. For details of Shanghai Zhuanjingle, please see “— Employee Shareholding Platforms” below. Upon completion of the aforesaid capital increases, the registered capital of our Company increased from RMB60.0 million to RMB66.66 million, and our Company was held as to 50.83%, 39.18% and 9.99% by Shanghai Yirui, Patrick Choay SAS and Shanghai Zhuanjingle, respectively.

Conversion into a Joint Stock Company

On June 1, 2022, our Company was converted from a limited liability company into a joint stock company with limited liability. Upon completion of the conversion, our Company had a total share capital of RMB66.66 million divided into 66,660,000 Shares, which was held as to 50.83%, 39.18% and 9.99% by Shanghai Yirui, Patrick Choay SAS and Shanghai Zhuanjingle, respectively.

Share Transfer in June 2023

To optimize the key employee equity incentive arrangement, six Direct Employee Shareholding platforms, namely Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhongyue, were established. In June 2023, Shanghai Yirui transferred approximately 10.17% of the equity interest in our Company to these six Employee Shareholding Platforms. For details of these six Employee Shareholding Platforms, please see “— Employee Shareholding Platforms” below.

Share Repurchase in December 2025

In order to enhance sustainable development capabilities of the Company and further incentivize employees, in December 2025, the Company repurchased 3,333,000 Shares held by Patrick Choay SAS at a price of RMB13.75 per Share, representing 5% of the Company’s total share capital. In January 2026, the Company issued 2,788,000 and 545,000 repurchased Shares respectively to Zibo Zunxin and Zibo Tongxinyuan, two newly established Employee Shareholding Platforms at a price of RMB6.5 per Share. For details of Zibo Zunxin and Zibo Tongxinyuan, please see “— Employee Shareholding Platforms” below.

PRC Legal Advisor’s Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the equity transfers, capital increases and share transfers set out above, and such equity transfers, capital increases and share transfers were conducted in compliance with the applicable PRC laws and regulations in all material respects.

EMPLOYEE SHAREHOLDING PLATFORMS

In order to incentivize employees and further promote our development, we have established the following Employee Shareholding Platforms in the PRC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Zibo Weilan

Zibo Weilan was established in the PRC as a limited partnership on February 7, 2021. Zibo Heyi is the executive general partner of Zibo Weilan and is responsible for its management. Zibo Heyi was owned as to approximately 55% by Mr. Ji. As of the Latest Practicable Date, Zibo Weilan was owned as to 48.52% by Mr. Ji as the general partner and had 27 limited partners, including (i) Mr. Zou Peng (an executive Director), holding 9.65% of the partnership interest; (ii) Ms. Wang Huimin (an executive Director), holding 4.60% of the partnership interest; (iii) Mr. Tian Xiaolei (an executive Director), holding 3.43% of the partnership interest; (iv) Ms. Xu Xuemei (a connected person of our Company), holding 1.39% of the partnership interest; and (v) 23 other limited partners, who are employees of our Group. None of them holds 10% or more of the partnership interest therein.

Zibo Xinye

Zibo Xinye was established in the PRC as a limited partnership on February 9, 2021. Zibo Heyi is the executive general partner of Zibo Xinye and is responsible for its management. As of the Latest Practicable Date, Zibo Xinye was owned as to 7.51% by Mr. Ji as the general partner and had 40 limited partners, who are employees of our Group. None of those limited partners held 10% or more of the partnership interest therein.

Zibo Chuangyue

Zibo Chuangyue was established in the PRC as a limited partnership on February 9, 2021. Zibo Heyi is the executive general partner of Zibo Chuangyue, and is responsible for its management. As of the Latest Practicable Date, Zibo Chuangyue was owned as to 0.52% by Mr. Ji as the general partner and had 47 limited partners, who are employees of our Group. None of those limited partners held 10% or more of the partnership interest therein.

Shanghai Zhuanjingle

Shanghai Zhuanjingle was established in the PRC as a limited company on June 26, 2012. As of the Latest Practicable Date, Shanghai Zhuanjingle was owned by Mr. Ji, Mr. Zou Peng (an executive Director), Ms. Wang Huimin (an executive Director), Mr. Tian Xiaolei (an executive Director), Ms. Xu Xuemei (a connected person of our Company) as to 53.45%, 6.46%, 3.30%, 3.30% and 2.25%, respectively, and by other 17 employees of our Group as to 31.23%, respectively. Shanghai Zhuanjingle held approximately 9.99% of the registered capital of our Company. The voting rights attaching to the Shares held by Shanghai Zhuanjingle are exercisable by Mr. Ji.

Zibo Zhongce

Zibo Zhongce was established in the PRC as a limited partnership on April 25, 2023. Zibo Heyi is the executive general partner of Zibo Zhongce and is responsible for its management. As of the Latest Practicable Date, Zibo Zhongce was owned as to 3.72% by Mr. Ji as the general partner and had 47 limited partners, including (i) Mr. Zou Peng (an executive Director), holding 26.39% of the partnership interest; (ii) Ms. Wang Huimin (an executive Director), holding 14.53% of the partnership interest; (iii) Mr. Tian Xiaolei (an executive Director), holding 12.93% of the partnership interest; (iv) Ms. Xu Xuemei (a connected person of our Company), holding approximately 1.90% of the partnership interest; and (v) 43 other limited partners, who are employees of our Group. None of those limited partners held 10% or more of the partnership interest therein. As of the Latest Practicable Date, Zibo Zhongce held approximately 5.44% of the share capital of our Company. The voting rights attaching to the Shares held by Zibo Zhongce are exercisable by Zibo Heyi.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Zibo Zhongjie

Zibo Zhongjie was established in the PRC as a limited partnership on April 26, 2023. Zibo Heyi is the executive general partner of Zibo Zhongjie and is responsible for its management. As of the Latest Practicable Date, Zibo Zhongjie was owned as to 9.38% by Mr. Ji as the general partner and had 44 limited partners, who are employees of our Group. None of those limited partners held 10% or more of the partnership interest therein. As of the Latest Practicable Date, Zibo Zhongjie held approximately 1.44% of the share capital of our Company. The voting rights attaching to the Shares held by Zibo Zhongjie are exercisable by Zibo Heyi.

Zibo Zhongcheng

Zibo Zhongcheng was established in the PRC as a limited partnership on April 25, 2023. Zibo Heyi is the executive general partner of Zibo Zhongcheng and is responsible for its management. As of the Latest Practicable Date, Zibo Zhongcheng was owned as to 0.75% by Mr. Ji as the general partner and had 47 limited partners, who are employees of our Group. None of those limited partners held 10% or more of the partnership interest therein. As of the Latest Practicable Date, Zibo Zhongcheng held approximately 1.01% of the share capital of our Company. The voting rights attaching to the Shares held by Zibo Zhongcheng are exercisable by Zibo Heyi.

Zibo Zhonghui

Zibo Zhonghui was established in the PRC as a limited partnership on April 26, 2023. Zibo Heyi is the executive general partner of Zibo Zhonghui and is responsible for its management. As of the Latest Practicable Date, Zibo Zhonghui was owned as to 7.14% by Mr. Ji as the general partner and had 44 limited partners, who are employees of our Group. None of those limited partners held 10% or more of the partnership interest therein. As of the Latest Practicable Date, Zibo Zhonghui held approximately 0.84% of the share capital of our Company. The voting rights attaching to the Shares held by Zibo Zhonghui are exercisable by Zibo Heyi.

Zibo Zhonghe

Zibo Zhonghe was established in the PRC as a limited partnership on April 25, 2023. As of the Latest Practicable Date, Zibo Heyi is the executive general partner of Zibo Zhonghe, holding approximately 2.04% partnership interest therein. Zibo Zhonghe had 48 limited partners, who are employees of our Group. None of them holds 10% or more of the partnership interest therein. As of the Latest Practicable Date, Zibo Zhonghe held approximately 0.74% of the share capital of our Company. The voting rights attaching to the Shares held by Zibo Zhonghe are exercisable by Zibo Heyi.

Zibo Zhongyue

Zibo Zhongyue was established in the PRC as a limited partnership on April 26, 2023. Zibo Heyi is the executive general partner of Zibo Zhongyue and is responsible for its management. As of the Latest Practicable Date, Zibo Zhongyue was owned as to 7.45% by Mr. Ji as the general partner and had 42 limited partners, who are employees of our Group. None of those limited partners held 10% or more of the partnership interest therein. As of the Latest Practicable Date, Zibo Zhongyue held approximately 0.71% of the share capital of our Company. The voting rights attaching to the Shares held by Zibo Zhongyue are exercisable by Zibo Heyi.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Zibo Zunxin

Zibo Zunxin was established in the PRC as a limited partnership on December 17, 2025. As of the Latest Practicable Date, Si Zhenyun (司振云), an employee of our Group, is the general partner of Zibo Zunxin, holding approximately 1.43% partnership interest therein. Zibo Zunxin had 35 limited partners, including (i) Mr. Chen Xingang (陳心剛) (a connected person of our Company), holding 8.21% of the partnership interest; (ii) Ms. Xu Xuemei (許雪梅) (a connected person of our Company), holding 1.94% of the partnership interest; and (iii) 33 other limited partners, who are employees of our Group. None of those limited partners held 10% or more of the partnership interest therein. As of the Latest Practicable Date, Zibo Zunxin held approximately 4.18% of the share capital of our Company. The voting rights attaching to the Shares held by Zibo Zunxin are exercisable by Si Zhenyun.

Zibo Tongxinyuan

Zibo Tongxinyuan was established in the PRC as a limited partnership on January 14, 2026. As of the Latest Practicable Date, Fan Yujing (范玉婧), an employee of our Group, is the general partner of Zibo Tongxinyuan, holding approximately 4.59% partnership interest therein. Zibo Tongxinyuan had 22 limited partners, who are employees of our Group. None of them holds 10% or more of the partnership interest therein. As of the Latest Practicable Date, Zibo Tongxinyuan held approximately 0.82% of the share capital of our Company. The voting rights attaching to the Shares held by Zibo Tongxinyuan are exercisable by Fan Yujing.

Save for the Directors and connected persons of the Company as disclosed above, all other limited partners of the Employee Shareholding Platforms are Independent Third Parties.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, disposals or mergers.

THE PREVIOUS LISTING TUTORING

In July 2023, to explore the opportunity of establishing a capital market platform via the A share market in the PRC (the “**Proposed A Share Listing**”), our Company entered into an IPO tutoring agreement (the “**Tutoring Agreement**”) with China Securities Co., Ltd. (中信建投證券股份有限公司) (“**CSC**”), appointing CSC as our A Share pre-listing tutoring institution to provide tutoring services. In August 2023, CSC, acting on behalf of our Company, submitted the pre-listing tutoring filing (上市前輔導備案) to the Shandong Regulatory Bureau of the CSRC (中國證券監督管理委員會山東監管局) (“**CSRC Shandong**”).

Considering that the Stock Exchange would provide us with an international [REDACTED] platform, attract diverse overseas [REDACTED] and raise our profile and market awareness, we voluntarily decided to terminate the Proposed A Share Listing and formally submitted the cessation notification to the CSRC Shandong on May 12, 2026.

The Directors confirm that, since the execution of the Tutoring Agreement and up to the Latest Practicable Date, (a) our Company did not receive any comments or inquiries from the CSRC Shandong in connection with the Proposed A Share Listing; (b) our Company had not submitted any formal listing application for the Proposed A Share Listing; and (c) there are no material matters or unresolved issues relating to Proposed A Share Listing that need to be brought to the attention of the Stock Exchange. Based on the independent due diligence conducted by the Sole Sponsor, nothing material has come to the attention of the Sole Sponsor relating to the Proposed A Share Listing that need to be brought to the attention of the Stock Exchange given the Company has confirmed that (a) the Company has not received any comments or inquiries from the CSRC Shandong in connection with the Proposed A Share Listing; and (b) the Company has not submitted any formal listing application for the Proposed A Share Listing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

SHAREHOLDING STRUCTURE OF OUR COMPANY

The table below sets forth the shareholding structure of our Company as of the Latest Practicable Date and the [REDACTED] (assuming that the [REDACTED] is not exercised):

Shareholders	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares (assuming the [REDACTED] are not exercised)			
	Number of Shares	Approximate shareholding percentage	Number of Unlisted Shares	Number of H Shares ⁽¹⁾	Number of total Shares	Approximate shareholding percentage
Shanghai Yirui	27,105,920	40.66%	[REDACTED]	[REDACTED]	27,105,920	[REDACTED]%
Patrick Choay SAS Shanghai	22,784,600	34.18%	[REDACTED]	[REDACTED]	22,784,600	[REDACTED]%
Zhuanjingle	6,660,000	9.99%	[REDACTED]	[REDACTED]	6,660,000	[REDACTED]%
Zibo Zhongce	3,626,480	5.44%	[REDACTED]	[REDACTED]	3,626,480	[REDACTED]%
Zibo Zunxin	2,788,000	4.18%	[REDACTED]	[REDACTED]	2,788,000	[REDACTED]%
Zibo Zhongjie	960,000	1.44%	[REDACTED]	[REDACTED]	960,000	[REDACTED]%
Zibo Zhongcheng	670,000	1.01%	[REDACTED]	[REDACTED]	670,000	[REDACTED]%
Zibo Zhonghui	560,000	0.84%	[REDACTED]	[REDACTED]	560,000	[REDACTED]%
Zibo Tongxinyuan	545,000	0.82%	[REDACTED]	[REDACTED]	545,000	[REDACTED]%
Zibo Zhonghe	490,000	0.74%	[REDACTED]	[REDACTED]	490,000	[REDACTED]%
Zibo Zhongyue	470,000	0.71%	—	[REDACTED]	470,000	[REDACTED]%
[REDACTED] participating in the [REDACTED]	—	—	—	[REDACTED]	[REDACTED]	[REDACTED]%
Total	66,660,000	100.00%	[REDACTED]	[REDACTED]	[REDACTED]	100.00%

Note:

- (1) Subject to the completion of relevant filings, the [REDACTED] Unlisted Shares held by all our existing Shareholders will be converted to H Shares upon [REDACTED].

PUBLIC FLOAT

[REDACTED] H Shares to be converted from Unlisted Shares held by the existing Shareholders (other than Zibo Zunxin and Zibo Tongxinyuan), representing [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised), will not be considered as part of the public float as the aforesaid Shareholders are core connected persons of our Group or their respective close associate.

[REDACTED] H Shares to be converted from the Unlisted Shares held by Zibo Zunxin and Zibo Tongxinyuan (excluding [REDACTED] H Shares corresponding to the partnership interests in Zibo Zunxin held by the core connected persons of our Company) will be treated as part of the public float of our Company following [REDACTED] for the purpose of Rule 19A.13A(1) of the Listing Rules.

Upon [REDACTED], our Company will satisfy the public float requirement under Rule 19A.13A(1) of the Listing Rules. This calculation assumes that (i) [REDACTED] H Shares are [REDACTED] and [REDACTED] in the [REDACTED] (assuming the [REDACTED] is not exercised), and (ii) [REDACTED] Unlisted Shares held by our existing Shareholders are converted into H Shares. Based on these assumptions, [REDACTED] H Shares, equivalent to [REDACTED]% of the total number of issued Shares of our Company, will be counted towards the public float upon the [REDACTED]. Assuming that the [REDACTED] is not exercised, based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] and HK\$[REDACTED] per [REDACTED] (being the low-end and the high-end of the indicative [REDACTED] range), the expected [REDACTED] of the Company upon the [REDACTED] would not exceed HK\$[REDACTED]. Accordingly, the minimum prescribed public float percentage applicable to our H Shares under Rule 19A.13A(1) of the Listing Rules is [REDACTED]. Therefore, our Company is expected to satisfy the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought, that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

Based on an [REDACTED] of HK\$[REDACTED] per H Share, being the low-end of the indicative [REDACTED], the Company will satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

REASONS FOR THE [REDACTED]

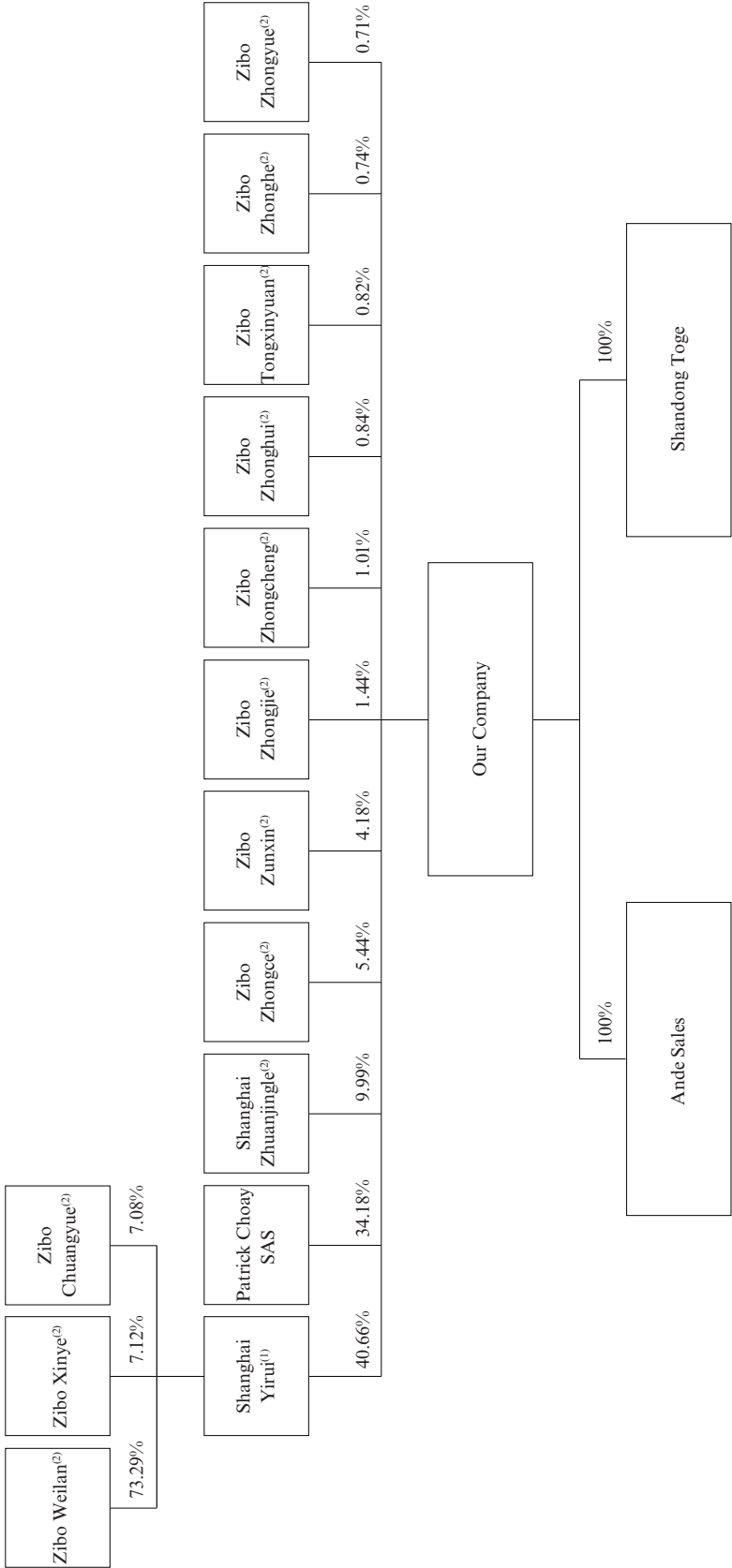
Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to establish a [REDACTED] and [REDACTED] platform in the international capital market, further expand the Company’s international business, deepen the Company’s brand influence and market awareness, optimize the [REDACTED] structure, improve the internal governance structure and build a modern enterprise management system. For further details of our future plans, see “Future Plans and Use of [REDACTED]”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the [REDACTED], assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].



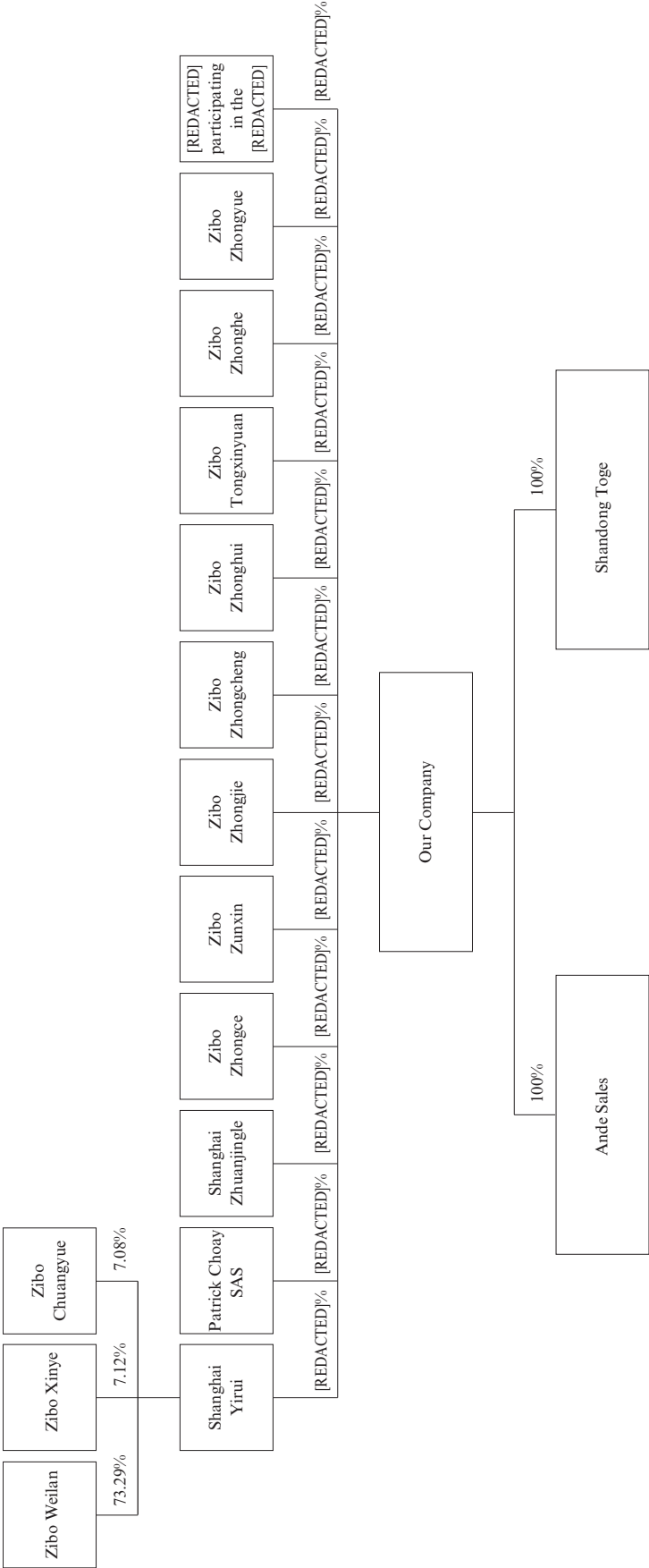
Notes:

- (1) As of the Latest Practicable Date, Shanghai Yirui was held by Zibo Weilan, Zibo Xinye, Zibo Chuangyue, as to approximately 73.29%, 7.12%, 7.08%, respectively, and Li Shiliang, Wang Wenbo and Zhang Zhu, who are Independent Third Parties, as to approximately 5.63%, 4.38% and 2.50%, respectively.
- (2) For further details, see “— Employee Shareholding Platforms” in this section.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure Immediately After the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately after the completion of the [REDACTED], assuming that the [REDACTED] is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED].



Note: See the notes in “Corporate Structure Immediately Before the [REDACTED]” above.

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. We believe that the sources of such information are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of the [REDACTED], any of their respective directors and advisers or any other party involved in the [REDACTED] and no representation is given as to its accuracy.

REPORT COMMISSIONED BY FROST & SULLIVAN

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the major markets for which our products are positioned. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. We have agreed to pay Frost & Sullivan a total fee of RMB480,000 for the preparation of the Frost & Sullivan Report, and we believe that such fees are consistent with the market rate. The payment of such amount is not contingent upon our successful [REDACTED] or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [REDACTED].

Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from authoritative industry organizations. In preparing the Frost & Sullivan Report, Frost & Sullivan also analyzed the forecast data by drawing upon historical data, macroeconomic data and specific industry drivers. The market projections in the Frost & Sullivan Report were based on the following key assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) the economic and industrial development globally and in China is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. The reliability of the Frost & Sullivan Report may be affected by the accuracy of the foregoing key assumptions.

OVERVIEW OF THE GLOBAL MEDICAL CONSUMABLES INDUSTRY

Medical consumables refer to disposable materials, instruments, or implantable components used during clinical treatment to perform functions such as drug delivery, sampling, hemostasis, protection, support, or monitoring. Based on material properties, medical consumables can be categorized into polymer materials, metal materials, inorganic non-metal materials, and others. Among these, polymer materials — due to their biocompatibility, durability, ease of processing, and stability in quality — provide a solid foundation for user-friendly design and safe application of medical consumables.

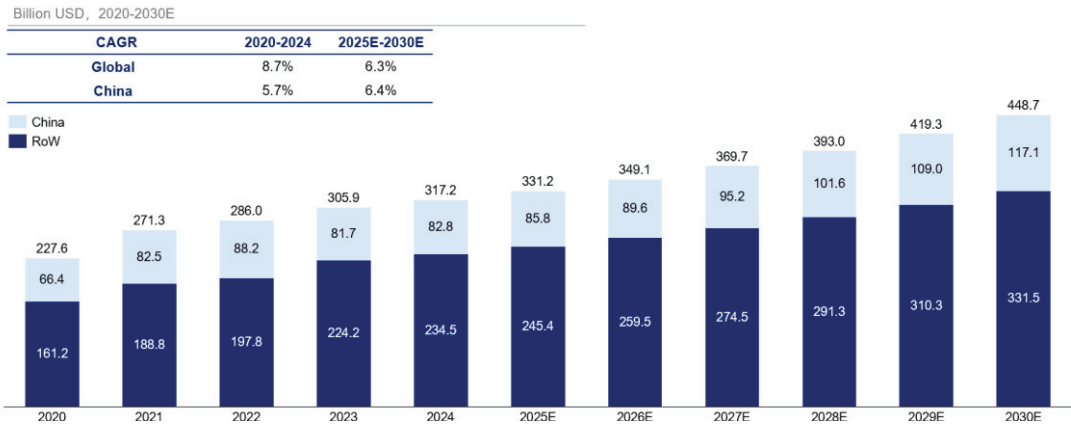
Against the backdrop of global aging and the continuous rise in the prevalence of chronic diseases, rigid demand for medical consumables continues to grow. In addition, supported by China’s centralized procurement policies, domestic medical consumables companies are expanding multi-product pipelines through independent R&D and mergers and acquisitions to capture market share. The substitution of imported medical consumables with domestic alternatives in China is accelerating, industry concentration is steadily increasing, and the overall market size continues to expand.

INDUSTRY OVERVIEW

Analysis of Market Size

The following chart illustrates the global and China’s market size of medical consumables.

Historical and Forecasted Global Market Size of Medical Consumables



Source: Literature review, Frost & Sullivan analysis

Analysis of Entry Barriers

Although the medical consumables industry demonstrates sustained market growth, there are still certain barriers to entry.

- **Market Access and Regulatory Barriers**

Medical consumables must undergo strict approval from regulatory authorities in various countries. Certification thresholds are high, with long registration cycles and high costs. For new entrants, obtaining industry access and product approvals requires substantial investment, long timelines, and involves significant risk, making it difficult to compete with existing players in the short term.

- **Technological and Cost Barriers**

The R&D costs and technical barriers in the medical consumables industry are high. Development costs can range from tens of thousands to tens of millions RMB, with R&D cycles ranging from 6 months to 5 years. In particular, advanced medical consumables rely on multidisciplinary technologies, requiring longer development cycles and sustained investment to achieve breakthroughs in core technologies.

- **Talent Barriers**

The medical consumables industry requires interdisciplinary talent — individuals who possess both clinical medical knowledge and engineering implementation capabilities. However, such hybrid R&D talent is scarce, and insufficient talent reserves often constrain the growth of new entrants.

- **Sales Channels and Brand Barriers**

The sale of medical consumables depends on the establishment of distribution networks. Existing medical consumables companies typically have well-developed sales networks, while new entrants must build market trust through academic promotion and clinical data validation to overcome sales channel barriers. As a result, channel development costs are high.

INDUSTRY OVERVIEW

Analysis of Key Success Factors

Against the backdrop of intense competition in the medical consumables industry, successful companies typically share the following characteristics:

- **Multi-product Portfolio Strategy**

By establishing a diversified product portfolio that spans various clinical departments and regional markets, we can effectively mitigate systemic risks associated with fluctuations in any single market and help build a stronger brand presence. Providing a range of related medical devices to a single department enables us to meet clinical diagnostic and treatment needs through a one-stop solution, thereby enhancing service integration. Allowing a single distributor to represent multiple products optimizes the efficiency of channel resource allocation and strengthens long-term partnerships with distributors.

- **Clinical Demand-Oriented Innovation**

The core of independent R&D lies in mastering key technologies and processes, which is fundamental to building differentiated advantages and achieving sustainable development. By establishing in-house R&D systems focused on clinical needs to pursue technological innovation, companies can not only respond quickly to clinical pain points but also gain deeper control over critical production processes, creating technological barriers that are difficult to replicate. Meanwhile, owning intellectual property for core technologies reduces reliance on external technologies, ensures supply chain security and cost controllability, and enables companies to capture premium pricing and maintain enduring competitiveness in high-end markets, ultimately driving a long-term growth.

- **Development of Manufacturing and Quality Control Capabilities**

Some companies build strong quality management systems to ensure a solid foundation for product quality. Through automated production, they achieve dual optimization of product quality and cost control. Combined with continuous process improvements, this creates a manufacturing competitiveness of “high quality + low cost,” which supports sustainable development.

- **Commercialization Capabilities and Sales Channel Development**

The core value of marketing teams lies in their ability to quickly respond to clinical pain points and drive efficient industrialization. Mature teams can accurately identify unmet clinical needs and rapidly translate clinical feedback into product improvements or service optimization. For example, some companies establish nationwide sales networks supported by professional academic promotion teams to quickly penetrate the domestic market. At the same time, accelerating global expansion injects new momentum into business performance.

Analysis of Competitive Landscape

Against the backdrop of high R&D investment, rapid technological iteration, and stringent regulatory requirements in the medical device industry, many early-stage companies often face the dilemma of “technology becoming obsolete before products are commercialized.” In contrast, Shandong Ande Medical is one of the few companies capable of comprehensively covering multiple segments — including vascular access, drug delivery, blood specimen collection, interventional therapy, surgical products, and medical imaging consumable products — and has successfully achieved commercialization, standing out among domestic medical consumables companies.

Based on the number of NMPA registration certificates for medical consumable products as of the Latest Practicable Date, we ranked second in China.

INDUSTRY OVERVIEW

Analysis of Market Drivers and Future Trends

- **Population Aging and Rising Chronic Disease Burden Driving Growth in Rigid Demand**

The global aging process is accelerating, and the prevalence of chronic diseases such as diabetes, cardiovascular diseases, and cancer continues to rise. This directly increases long-term and recurrent demand for medical consumables. Aging societies also raise the frequency of consumables usage in both hospital and home-care settings, forming a stable market foundation and encouraging companies to focus on the R&D and commercialization of short- to medium-term and long-term treatment products such as PIVCs and PICC.

- **Technological Innovation and Product Iteration Driving Industry Upgrading and Safety Improvements**

Breakthroughs in materials science, antimicrobial technologies, and intelligent manufacturing — such as polyurethane PIVCs, power injectable PICC, and needle-free infusion connectors — have significantly improved the biocompatibility and operational efficiency of consumables. These innovations not only reduce complications but also align with the trend toward home healthcare, driving the market toward higher-end products. At the same time, the application of automated manufacturing processes optimizes production costs and quality, helping companies build technological barriers in a competitive market and meet clinical demand for precise and safe consumables.

- **Policy Support and Accelerated Domestic Substitution Increasing Industry Concentration**

Regulatory tightening and healthcare policy support (such as China’s centralized procurement) have lowered market entry barriers while promoting domestic substitution through cost-performance advantages and R&D breakthroughs. Policy orientation has accelerated the approval and penetration of advanced consumables, while also phasing out small and medium-sized manufacturers and driving industry consolidation toward leading players. This environment strengthens supply chain security and enables companies to enhance risk resilience and long-term competitiveness through diversified product portfolios and global collaboration.

- **Expansion into Emerging Markets Creating New Growth Opportunities**

Emerging markets such as Asia-Pacific, with large populations and strong medical demand, are becoming key growth drivers. Domestic companies are leveraging cost advantages to accelerate expansion. This transformation not only optimizes healthcare cost structures but also promotes the evolution of consumables toward greater personalization and intelligence.

OVERVIEW OF THE DRUG DELIVERY MEDICAL CONSUMABLES INDUSTRY

Overview

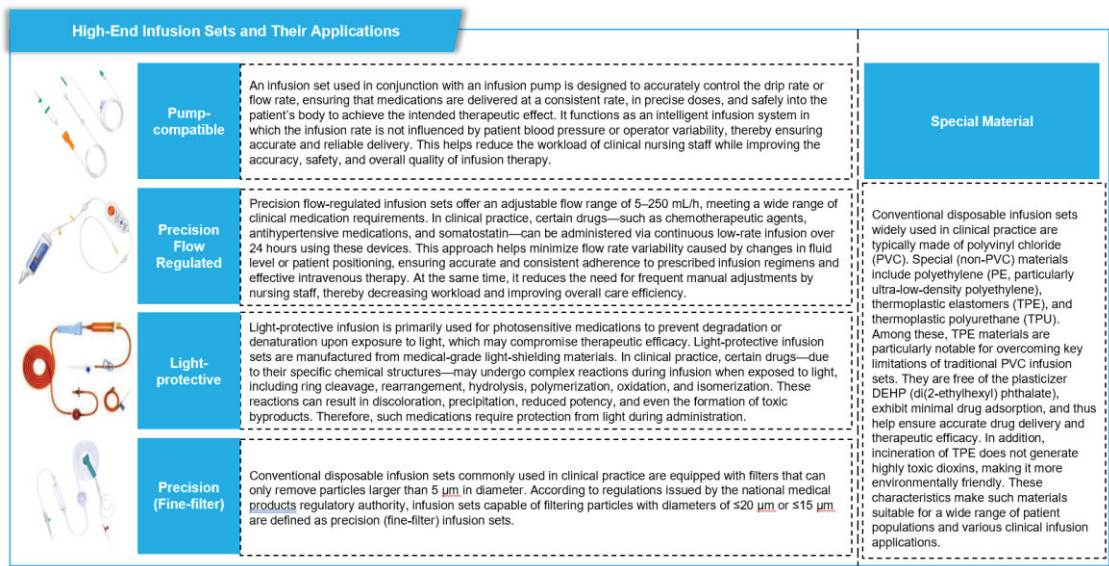
Drug delivery medical consumables refer to single-use materials, devices, and associated components used in clinical treatment, disease prevention, or nutritional support to enable the safe, precise, and continuous administration of drugs, nutritional fluids, blood products, and other substances both internally and externally. These consumables deliver substances from a container to specific sites within the patient’s body (e.g., intravenous, subcutaneous, or gastrointestinal) through mechanisms such as gravity infusion, pump-driven delivery, injection, or tube feeding, and are either consumed after use or require sterile replacement. Based on the route of administration, drug delivery consumables can be categorized into infusion products, injection products, and other devices (e.g., nasogastric tubes, enteral feeding tubes).

INDUSTRY OVERVIEW

Overview of Infusion Sets Market

An infusion set is a commonly used medical consumable. It is sterilized prior to use and establishes a channel between the vein and the infusion fluid for intravenous administration. An infusion set typically consists of eight connected components, including a venous needle, needle cap, infusion tubing, fluid filter, flow regulator, drip chamber, spike (for piercing the container closure), and air filter. Some infusion sets may also include additional components such as an injection port or medication port.

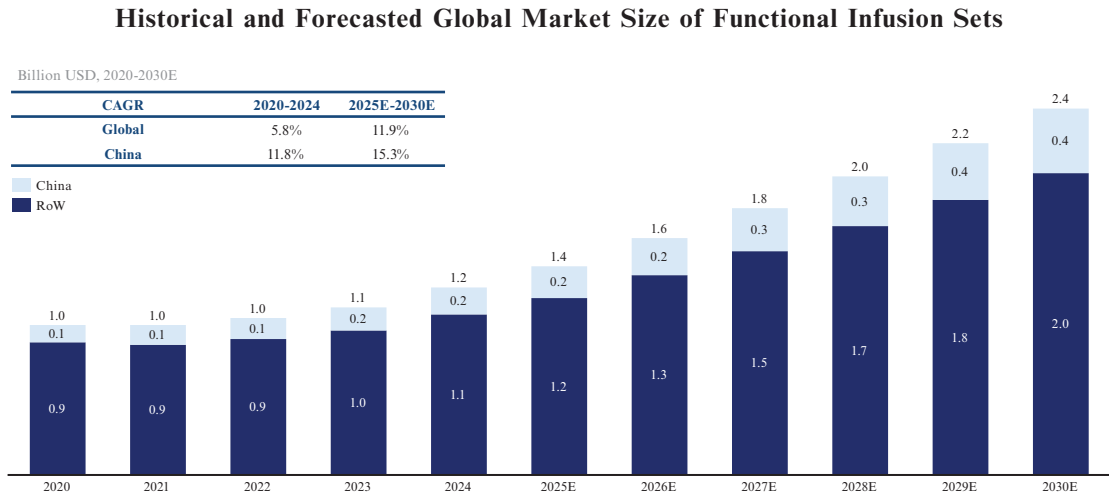
Classification of Infusion Sets



Source: Literature review, Frost & Sullivan analysis

Analysis of the Market Size of Infusion Sets

The following chart illustrates the global and China’s market size of functional infusion sets.



Source: Literature review, Frost & Sullivan analysis

INDUSTRY OVERVIEW

Note: Functional infusion sets include pump infusion sets, precision filtration infusion sets, TPE infusion sets, non-phthalate infusion sets, light-protective infusion sets, precision dosage adjustment infusion sets, etc.

Analysis of the Competitive Landscape of Infusion Sets

Our Company is one of the few domestic enterprises that simultaneously covers functional infusion sets such as pump infusion sets, light-proof infusion sets, precision infusion sets, and precision dosage adjustment sets. In terms of the number of infusion set registration certificates, our Company ranks first in China’s market among domestic companies.

In terms of sales volume of functional infusion set in 2025, our Company ranked second in the Chinese market.

Ranking	Company	Market Share
1	Company A	33.3%
2	Our Company	21.3%
3	Company B	12.0%

Source: Frost & Sullivan analysis

Notes:

1. Company A: Domestic listed company, founded in 1988, whose business scope covers the R&D, manufacturing, and marketing of medical device.
2. Company B: Domestic unlisted company, founded in 1995, whose business scope covers the R&D, manufacturing, and marketing of medical device.

Overview of Pump Consumables Market

Pump consumables are primarily responsible for delivering media such as medications, nutrient solutions, or blood products. Through mechanical linkage with the pump, they enable precise control of flow rate and infusion time, thereby improving the accuracy, stability, standardization, and safety of the infusion process. The classification of pump consumables is shown in the table below.

Type	Clinical advantages
Pump infusion sets	Compared to traditional gravity drip infusion, pump infusion sets can eliminate human error, achieve a constant flow rate, and significantly reduce infusion-related complications. They are especially suitable for infants, the elderly, or patients with poor vascular conditions.
Pump syringe and extension tubes	It enables constant infusion rate and precise quantification of infusion volume, and is widely used in high-risk clinical scenarios such as hemodialysis, chemotherapy, insulin infusion, nutrient solution delivery, and emergency rescue.

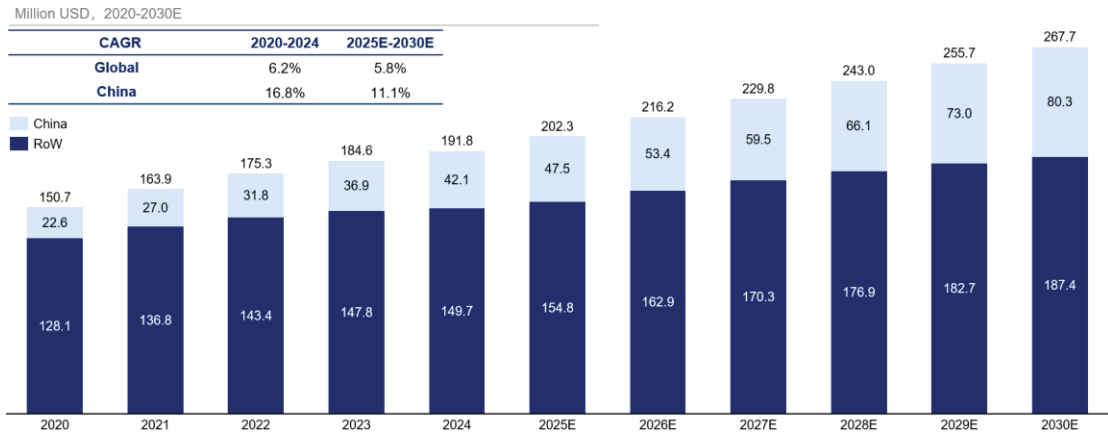
Source: Frost & Sullivan analysis

INDUSTRY OVERVIEW

Analysis of the Market Size of Pump Consumables

The following chart illustrates the global and China’s market size of pump consumables.

Historical and Forecasted Global Market Size of Pump Consumables



Source: Literature review, Frost & Sullivan analysis

Analysis of the Competitive Landscape of Drug Delivery Medical Consumables

In terms of the reported volume of centralized procurement in 24 provinces for pump consumables in 2025, Our Company ranked first in China’s market.

Ranking	Company	Market Share
1	Our Company	30.2%
2	Company A	26.0%
3	Company C	21.5%

Source: Frost & Sullivan analysis

Note:

1. Company C: Foreign unlisted company, founded in 1839, whose business scope covers the provision and manufacturing of healthcare solutions.

OVERVIEW OF THE VASCULAR ACCESS MEDICAL CONSUMABLES INDUSTRY

Overview

Vascular access refers to a fast and direct route for infusion into and/or blood collection from blood vessels. Vascular access medical consumables are disposable materials, instruments, and accessories used during clinical treatment to achieve safe and reliable fluid delivery inside and outside blood vessels through methods such as puncture, catheterization, or implantation. These are used to establish, maintain, or manage channels for the infusion of blood, drugs, and nutritional fluids within the body. Safe and reliable venous access is fundamental to the treatment of hospitalized patients and many outpatients. Vascular access medical consumables can be categorized as shown in the table below.

INDUSTRY OVERVIEW

Classification of Vascular Access Medical Consumables and Unmet Clinical Needs

Category	Representative Products	Unmet Clinical Needs
Peripheral Venous Access	PIVC, mini midline catheters, midline catheters	Increasing diversification of peripheral access needs, such as safety needles, high-pressure resistance, material optimization, and specialized devices for dialysis. Continuous improvement is required in the safety and applicability of indwelling devices.
Central Venous Access	PICC, PORTs and Huber needles, umbilical arterial and venous catheters for infants, CVC, hemodialysis catheter	Need to improve long-term indwelling safety (e.g., anti-reflux), high-pressure resistance, and ease of use of dedicated accessory tools, while reducing complication risks.
Others	Needle-free connectors, anti-drug three-way stopcocks	Need to enhance connection sealing, anti-reflux performance, drug resistance, and ease of operation, while reducing infection and operational risks.

Source: Literature review, Frost & Sullivan analysis

Vascular access consumables serve as the core channel connecting patients with treatment solutions in medical care and are indispensable in life support, chronic disease management, and complex treatments. They provide stable fluid delivery pathways for key therapies such as hemodialysis, tumor chemotherapy, and parenteral nutrition. Advanced vascular access consumables can reduce vascular damage and infection risks caused by repeated punctures, improve treatment efficiency and patient comfort, and continuously enhance long-term indwelling safety and ease of operation through technological innovations (e.g., biocompatible materials). At the same time, they are widely used across multiple scenarios — including emergency rescue, day surgery, and home care — making them an important carrier of precision and patient-centered modern healthcare. They also play a significant role in reducing healthcare costs and improving patients’ quality of life.

Overview of the PIVC Market

A PIVC is a medical device used for peripheral venous infusion that can remain in the vein for a short period (≤ 72 hours). It eliminates the need for repeated punctures during infusion, thereby reducing patient discomfort and lowering the workload of healthcare staff. It is suitable for patients requiring long-term infusion, elderly patients, pediatric patients, and unconscious patients. In particular, for critically ill patients, it allows immediate venous access and early administration of medication (infusion or blood transfusion), improving the success rate of emergency treatment. At the same time, special patient groups such as those with AIDS can also benefit from safety PIVCs, reducing occupational exposure risks for healthcare workers.

INDUSTRY OVERVIEW

Classification of Peripheral Intravenous Catheters (PIVCs)

Category	Clinical Advantages
Y-type PIVC	Effectively reduces or even avoids blood exposure, lowers the risk of bacterial infection in patients, and helps protect patient health.
Straight PIVC	Requires only insertion of the infusion needle into the PIVC hub, without the need for additional infusion tubing, significantly reducing the risk of blockage.

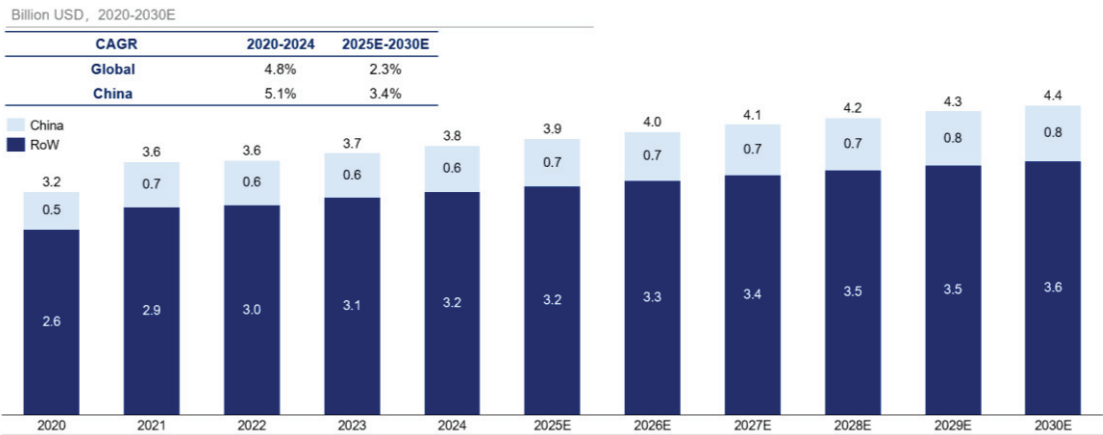
Source: Literature review, Frost & Sullivan analysis

Among these, polyurethane PIVCs demonstrate excellent mechanical properties, being less prone to bending or deformation during puncture, and their rigidity decreases under body temperature conditions. This not only improves puncture success rates but also reduces complications such as vascular damage, thereby showing broader clinical applications and commercialization prospects.

Analysis of the Market Size of PIVCs

The following chart illustrates the global and China’s market size of PIVCs.

Historical and Forecasted Global Market Size of PIVCs



Source: Literature review, Frost & Sullivan analysis

INDUSTRY OVERVIEW

Analysis of the Competitive Landscape of PIVCs

In recent years, the domestic substitution trend in China’s PIVC market has accelerated, leading to a decline in market share for imported brands. Currently, the market is dominated by domestic brands. In terms of sales volume of PIVCs in 2025, Our Company ranks fourth in China’s market.

Ranking	Company	Market Share
1	Company A	18.5%
2	Company D	16.9%
3	Company E	9.2%
4	Our Company	8.7%
5	Company C	6.9%

Source: Frost & Sullivan analysis

Notes:

1. Company D: Domestic listed company, founded in 1996, whose business scope covers the R&D, manufacturing, and marketing of medical device.
2. Company E: Foreign listed company, founded in 1897, whose business scope covers the R&D, manufacturing, and marketing of medical device.

Overview of Mini Midline Catheters Market

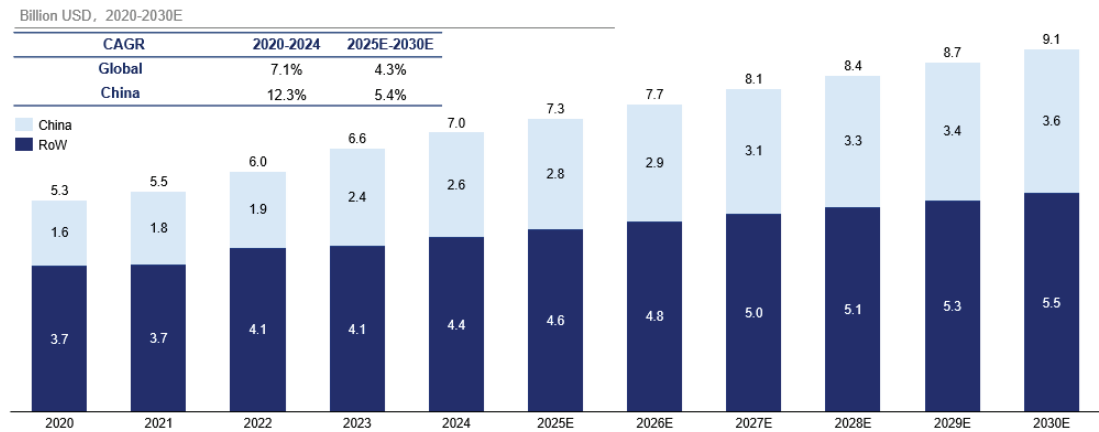
A mini midline catheter is a peripheral intravenous device, whose length is placed between a short peripheral venous catheter and a midline catheter. It is typically made of polyurethane and measures 6–15 centimeters. The device is inserted by conventional venipuncture or ultrasound guidance into superficial forearm veins or deeper veins of the mid-upper arm. The catheter tip remains below the axilla. Mini midline catheters are primarily indicated for patients requiring short- to intermediate-term intravenous therapy (1–4 weeks, particularly 7–14 days). They effectively bridge the gap between PIVCs and PICCs. Most patients require only a single catheter for their entire hospital stay, enabling a “single-catheter approach” that eliminates the discomfort of repeated punctures and reduces the risk of complications.

INDUSTRY OVERVIEW

Analysis of the Total Addressable Market Size of Mini Midline Catheters

The average length of hospital stay for inpatients in China generally ranges from 3 to 20 days, reflecting a massive demand for medium-to-short-term treatment. Mini midline catheters are positioned to fill the current gap in this market segment. However, the mini midline catheter market remains in its infancy. It faces challenges such as insufficient market education and technical limitations, which have prevented its widespread adoption so far. Nevertheless, driven by its advantages, easy operation, high success rate, fewer complications, and lower total treatment cost, market penetration is expected to accelerate in the coming years. The future market potential for mini midline catheters is vast. The following chart illustrates the global and China’s total addressable market size of mini midline catheters.

Historical and Forecasted Global Total Addressable Market Size of Mini Midline Catheters



Source: Literature review, Frost & Sullivan analysis

Analysis of the Competitive Landscape of Mini Midline Catheters

In terms of sales volume of mini midline catheters in 2025, Our Company ranked first in the Chinese market.

Ranking	Company	Market Share
1	Our Company	41.9%
2	Company F	30.8%

Source: Frost & Sullivan analysis

Note:

1. Company F: Domestic unlisted company, founded in 2006, whose business scope covers the R&D, manufacturing, and marketing of medical device.

Overview of Peripherally Inserted Central Catheters (PICCs) Market

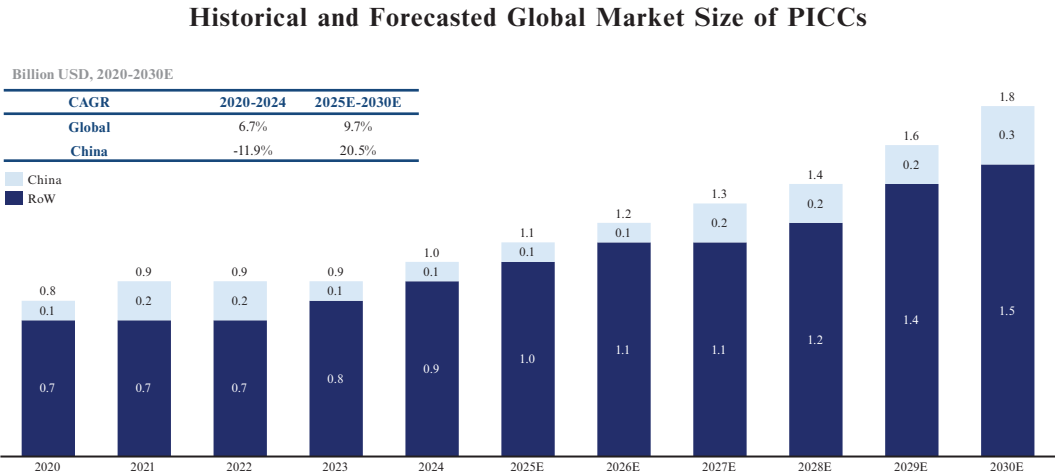
A PICC is a long, flexible catheter that can be inserted into a vein in the upper arm or lower limb. It can be threaded through a vein in the upper arm to reach the superior vena cava and is used for chemotherapy, blood transfusions, intravenous infusions, and blood sampling. Its advantages include a wide range of applications, convenient drug administration, and minimal disruption to daily activities.

INDUSTRY OVERVIEW

To address the risk of catheter rupture during high-pressure injection of contrast agents, some companies have developed power injectable PICC lines that can meet the demands of high-flow infusion, hemodynamic monitoring, and high-pressure injection of contrast agents. In terms of revenue, power injectable PICC accounts for 15% to 20% of the overall PICC market in 2025.

Analysis of the Market Size of PICCs

The following chart illustrates the global and China’s market size of PICCs.



Source: Literature review, Frost & Sullivan analysis

Analysis of the Competitive Landscape of PICCs

In terms of sales volume of power injectable PICCs in 2025, Our Company ranked second in China’s market.

Ranking	Company	Market Share
1	Company E	50.0%
2	Our Company	40.2%
3	Company G	4.8%

Source: Frost & Sullivan analysis

Note:

- Company G: Domestic unlisted company, founded in 1994, whose business scope covers the R&D, manufacturing, and marketing of medical device.

Overview of Needle-Free Connectors Market

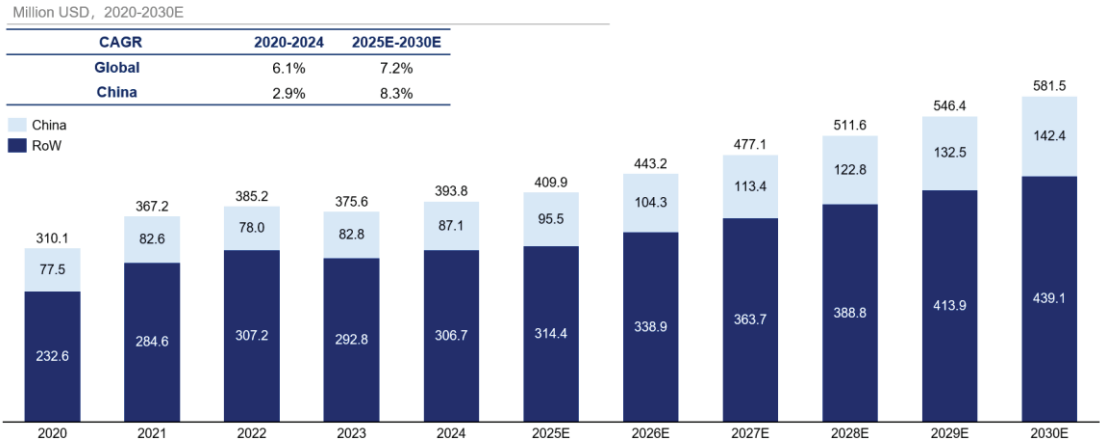
A needle-free connector is a component of a needle-free intravenous (IV) system. It eliminates the need for steel needle access through rubber stopper (e.g., heparin caps) by allowing direct connection of infusion sets or syringes to the connector. Needle-free connectors are easy to use, help prevent needlestick injuries among healthcare workers, and support rapid bolus injection. They are suitable for a wide range of intravenous infusion applications. Their primary advantage is ensuring the safety of both healthcare professionals and patients.

INDUSTRY OVERVIEW

Analysis of the Market Size of Needle-Free Connectors

The following chart illustrates the global and China’s market size of needle-free connectors.

Historical and Forecasted Global Market Size of Needle-Free Connectors



Source: Literature review, Frost & Sullivan analysis

Analysis of the Competitive Landscape of Needle-Free Connectors

In terms of sales volume of needle-free connectors in 2025, Our Company ranked fourth in the Chinese market, and ranked second among the domestic companies.

Ranking	Company	Market Share
1	Company E	23.1%
2	Company C	22.9%
3	Company H	16.2%
4	Our Company	8.8%
5	Company A	4.5%

Source: Frost & Sullivan analysis

Note:

1. Company H: Domestic unlisted company, founded in 1999, whose business scope covers the R&D, manufacturing, and marketing of medical device.

Overview of Implanted Ports (PORTs) and Huber Needles Market

A PORT is a fully implanted vascular access device used for medium- to long-term intravascular therapy. It provides intravascular access for drug administration. The system primarily consists of a port reservoir (port body), a catheter, and a dedicated non-coring needle (Huber needle).

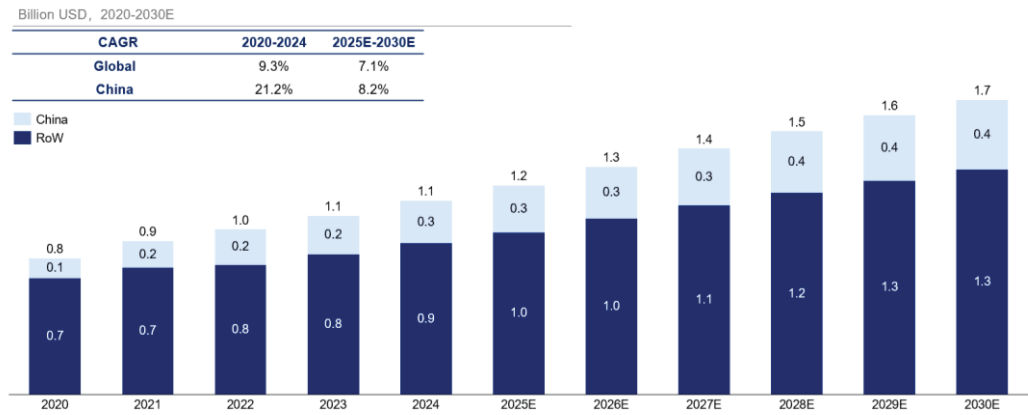
PORTs offer several significant clinical advantages. They reduce the pain for repeated venipuncture, are easy to maintain, have a long service life, and are associated with a low rate of complications. In addition, they enable direct delivery of chemotherapeutic agents and other medications into central veins, thereby improving treatment safety and efficacy while minimizing vascular injury from irritant drugs. PORTs can also be used for blood sampling. Long-term use does not increase overall costs and helps ensure the continuity of patients’ daily lives and work to a certain extent.

INDUSTRY OVERVIEW

Analysis of the Market Size of PORTS and Huber Needles

The following chart illustrates the global and China’s market size of PORTS and Huber needles.

Historical and Forecasted Global Market Size of PORTs and Huber Needles



Source: Literature review, Frost & Sullivan analysis

OVERVIEW OF THE BLOOD SPECIMEN COLLECTION MEDICAL CONSUMABLES INDUSTRY

Overview

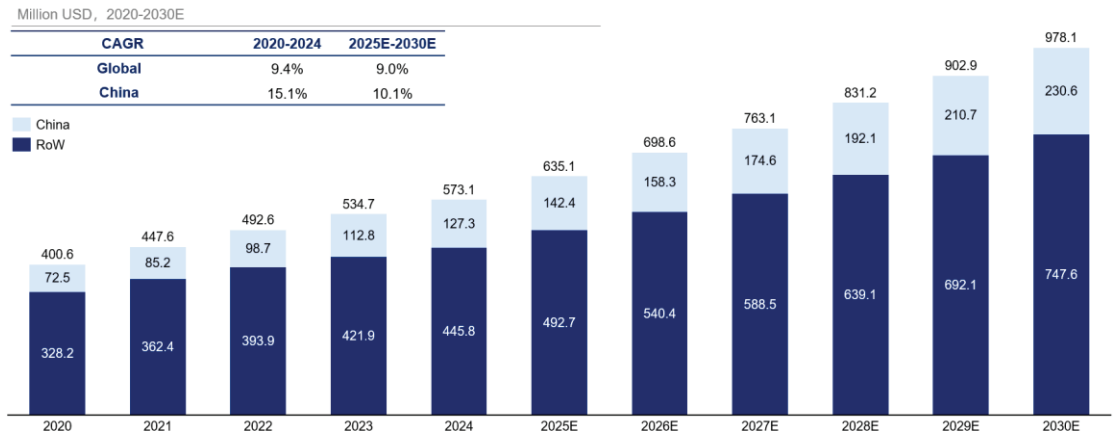
Blood specimen collection medical consumables refer to consumable medical devices used in clinical settings to collect blood samples from patients (veins, arteries, or capillaries) for laboratory testing, biochemical analysis, genetic testing, or transfusion preparation. They are mainly divided into venous collection and arterial collection consumables. Unlike venipuncture, arterial blood collection requires higher operational skills and equipment standards, as it needs to avoid blood coagulation, gas escape, or contamination. Thus, the market for arterial blood sampler has significant commercial development potential. Additionally, some blood collection needles with special clinical functions, such as safety-engineered needles that reduce the risk of blood exposure and cross-infection for healthcare workers and patients, also possess notable commercial advantages.

INDUSTRY OVERVIEW

Analysis of the Market Size of Arterial Blood Sampler

The global and China’s market size for arterial blood sampler is shown in the figure below.

Historical and Forecasted Global Market Size of Arterial Blood Sampler



Source: Literature review, Frost & Sullivan analysis

Analysis of the Competitive Landscape of Arterial Blood Sampler

In terms of sales volume of arterial blood sampler in 2025, our Company ranked second in China’s market, and first among domestic companies.

Ranking	Company	Market Share
1	Company I	15.0%
2	Our Company	12.3%
3	Company E	6.0%

Source: Frost & Sullivan analysis

Note:

1. Company I: Foreign unlisted company, founded in 1935, whose business scope covers the provision of point-of-care testing instruments for critical care and related services.

OVERVIEW OF THE GLOBAL INTERVENTIONAL MEDICAL CONSUMABLES INDUSTRY

Overview

Interventional medical consumables refer to consumables used for precise diagnosis and treatment of the human body under the guidance of advanced imaging equipment, through minimally invasive catheters, guidewires, and other tools. These consumables have the advantages of being minimally invasive, safe, and having reliable efficacy, and are currently widely used in multiple fields such as coronary arteries, peripheral blood vessels, and nerves.

INDUSTRY OVERVIEW

Analysis of Epidemiology

The number of PCI procedures globally increased from 6.2 million in 2020 to 9.9 million in 2024, representing a CAGR of 12.4% from 2020 to 2024. It is projected to reach 15.6 million by 2030, with a CAGR of 7.8% from 2025 to 2030. The number of PCI procedures in China increased from 1.0 million in 2020 to 1.9 million in 2024, representing a CAGR of 18.5% from 2020 to 2024. It is projected to reach 4.0 million by 2030, with a CAGR of 11.7% from 2025 to 2030.

The number of neurointerventional procedures globally increased from 1.2 million in 2020 to 1.9 million in 2024, representing a CAGR of 16.1% from 2020 to 2024. The number of neurointerventional procedures performed globally is projected to reach 5.1 million by 2030, with a CAGR of 15.3% from 2025 to 2030. In China, the number of neurointerventional procedures increased from 0.1 million in 2020 to 0.4 million in 2024, representing a CAGR of 35.8% from 2020 to 2024. It is projected that by 2030, the number of neurointerventional procedures in China will reach 1.5 million, with a CAGR of 23.1% from 2025 to 2030.

Globally, the number of interventional procedures for peripheral artery disease increased from 1.7 million in 2020 to 2.8 million in 2024, representing a CAGR of 13.3% from 2020 to 2024. It is projected that by 2030, the number of neurointerventional procedures performed globally will reach 5.4 million, with a CAGR of 11.3% from 2025 to 2030. The number of interventional procedures for peripheral artery disease in China increased from 0.1 million in 2020 to 0.3 million in 2024, representing a CAGR of 21.4% from 2020 to 2024. It is projected that the number of neurointerventional procedures worldwide will reach 0.6 million by 2030, with a CAGR of 14.0% from 2025 to 2030.

OVERVIEW OF THE GLOBAL SURGICAL MEDICAL CONSUMABLES INDUSTRY

Overview

Surgical medical consumables refer to tools and materials used for disposable or short-term purposes during surgical procedures to perform operations such as incision, hemostasis, suturing and drainage, ensuring surgical safety and patient recovery. With the development of medical technology, the market for products with wide applications, such as functional dressings and surgical drainage products, as well as products with high technical and performance requirements, such as nerve block needles, is constantly expanding, and their commercial prospects are broad.

Analysis of Epidemiology

The development of surgical medical consumables is primarily driven by the increase in the number of surgical procedures worldwide. The number of surgical procedures globally increased from 268.5 million in 2020 to 327.4 million in 2024, representing a CAGR of 5.1% from 2020 to 2024. It is projected that by 2030, the number of surgical procedures globally will reach 430.7 million, with a CAGR of 4.7% from 2025 to 2030.

The number of surgical procedures in China increased from 63.2 million in 2020 to 103.1 million in 2024, representing a CAGR of 13.0% from 2020 to 2024. It is projected that by 2030, the number of surgical procedures in China will reach 154.8 million, with a CAGR of 7.0% from 2025 to 2030.

INDUSTRY OVERVIEW

OVERVIEW OF THE GLOBAL MEDICAL IMAGING CONSUMABLES INDUSTRY

Overview

Medical imaging consumables are key tools for assisting medical imaging examinations and interventional treatments. Their core function is to provide imaging equipment with a clear imaging path for blood vessels or tissues, and to help doctors locate lesions, assess vascular structures, and guide interventional procedures by precisely delivering contrast agents or treatment media. These consumables are core tools in modern medical diagnosis and treatment, significantly improving disease diagnosis efficiency and the success rate of interventional surgeries by enhancing image clarity and precisely delivering treatment media. The main consumables include single-use high-pressure contrast injectors and accessories, pressure extension tubes, contrast catheter PIVC, and high-pressure injection system tubing.

Analysis of Epidemiology

With global aging and improved accessibility of healthcare services, the number of medical imaging scans worldwide is increasing annually. Global medical imaging scans grew from 8.9 billion in 2020 to 13.1 billion in 2024, representing a CAGR of 10.3% from 2020 to 2024. It is projected that by 2030, global medical imaging scans will reach 19.3 billion, with a CAGR of 6.3% from 2025 to 2030.

In China, medical imaging scans grew from 2.5 billion in 2020 to 3.2 billion in 2024, representing a CAGR of 6.4% from 2020 to 2024. It is projected that by 2030, China’s medical imaging scans will reach 3.9 billion, with a CAGR of 3.3% from 2025 to 2030.

REGULATORY OVERVIEW

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

Regulations Relating to Medical Devices

Definition of Medical Devices

In accordance with Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), the term “medical devices” shall refer to the instruments, equipment, appliances, in vitro diagnostic reagents and calibrators, materials and other similar or relevant articles directly or indirectly used on the human body, including computer software needed.

Classification of Medical Devices

According to the Measures for the Supervision and Administration of the Operation of Medical Devices (《醫療器械經營監督管理辦法》), promulgated by the State Administration for Market Regulation (the “SAMR”) on July 30, 2014, amended on March 10, 2022, and effective from May 1, 2022, and the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), promulgated by the State Council on February 9, 2021, most recently amended on December 6, 2024, and effective from January 20, 2025, the production and operation of medical devices in China are subject to risk-based classification management, with corresponding qualification requirements according to risk level. Medical devices are categorized into three classes: (i) Class I medical devices, which are considered low risk, can ensure safety and effectiveness through routine management, and therefore may be sold and circulated without the need for filing or obtaining an operating license from the drug regulatory authority; (ii) Class II medical devices, which are deemed moderate risk, require enterprises to establish strict management and quality control systems, and their production is contingent upon obtaining a Medical Device Production License; (iii) and Class III medical devices, which are considered high risk, may only be produced after securing the relevant production license, with enterprises further required to adopt special management measures to ensure their safety and effectiveness.

Registration and Record-Filing of Medical Devices

According to the Administrative Measures on the Registration and Record-filing of Medical Devices (《醫療器械註冊與備案管理辦法》), promulgated by the SAMR on August 26, 2021 and came into effect on October 1, 2021, the NMPA is responsible for the nationwide administration of medical device registration and record-filing.

In the PRC, record-filing is required for Class I medical devices and registration is required for Class II and Class III medical devices. Record-filing parties of domestic Class I medical devices shall submit record-filing materials to the drug regulatory authorities at cities with municipal districts. Domestic Class II medical devices shall be examined by the drug regulatory authorities of provinces which shall issue the medical device registration certificate upon approval. Domestic Class III medical devices shall be examined by the NMPA which shall issue the medical device registration certificate upon approval.

In accordance with Decree No. 47 of the State Administration for Market Regulation “Administrative Measures on the Registration and Record-filing of Medical Devices” (《醫療器械註冊與備案管理辦法》, “Decree 47”), for a Class II or III medical device that has been registered, in the event that there are material changes to the design, raw materials, production process, scope of application and method of use thereof, which might affect the safety and effectiveness of the medical device, the registrant of such medical device shall apply to the original registration authority for modification of registration; in the event of other changes, the registrant shall file the changes for record with the original registration authority within 30 days as of the date of change.

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For an application for modification of registration, the technical review agency under the NMPA shall mainly review the modified part and give review opinions on whether the modified product is safe, effective and of controllable quality. Document on modification of registration of a medical device shall be used together with the original medical device registration certificate, and its expiry date shall be the same as that of the original medical device registration certificate.

According to the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), Class III medical devices are those devices that pose such a high degree of risk to users that the safety and effectiveness of the medical device can only be ensured through strict control and supervision of special measures. In line with this view, the Administrative Measures on the Registration and Record-filing of Medical Devices (《醫療器械註冊與備案管理辦法》) requires Class III medical devices to be examined by the NMPA, which shall issue the medical device registration certificate only after examination and approval. Similarly, according to the Measures for the Supervision and Administration of Medical Devices Manufacture (《醫療器械生產監督管理辦法》), those who intend to engage in the manufacture of Class III medical devices must first be approved by the drug regulatory authority of a province where they are located and obtain a medical device manufacturing permit in accordance with law.

Research and Clinical Evaluation of Medical Devices

In accordance with Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and Administrative Measures on the Registration and Record filing of Medical Devices (《醫療器械註冊與備案管理辦法》), the research and development and experiments of medical devices shall be in compliance with the relevant laws, regulations and mandatory standards of China.

According to the Administrative Measures on the Registration and Record-filing of Medical Devices (《醫療器械註冊與備案管理辦法》), promulgated by the SAMR on August 26, 2021 and came into effect on October 1, 2021, clinical evaluation shall be conducted for the registration or record-filing of medical devices, and clinical evaluation materials shall be submitted when applying for the registration of medical devices. Clinical evaluation of medical devices may be carried out through clinical trials or analysis and evaluation of clinical literature materials and clinical data of medical devices of the same kind to prove the safety and effectiveness of medical devices in light of product characteristics, clinical risks, existing clinical data and other circumstances. Clinical trials shall be carried out for medical devices for which the existing clinical literature materials and clinical data are insufficient to confirm their safety and effectiveness in the clinical evaluation of medical devices. Clinical trials for medical devices shall be conducted in clinical trial institutions for medical devices that meet the corresponding conditions and have been filed for record as required by the good clinical practice (GCP) for medical devices.

However, clinical evaluation of a medical device may be exempted when: (1) the medical device has a clear mechanism of action, a finalized design and a mature production process, and the medical devices of the same type have been used in clinical use for years without record of serious adverse events, and the new medical device does not deviate from the general purpose of the medical device with an established clinical record; or (2) if the safety and efficacy of the medical device can be proved through non-clinical evaluation. Where clinical evaluation is exempted, a submission of clinical evaluation materials is not required. The catalogue of medical devices exempted from clinical evaluation shall be formulated, adjusted and published by the NMPA.

The Guidelines for the Clinical Evaluation Techniques for Medical Devices (《醫療器械臨床評價技術指導原則》), promulgated by the NMPA on September 18, 2021, primarily introduces the concepts of clinical assessment and clinical evidence, elucidating the relationships among clinical trials, clinical data, clinical assessment, and clinical evidence. It guides applicants on how to conduct clinical evaluations, compile associated documentation, and incorporate them as integral components of the conformity assessment, as well as aims to instruct regulatory authorities on how to assess the clinical evidence submitted by applicants.

REGULATORY OVERVIEW

The Medical Devices — Application of Usability Engineering to Medical Device (《醫療器械可用性工程對醫療器械的應用》), promulgated by the NMPA on January 26, 2016 and came into effect on January 1, 2017, delineates the manufacturer’s procedural framework for the analysis, determination, design, validation, and confirmation of usability that has a direct bearing on the safety of medical devices. The usability engineering process is deployed to assess and mitigate risks associated with normal usage, encompassing both correct and incorrect utilization. It serves the purpose of identifying, though not actively addressing, risks related to abnormal usage.

The Medical Devices — Application of Risk Management to Medical Device (《醫療器械 — 風險管理對醫療器械的應用》), promulgated by the SAMR on October 12, 2022 and came into effect on November 1, 2023, prescribes the terminology, principles, and procedures governing the risk management of medical devices, encompassing both medical device software and in vitro diagnostic medical devices. The delineated processes within this document are structured to aid manufacturers of medical devices in the identification of hazards associated with such devices, the estimation and assessment of pertinent risks, the implementation of risk controls, and the ongoing monitoring of the efficacy of these controls.

Production of Medical Devices

According to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and the Measures on the Supervision and Administration of Medical Devices Production (《醫療器械生產監督管理辦法》), which was promulgated by the SAMR on and effective from July 20, 2004, latest amended on March 10, 2022 and came into effect on May 1, 2022, in order to engage in the production of medical devices, an entity shall meet the following conditions: (1) having the production site, environmental conditions, production equipment and professional technicians that meet the needs of the medical devices to be produced; (2) having the facility or full-time personnel and testing equipment capable of testing the quality of the medical devices to be produced; (3) having a system of internal control that can ensure the quality of medical devices; (4) having the after-sale service capabilities that meet the needs of the medical devices to be produced; and (5) having the capability to meet the requirements as prescribed in the documents on product research and development and production techniques.

To engage in the production of Class II and Class III medical devices, an entity shall apply for a manufacturing licensing to the drug regulatory department of the people’s government of the province where it is located and submit the relevant materials and the registration certificate of the medical devices to be produced. The manufacturing permit for medical devices is valid for five years. When it is necessary to renew the permit upon its expiration, the formalities for renewal shall be completed in accordance with the relevant laws on administrative licensing.

Operation of Medical Devices

According to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and the Measures for the Supervision and Administration of Medical Devices Operation (《醫療器械經營監督管理辦法》), promulgated by the SAMR on July 30, 2014 and effective from October 1, 2014, latest amended on March 10, 2022 and came into effect on May 1, 2022, a business operator shall file for record with the drug regulatory department of the government for the business operation of Class II medical devices and apply for operation licensing for the business operation of Class III medical devices. Furthermore, no business operator or using entity of medical devices may operate or use medical devices that have not been registered or filed for record in accordance with the law, or medical devices without conformity certificates, or expired, invalidated or obsolete. The valid period of the operating permit for medical devices is five years. Where it is necessary to renew the permit upon its expiration, the formalities for renewal shall be observed in accordance with the provisions of relevant laws on administrative licensing.

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Centralised Procurement of High-value Medical Consumables

On March 5, 2018, six other government departments including the NHC issued the Notice on Consolidating the Achievements of Eradicating Pharmaceutical Compensation for Medical Treatment and Continuously Deepening the Comprehensive Reform of Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》), which states that the deepening of the comprehensive reform of public hospitals includes, among other things, the implementation of centralised purchasing of high-value medical consumables on a categorical basis.

On April 30, 2021, the NHSA, the NMPA and other relevant government authorities jointly issued the Guiding Opinions on the Implementation of the Centralised Volume-based Procurement and Use of High-value Medical Consumables Organised by the State (《關於開展國家組織高值醫用耗材集中帶量採購和使用的指導意見》). The State will focus on the procurement of some high-value medical consumables with large clinical consumption, high procurement amount, more mature clinical use, sufficient market competition and higher level of homogeneity. All public medical institutions shall participate in the centralised volume-based procurement of such high-value medical consumables.

On May 20, 2024, the National Healthcare Security Administration published the Notice of the National Healthcare Security Administration on Further Promotion of the Experience of Medical Reform in Sanming City and to Continuously Promote the Innovative Development of Medical Insurance (Yi Bao Han [2024] No. 25) (《國家醫療保障局關於進一步推廣三明醫改經驗持續推動醫保工作創新發展的通知》(醫保函[2024]25號)), providing instructions on the centralized procurement practice with an aim to continue the aggressive promotion of the centralized procurement of drugs and high-value medical consumables organized by national authorities, strengthen coordination among regions, guide and promote local governments to carry out centralized procurement in a regulated manner, support and coordinate targeted expansion of the scope of varieties of drugs and medical consumables under centralized procurement led by the willing and responsible provinces with the participation of all provinces, and form a new pattern of centralized procurement with the centralized procurement of drugs and high-value medical supplies organized by the State, and the centralized procurement of drugs and high-value medical supplies by the national alliance as the main body led by provinces, and centralized procurement of drugs and high-value medical supplies at the provincial level as the supplement.

On November 18, 2024, the National Healthcare Security Administration and the National Health Commission jointly issued the Notice on Improving the Mechanism for Centralised Volume-based Procurement and Implementation of Pharmaceuticals (《關於完善醫藥集中帶量採購和執行工作機制的通知》). This Notice further improves the working mechanism for centralised volume-based procurement and implementation of pharmaceuticals and medical consumables, consolidates and deepens the reform outcomes, refines management measures covering hospital admission, use, monitoring, assessment and feedback, and guides medical institutions and pharmaceutical enterprises to support and comply with the centralised volume-based procurement system.

Post-marketing Responsibility about Medical Devices

In accordance with Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), a registrant or record-filing party of medical devices shall establish a monitoring system for adverse events of medical devices (醫療器械不良事件監測體系), be equipped with a monitoring body and personnel for adverse events suitable for its products, take the initiative to monitor adverse events of its products, and report the information on investigation, analysis, evaluation and product risk control to the technical monitoring agency for adverse events of medical devices in accordance with the provisions of the drug regulatory department under the State Council. The manufacturers or business operators and using entities of medical devices shall assist the registrant or record-filing party of medical devices in monitoring adverse events of the medical devices produced, operated or used by them; if any adverse event of medical devices or suspicious

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adverse event is found, it shall be reported to the technical monitoring agency for adverse events of medical devices in accordance with the provisions of the drug regulatory department under the State Council.

In accordance with Administrative Measures on the Registration and Record-filing of Medical Devices (《醫療器械註冊與備案管理辦法》), a registrant of medical devices shall take the initiative to carry out post-marketing research, further confirm the safety, effectiveness and quality controllability of the medical devices and strengthen the continuous management of the medical devices on the market.

Advertisements of Medical Devices

Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which was promulgated by the SAMR on December 24, 2019 and came into effect on March 1, 2020, advertisements for medical devices shall not be released without being reviewed by the relevant administration for market regulation and drug administration of a province or other authorized administrative authorities. In addition, advertisers shall be responsible for the veracity and legitimacy of the contents of advertisements for medical devices.

The contents of a medical device advertisement shall be based on the contents of the registration certificate or filing certificate approved by the drug administrations, or the registered or filed product instructions. Where the medical device advertisement involves the name, scope of application, functional mechanism or structure or composition, etc. of the medical device, the scopes of the registration certificate or filing certificate, or registered or filed product instruction shall not be exceeded.

All advertisements for medical devices recommended for personal use must prominently display a disclaimer stating, “Please read the product instructions carefully or purchase and use the product as directed by a health care professional.” If the product registration certificate of the medical device stipulates any contraindications or precautions, the advertisement shall include a disclaimer in a prominent position stating, “for contraindications and precautions, please refer to the instructions for details.”

Regulations Relating to Foreign Investment

According to the Company Law of the PRC (《中華人民共和國公司法》) promulgated by the Standing Committee of the National People’s Congress (“SCNPC”) on December 29, 1993, and most recently amended on December 29, 2023, effective from July 1, 2024, the establishment, operation, and management of corporate entities in China are governed by the PRC Company Law. The PRC Company Law regulates two main corporate forms: limited liability companies and joint stock companies. Both forms enjoy the status of independent legal persons. Shareholders of a limited liability company bear liability to the extent of their subscribed capital contributions, while shareholders of a joint stock company bear liability to the extent of their subscribed shares. Unless otherwise provided by foreign investment laws, the PRC Company Law also applies to foreign-invested enterprises, including foreign-invested limited liability companies and joint stock companies.

Foreign-invested entities in China are further subject to foreign investment laws and regulations. The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), promulgated by the NPC on March 15, 2019, together with the Regulation on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), promulgated by the State Council on December 26, 2019, both came into effect on January 1, 2020. “Foreign investment” refers to investment activities directly or indirectly carried out within China by foreign investors, including foreign natural persons, foreign enterprises, or other foreign organizations. The

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Foreign Investment Law establishes the basic institution for foreign investment, implementing a system of pre-establishment national treatment plus a negative list management model. The negative list is approved by the State Council and published or revised in due course.

The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》, the “2024 Negative List”), jointly issued by the National Development and Reform Commission and the Ministry of Commerce on September 6, 2024, and effective from November 1, 2024, provides unified rules on equity structure, management positions, and access to certain industries for foreign investment. Foreign investors are prohibited from entering industries listed in the prohibited category, while investments in restricted industries are subject to specified conditions. For industries and sectors not included in the negative list, foreign investment is managed on the principle of national treatment, consistent with domestic investment. The 2024 Negative List expressly provides that medical institutions may only be established in the form of Sino-foreign joint ventures and may not be wholly foreign-owned. Our business does not fall within the scope of industries restricted or prohibited for foreign investment.

Regulations Relating to Foreign Exchange

According to the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), promulgated by the SCNPC on January 29, 1996, and most recently amended on August 5, 2008, the state implements a unified foreign exchange administration system. Under these Regulations, all foreign exchange receipts and payments must be conducted in accordance with the law and are subject to the supervision of the SAFE and its local branches. Foreign exchange receipts and payments under current accounts by domestic institutions and individuals are unrestricted, while cross-border capital flows under capital accounts are strictly regulated. Domestic conversion of RMB into foreign currencies and remittance of the converted foreign exchange abroad require prior approval from SAFE or its authorized institutions.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Management Policy of Capital Account Foreign Exchange Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), promulgated by SAFE on June 9, 2016, and most recently amended on December 4, 2023, foreign exchange income under capital accounts may be settled in banks according to the actual operational needs of domestic institutions. The tentative proportion of voluntary settlement of capital account foreign exchange income by domestic institutions is set at 100%, and SAFE may adjust this proportion as appropriate based on the balance of payments situation.

According to the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), promulgated on October 23, 2019, and most recently amended on December 4, 2023, non-investment foreign-invested enterprises are allowed, under the premise of compliance with the current negative list and the authenticity and legality of relevant domestic investment projects, to lawfully settle their foreign exchange capital in RMB and use the RMB funds for equity investment within China, removing previous restrictions on the use of capital.

According to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), promulgated in April 10, 2020, subject to ensuring the authenticity and compliance of fund use and conformity with current capital account income management rules, qualified enterprises are allowed to use capital funds, foreign debt, and capital account income from overseas listings for domestic payments without providing authenticity proof for each transaction to the bank in advance; the handling bank may conduct post-event checks as required.

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Regulations Relating to Taxation

Regulations Relating to Enterprise Income Tax (the “EIT”)

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, the “Enterprise Income Tax Law”), promulgated by the SCNPC on March 16, 2007, came into effect from January 1, 2008, revised and took effect on December 29, 2018 and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》, the “Implementation Regulations of the Enterprise Income Tax Law”), promulgated by the State Council on December 6, 2007, most recently revised on December 6, 2024, and effective as of January 20, 2025, enterprises established within China, as well as foreign enterprises that have establishments or places in China and derive income, are required to pay EIT in accordance with the law. The statutory EIT rate is 25%, applied equally to domestic and foreign-invested enterprises. Qualified small and low-profit enterprises may be taxed at a reduced rate of 20%, and high-tech enterprises may be taxed at a reduced rate of 15%. Non-resident enterprises that have establishments or places in China and derive income are subject to EIT at a rate of 20%. Non-resident enterprises that do not have establishments or places in China, or have establishments or places but earn income not effectively connected to them, shall pay EIT at a rate of 10% on income sourced within China.

Regulations Relating to Value-added Tax (the “VAT”)

According to the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》, the “VAT Provisional Regulations”), promulgated by the State Council on December 13, 1993, and most recently revised on November 19, 2017, effective on the same date, and the Implementation Rules of the Provisional Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》), promulgated by the Ministry of Finance on December 25, 1993, and most recently revised on October 28, 2011, effective from November 1, 2011, units and individuals selling goods, providing processing, repair, and replacement services, selling services, intangible assets, or real estate, as well as importing goods in China, are required to pay VAT in accordance with the law. Unless otherwise provided, the applicable VAT rate for the sale of goods, labor services, and leasing of tangible movable property, or for imported goods, is 17%, while the applicable rate for the sale of services and intangible assets is 6%. Exported goods are subject to a zero tax rate, and domestic units and individuals providing cross-border services or intangible assets within the scope prescribed by the State Council are also subject to a zero tax rate.

Subsequently, according to the Notice on Adjusting VAT Rates (《關於調整增值稅稅率的通知》), promulgated by the Ministry of Finance and the State Taxation Administration on April 4, 2018, and effective from May 1, 2018, the original VAT rates of 17% and 11% for taxable sales or imported goods were adjusted to 16% and 10%, respectively. Further, according to the Announcement on Policies Related to Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》), promulgated by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019, and effective from April 1, 2019, the original 16% rate was adjusted to 13%, and the original 10% rate was adjusted to 9%.

Finally, the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》, the “VAT Law”), promulgated by the SCNPC on December 25, 2024, and effective from January 1, 2026, replaces the original VAT Provisional Regulations. The VAT Law clarifies that, unless otherwise provided, the applicable VAT rate for the sale of goods, processing, repair and replacement services, leasing of tangible movable property, and imported goods is 13%, while the sale of other services and intangible assets is subject to a 6% rate. Taxpayers generally calculate VAT payable by deducting input VAT from output VAT. Only three categories of items are non-deductible: catering services for direct consumption, daily services for residents, and entertainment services.

REGULATORY OVERVIEW

Regulations Relating to Withholding Income Tax

According to the Enterprise Income Tax Law and the Implementation Regulations of the Enterprise Income Tax Law, non-resident enterprises deriving income from China, such as dividends, interest, and royalties, are generally subject to a withholding income tax at a rate of 10%. Under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, if a Hong Kong enterprise directly holds at least 25% of the equity of a Chinese enterprise, it may enjoy a reduced withholding tax rate of 5%, benefiting from a 50% tax reduction.

In addition, the Announcement of the State Taxation Administration on the Issuance of the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits (《關於發佈〈非居民納稅人享受協議待遇管理辦法〉的公告》), issued by the State Taxation Administration on October 14, 2019, and effective from January 1, 2020, simplified the procedures for non-resident taxpayers to enjoy treaty benefits. Non-resident taxpayers do not need approval from the tax authorities to enjoy treaty benefits; if they determine that they meet the conditions, they may claim treaty benefits when filing tax returns or through the withholding agent during withholding declaration. Relevant materials must be collected and retained for record-keeping, and the taxpayers remain subject to subsequent management by the tax authorities.

Furthermore, according to the Announcement on Issues Regarding the “Beneficial Owner” in Tax Treaties (《關於稅收協議中「受益所有人」有關問題的公告》), promulgated by the State Taxation Administration on February 3, 2018, and effective from April 1, 2018, applicants must submit documents to the relevant tax authorities under the Administrative Measures to Demonstrate their “beneficial owner” status. When determining the applicant’s “Beneficial owner” status for dividends, interest, and royalties under a tax treaty, multiple factors are considered, including, but not limited to: whether the applicant is obligated to pay more than 50% of the received income to residents of a third country (or region) within 12 months; whether the applicant’s business activities constitute substantive business operations; and whether the treaty partner jurisdiction does not tax, exempts, or imposes an extremely low effective tax rate on the relevant income. Applicants failing to meet the beneficial owner criteria are not entitled to preferential tax rates under the treaty.

Regulations Relating to Intellectual Property Rights

Regulations Relating to Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》, the “Trademark Law”), promulgated by the SCNPC on August 23, 1982, and most recently revised on April 23, 2019, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》, the “Trademark Law Implementation Regulations”), promulgated by the State Council on August 3, 2002, revised on April 29, 2014, and effective as of May 1, 2024, trademarks approved and registered by the Trademark Office of the National Intellectual Property Administration (the “NIPA”) are considered registered trademarks, including commodity trademarks, service trademarks, collective trademarks, and certification trademarks. Registered trademarks are valid for ten years and may be renewed for another ten years upon expiration. Trademark owners enjoy exclusive rights to their registered trademarks. Unauthorized use of identical or similar trademarks on the same or similar goods constitutes infringement and requires the infringer to cease infringement and compensate for damages; in severe cases, criminal liability may also apply.

Regulations Relating to Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》, the “Copyright Law”), promulgated by the SCNPC on September 7, 1990, and most recently revised on November 11, 2020, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》, the “Copyright Law Implementation Regulations”), promulgated by the State Council on May 30, 1991, and most recently revised on January 30, 2013, effective March 1, 2013,

REGULATORY OVERVIEW

Chinese citizens, legal persons, or other organizations enjoy copyright in their works, including literary works, artistic works, engineering and technical works, and computer software. Copyright arises from the moment a work is created. Copyright holders have moral and economic rights over their protected works, including the right of publication, authorship, modification, protection of integrity, reproduction, distribution, rental, exhibition, performance, broadcasting, information network dissemination, cinematography, adaptation, translation, compilation, and other rights granted by law.

According to the Regulations on the Protection of Computer Software (《計算器軟件保護條例》), promulgated by the State Council on June 4, 1991, and most recently revised on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算器軟件著作權登記辦法》), promulgated by the National Copyright Administration (the “NCA”) on February 20, 2002, and most recently revised on June 18, 2004, the NCA is responsible for the registration and administration of computer software copyright and authorizes the China Copyright Protection Center (the “CCPC”) as the software copyright registration authority. The CCPC may establish local software registration offices and issue registration certificates to applicants in accordance with relevant regulations. For legal persons or other organizations, the protection period of software copyright is fifty years, expiring on December 31 of the 50th year after publication; if the software is not published within fifty years of completion, copyright protection ceases.

Regulations Relating to Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》, the “Patent Law”), promulgated by the SCNPC on March 12, 1984, and most recently revised on October 17, 2020, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》, the “Implementation Rules”), promulgated by the State Council on June 15, 2001, revised on December 11, 2023 and became effective on January 20, 2024, the NIPA is responsible for patent examination and authorization. The Chinese patent system follows a “first-to-file” principle, meaning that if more than one person applies for a patent for the same invention, the patent is granted to the first applicant. Invention and utility model patents must meet the requirements of novelty, inventiveness, and industrial applicability to be eligible for patent protection. Third parties may only use a patent with the consent or formal authorization of the patent holder; otherwise, unauthorized use constitutes patent infringement. Under the Patent Law, authorized patent holders enjoy exclusive rights to implement their patents and may prohibit unauthorized use.

The Patent Law and its Implementation Rules provide for three types of patents: invention, utility model, and design. The term of protection for invention patents is 20 years from the date of application, for utility model patents is 10 years, and for design patents filed on or after June 1, 2021, the term of protection is 15 years.

Pursuant to the Measures for the Recordal of Patent Licensing Contracts (《專利實施許可合同備案辦法》), promulgated by NIPA on June 27, 2011, and effective from August 1, 2011, NIPA is responsible for the recordal of patent licensing contracts nationwide. Parties must complete the recordal procedures within three months from the effective date of a patent licensing contract.

Regulations Relating to Trade Secret

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC, as amended on June 27, 2025 and effective from October 15, 2025, the term “trade secrets” refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing others’ trade secrets by: (i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (ii) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (i) above; (iii) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the

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right holder for keeping the trade secret confidential; (iv) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fine on the infringing parties.

Regulations Relating to Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated by the MIIT on August 24, 2017, and effective from November 1, 2017, MIIT is the primary regulatory authority for domain name services in China. Domain name registration follows the principle of “first apply, first register.” Applicants must register through authorized domain name registration service providers and submit true, accurate, and complete identity information. Upon registration, the applicant becomes the domain name holder and enjoys lawful usage rights.

In the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), promulgated by the MIIT in November 2017 and effective from January 1, 2018, it is stipulated that domain names used by Internet information service providers must be legally registered and owned by them. Where an entity engages in Internet information services, the domain name registrant shall be the entity itself (including its shareholders), the entity’s principal responsible person, or its senior management personnel.

Regulations Relating To Employment and Social Welfare

Regulations Relating to Employment

According to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by the SCNPC in July 1994 and most recently amended in December 2018, employers shall establish and improve labor rules and regulations in accordance with the law, strictly comply with national standards, provide necessary training to employees, ensure that employees enjoy labor rights, and fulfill their labor obligations.

According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007, and most recently amended on December 28, 2012, and its implementing regulations, employers and employees shall conclude written labor contracts when establishing labor relations. Labor contracts may be fixed-term, open-ended, or based on the completion of specific work tasks. If a labor relationship has been established without a written labor contract, a written contract must be signed within one month from the date of employment. Employers shall not force employees to work overtime, shall legally control working hours, and shall pay overtime wages. Employee wages shall not be lower than the local minimum wage standard and must be paid in full and on time. Employers may legally terminate labor contracts upon mutual agreement with employees or in accordance with statutory conditions.

According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), promulgated by the Ministry of Human Resources and Social Security and effective from March 1, 2014, employers may only use dispatched employees for temporary, auxiliary, or substitutive positions and must ensure that they enjoy equal pay for equal work compared to similar employees of the employer. The number of dispatched employees shall not exceed 10% of the total workforce. Employers failing to comply with the proportion limit shall be fined RMB5,000 to 10,000 per employee.

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Regulations Relating to Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), promulgated by the SCNPC on October 28, 2010, and most recently amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on January 22, 1999, and most recently amended on March 24, 2019, the state establishes basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, and maternity insurance. Employers shall enroll their employees in social insurance in accordance with the law and register with the social insurance agency within 30 days from the date of employment. Employers who fail to pay social insurance contributions on time or in full may be ordered by the social insurance collection agency to pay within a time limit or make up the shortfall; if still unpaid after the deadline, late fees will be charged, and fines of 1 to 3 times the unpaid amount may be imposed.

In addition to general social insurance requirements, enterprises are specifically required to provide maternity insurance for eligible employees in accordance with the Trial Measures for Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》), promulgated by the Ministry of Labor on December 14, 1994, and effective from January 1, 1995; enroll employees in basic pension insurance in accordance with the Decision of the State Council on Establishing a Unified Basic Pension Insurance System for Enterprise Employees (《國務院關於建立統一的企業職工基本養老保險制度的決定》), promulgated and effective on July 16, 1997; enroll employees in basic medical insurance in accordance with the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees (《國務院關於建立城鎮職工基本醫療保險制度的決定》), promulgated and effective on December 14, 1998; enroll employees in unemployment insurance in accordance with the Unemployment Insurance Regulations (《失業保險條例》), promulgated and effective on January 22, 1999; and enroll employees in work-related injury insurance in accordance with the Work-Related Injury Insurance Regulations (《工傷保險條例》), promulgated on April 27, 2003, revised on December 20, 2010, and effective from January 1, 2011.

Regulations Relating to Housing Provident Fund

According to the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999, and most recently amended on March 24, 2019, enterprises must register with the designated housing provident fund management centers and open bank accounts for the deposit of employees' housing provident funds. Employers shall make contributions in accordance with national regulations, with the contribution generally not less than 5% of the employees' average monthly salary of the previous year.

Employers who fail to register for housing provident fund contributions or fail to open accounts for employees may be ordered by the housing provident fund management center to complete the registration within a time limit; if overdue, they may be fined RMB10,000 to 50,000. Employers who delay or underpay contributions may be ordered to make payments within a specified period, and if still unpaid, the housing provident fund management center may apply to the People's Court for compulsory enforcement.

Regulations on Lease of Real Property

According to the Civil Code, a lease contract generally shall contain clauses specifying the name, quantity and purpose of use of the leased object, the term of the lease, rent, the schedule and method of its payment, the maintenance and repair of the leased object, etc. The lessee of a lease may, with the consent of the lessor, sublease the leased object to a third party.

According to the Administrative Measures for Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the MOHURD on December 1, 2010 and became effective on February 1, 2011, a commodity housing lease contract should be registered and filed with the competent construction (real estate) departments of the municipalities directly under the central government, cities and counties where the house is located within 30 days after the execution of the lease contract.

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Those who fail to comply with the aforementioned filing regulations may be ordered by the competent authority to correct within a time limit. If the entity does not correct within the specified period, it may be subject to a fine ranging from RMB1,000 to RMB10,000.

Regulations Relating to Securities and Overseas Securities Offering

Regulations Relating to Securities

According to the Securities Law of the PRC (《中華人民共和國證券法》), promulgated by the SCNPC on December 29, 1998, and most recently amended on December 28, 2019, the securities law implements a registration-based system with information disclosure as its core. Issuers are required to ensure that disclosed information is true, accurate, and complete, and shall not contain false records, misleading statements, or material omissions. Domestic enterprises issuing securities directly or indirectly overseas, or having their securities listed abroad, must comply with the relevant regulations of the State Council; the CSRC is responsible for the legal supervision and administration of the securities market. The issuance and trading of H-shares are primarily governed by regulations and rules issued by the State Council and CSRC.

Regulations Relating to Overseas Listing

On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

The Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (Trial) (《境內企業境外發行證券和上市管理試行辦法》), promulgated by CSRC on February 17, 2023, and effective from March 31, 2023, together with five supporting guidelines, establishes a filing management system. Domestic enterprises intending to directly or indirectly issue and list securities overseas shall submit filing materials to CSRC within three working days after submitting the overseas listing application.

The Trial Measures stipulate that domestic enterprises shall not issue or list securities overseas under any of the following circumstances: (i) explicitly prohibited by laws, administrative regulations, or relevant national provisions; (ii) deemed by the competent authorities of the State Council to potentially endanger national security; (iii) in the past three years, the domestic enterprise or its controlling shareholder or actual controller has committed criminal offenses such as embezzlement, bribery, misappropriation of property, or disruption of the socialist market economy order; (iv) the domestic enterprise is under legal investigation for suspected criminal or major illegal acts, without a clear conclusion; (v) there exist major ownership disputes over shares held by controlling shareholders or shareholders under the actual control of the controlling person.

Furthermore, the Trial Measures require that issuers report to CSRC within three working days after the overseas listing if any of the following occurs: (i) change of control; (ii) investigation or penalty measures taken by overseas securities regulators or competent authorities; (iii) conversion of listing status or board segment; (iv) voluntary or involuntary termination of listing. Overseas listed enterprises must also strictly comply with national laws and regulations concerning foreign investment, cybersecurity, data security, and national security, and duly fulfill the obligation to safeguard national security.

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Regulations Relating to Confidentiality and Archival Management

According to the Notice on Strengthening Confidentiality and Archival Management Related to Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), jointly issued by CSRC and three other relevant departments on February 24, 2023, and effective from March 31, 2023, during the process of direct or indirect overseas issuance and listing by domestic enterprises, when domestic enterprises provide or publicly disclose documents or materials to securities companies, accounting firms, other securities service institutions, or overseas regulatory authorities that may involve state secrets, confidential information of state agencies, or could adversely affect national security or public interest, they must strictly comply with national regulations regarding approval and filing procedures. The Notice further requires that securities companies and securities service institutions providing services for overseas issuance and listing by domestic enterprises must retain working papers generated within China in the Chinese Mainland. Such working papers may not be carried, mailed, or transferred outside the Chinese Mainland without prior approval from the competent authorities. If it is necessary to transfer the working papers abroad, approval must be obtained from the competent authorities. The Notice also establishes and strengthens a cross-border regulatory cooperation mechanism, shifting the overall approach to cross-border supervision of overseas issuance and listing from “domestic regulatory authorities taking the lead or relying on conclusions from domestic inspections” to a “cross-border regulatory cooperation” mechanism.

The specific provisions include: (i) During overseas issuance and listing, domestic enterprises must strictly comply with requirements for safeguarding state secrets and managing archives, establish and maintain sound confidentiality and archival systems, and take necessary measures to fulfill their confidentiality and archival management responsibilities; (ii) When providing or publicly disclosing documents or materials involving state secrets, confidential information of state agencies, or materials that could adversely affect national security or public interest, domestic enterprises must complete the relevant approval, filing, or other regulatory procedures; (iii) Securities companies and securities service institutions must retain working papers generated within the Chinese Mainland, and if it is necessary to transfer such materials abroad, prior approval must be obtained from the competent authorities in the Chinese Mainland.

Regulations on the H Share Full Circulation

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

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the filing procedures necessary for the Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (Trial). After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with China Securities Depository and Clearing Limited (the “CSDC”) of the shares related to the application has been completed. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China.

REGULATORY OVERVIEW

On December 31, 2019, CSDC and the Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股「全流通」業務實施細則》) (the “Measures for Implementation”) to regulate the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc.

In addition, the Guide for “Full Circulation” Business of H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南》), promulgated by the Shenzhen Branch of CSDC and effective on June 30, 2025, which clearly provides for business arrangements and procedures related to H-share full circulation business, including business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic holding details, corporate behavior processing, clearing and settlement, risk management and business charges.

BUSINESS

OVERVIEW

We are a leading innovation-driven medical consumables provider in China. We provide medical institutions with comprehensive, quality medical consumables solutions.

Leveraging our integrated capabilities spanning R&D, regulatory registration, manufacturing, quality management and commercialization, we build a competitive and diversified portfolio, comprising (i) drug delivery products, (ii) vascular access products, (iii) blood specimen collection products, and (iv) others, mainly including interventional therapy products, surgical products and medical imaging consumable products. These products allow us to serve multiple clinical departments and a wide range of clinical application scenarios.

Our product portfolio has underpinned our market position. According to Frost & Sullivan:

- Based on the number of NMPA registration certificates for medical consumable products as of the Latest Practicable Date, we ranked second in China;
- Based on the number of registration certificates for vascular access products as of the Latest Practicable Date, we are among the companies with most comprehensive offerings globally; and
- Based on revenue in 2025, our drug delivery products ranked second in China.

Further, in 2025, our polyurethane PIVC was recognized as National-level Manufacturing Single Champion product in China. Looking ahead, guided by our commitment to continual innovation, premium quality, cost efficiency and best customer value (創新驅動、質量一流、成本領先及為客戶提供最優價值), we aspire to become a leading global provider of medical consumables.

Our R&D capabilities support our product development and innovation. In particular, our R&D is guided by the principles of tracking clinical needs and emerging trends, adoption of cross-disciplinary engineering, and the ability to bring products through verification and registration in a compliant, scalable manner. See “— Our Strengths — Clinical Needs-oriented and Innovation-driven R&D Platforms, Underpinning Our Continual Product Innovation and Iterative Upgrading” for further details.

Quality is fundamental to our sustainable development. We have built and continue to enhance a quality management system covering R&D, procurement, manufacturing and post-market quality monitoring. Substantially all of our products are sterile medical consumables, and we implement stringent controls over critical processes and maintain traceability mechanism. In parallel, we continue to upgrade precision manufacturing and automation capabilities to enhance manufacturing stability. These efforts enable us deliver reliable quality products in a cost-efficient manner while meeting evolving regulatory and quality requirements.

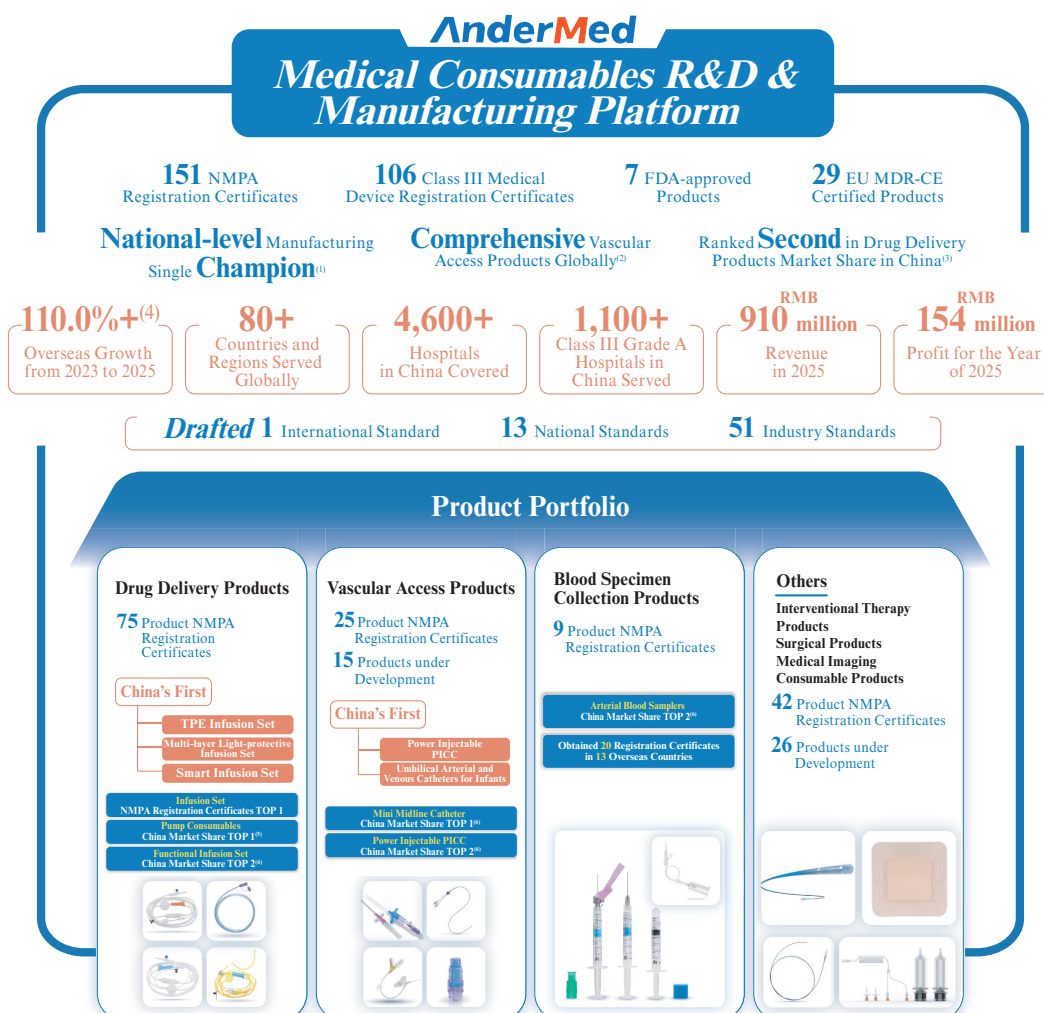
We have built a commercialization network to reach both China and overseas markets. As of the Latest Practicable Date:

- In China, our products had reach over 4,600 hospitals in 31 provinces, including over 1,100 Class III Grade A hospitals.
- We are also exploring overseas markets by strengthening market access and compliance capabilities, and (i) seven of our products, including infusion sets and PIVC had obtained U.S. FDA certificates; (ii) 29 products had obtained CE certificates under the EU MDR.

Further, in 2024, we achieved WHO-PQS prequalification and were included in the WHO global tender procurement directory, further supporting our overseas expansion. As of the Latest Practicable Date, in addition to China, we had obtained 134 regulatory approvals and registration certificates across 58 countries and regions.

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Set forth below are further details of our business highlights as of the Latest Practicable Date and for the periods indicated:



Notes:

- (1) In 2025, our polyurethane PIVC was recognized as National-level Manufacturing Single Champion product in China.
- (2) Based on the number of registration certificates for vascular access products as of the Latest Practicable Date, we are among the companies with most comprehensive offerings globally according to Frost & Sullivan.
- (3) Based on revenue in 2025.
- (4) Calculated as overseas revenue in 2025 minus overseas revenue in 2023, divided by overseas revenue in 2023.
- (5) In terms of reported volume of centralized procurement in 24 provinces for pump consumables in 2025.
- (6) Based on sales volume in 2025.

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Our Core Products

We develop our product around the core diagnosis and treatment needs from healthcare providers, with a focus to meet frontline clinical requirements. Our products cover a broad range of applications, including medication administration, infusion management, vascular access establishment and maintenance, diagnostic sampling, perioperative care and wound management. We are also progressively expanding into interventional procedures and diagnostic imaging-related applications.

This clinically driven and innovation-led product strategy has enabled us to scale and deepen our channel presence in essential consumables, while leveraging a repeatable set of capabilities across R&D, quality management and commercialization. These capabilities support our expansion into higher value-added product categories, and lay the foundation for sustainable growth. Key details of our product categories are as follow:

- ***Drug delivery products.*** Our drug delivery products serve key clinical settings, including infusion, injection and enteral nutrition. They are designed to enhance delivery safety and support medication administration and management. We continue to upgrade materials and structural design to meet evolving clinical needs.

We have achieved a number of R&D and commercialization milestones. These include:

- o introducing China’s first infusion set with a 1.2 µm precision filter in 2010, which helps control microscopic insoluble particles during infusion;
- o becoming the first company in China to obtain an NMPA registration certificate for a TPE infusion set in 2011, which uses optimized materials and structural design to meet clinical requirements for infusion safety and stability;
- o independently developing and commercializing smart infusion sets, and becoming the first company in China to obtain registration certificate in 2012. The product is equipped with automatic air-venting and intelligent infusion stop functions, which are designed to reduce the operational workload of nursing staff and improve patient infusion experience; and
- o obtaining China’s first registration certificate for a non-phthalate precision filtration infusion set for pumps in 2018, and becoming one of the first domestic brands to launch pump infusion consumables, which are used with infusion pumps and syringe pumps for precise drug delivery.

According to Frost & Sullivan, based on the reported volumes of centralized procurement in 24 provinces for pump consumables in 2025, we ranked first in China, and based on sales volume in 2025, our functional infusion sets ranked second in China. Our pump consumables are also sold in the international market together with products of leading infusion pump manufacturers, and have achieved rapid growth.

- ***Vascular access products.*** Our vascular access products focus on peripheral venous access and access management for long-term infusion therapy. We provide a comprehensive product offering for clinical vascular access, including among others, PIVC, midline catheter (including mini midline catheters and midline catheters), PICC, CVC, neonatal umbilical vessel catheters, hemodialysis catheters and Huber needle (disposable needle for PORTs). According to Frost & Sullivan, based on the number of registration certificates for vascular access products as of the Latest Practicable Date, we are among the companies with most comprehensive offerings globally.

Vascular access products are subject to stringent requirements for material performance, structural reliability and quality consistency. Leveraging our quality control and innovation capabilities, we continue to obtain registrations and upgrade key products.

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For example, we obtained China’s first NMPA registration certificate for a power injectable PICC and umbilical arterial and venous catheters for infants, respectively, and have continued to expand our product portfolio. We also address access maintenance needs with ancillary products such as positive-pressure needle-free infusion connectors and disinfecting caps, which support connector disinfection and protection and improve convenience and safety in ongoing line maintenance.

According to Frost & Sullivan, based on sales volume in 2025, (i) our mini midline catheters ranked first in China; and (ii) our power injectable PICC ranked second in China and first among domestic companies in China, respectively. We believe our vascular access products are well positioned for further growth in China and overseas, and we plan to continue expanding our international presence.

- **Blood specimen collection products.** Our blood specimen collection products are designed to support safe sampling and sample integrity. They are primarily used in laboratory testing and critical care monitoring, and include arterial blood samplers and safety-engineered venous blood collection needles. To improve sample reliability and testing accuracy, our arterial blood samplers incorporate optimized structural and material designs, which help improve sampling stability and consistency. We have also participated in the drafting and validation work of ISO/TC 76, an international standard-setting body for blood specimen collection, contributing to the standardization of safety, reliability and quality consistency in this field. According to Frost & Sullivan, based on sales volume in 2025, our arterial blood sampler ranked second in China and achieved rapid growth in global markets.
- **Others.** We also offer other medical consumables, primarily including (i) interventional therapy products; (ii) surgical products; and (iii) medical imaging consumable products.

Interventional therapy products are a key focus of our expansion into higher value-added consumables. We are advancing our pipeline and registrations across interventional accessories, access products and therapeutic products. As of the Latest Practicable Date, we had obtained 16 product registration certificates for interventional therapy products, with 18 products under development, while continuing to advance the R&D and clinical translation of innovative therapeutic products. For example, we have obtained the registration certificate for our intracranial thrombus aspiration catheter, and the animal studies for our candidate coronary cutting balloon catheter were completed in September 2025 and entered the clinical trial stage in March 2026.

Our surgical products are positioned around perioperative care and wound management, focusing on clinical needs including exudate management. We have also developed products for imaging examinations and contrast administration, and have achieved mass production and sales of high-pressure contrast injector and high-pressure extension tubes, while progressing the development and registration of other high-pressure contrast products in an orderly manner.

Our Financial Performance

During the Track Record Period, leveraging our diversified product portfolio, we demonstrated resilient operating performance. Our revenue was RMB940.6 million, RMB935.6 million and RMB909.7 million in 2023, 2024 and 2025, respectively. Our net profit was RMB156.1 million, RMB153.0 million and RMB154.1 million in 2023, 2024 and 2025, respectively. Since we commenced building our global commercialization network, we have secured U.S. FDA certifications, CE certificates in the EU and product registrations in multiple overseas markets. Continued recognition in overseas markets has driven the growth of our overseas revenue, which increased from RMB46.6 million in 2023 to RMB99.2 million in 2025, representing an increase of 112.7%.

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OUR STRENGTHS

A Leading Provider of Medical Consumables with a Comprehensive Portfolio and Leading Positions in Multiple Segments

We have established a broad and comprehensive product portfolio, with core categories covering drug delivery products, vascular access products, and blood specimen collection products. We have also expanded into others, mainly including interventional therapy products, surgical products and medical imaging consumable products. Together, these products form a scalable set of capabilities to serve multiple clinical departments and a wide range of clinical applications with integrated products and solutions. As of the Latest Practicable Date, in China, we had obtained 151 medical device registration certificates, including 106 Class III medical device registration certificates, providing a strong product and compliance foundation for our continued expansion into different segments.

We have also built leading positions in selected sub-segments, according to Frost & Sullivan:

- ***Drug delivery products.*** We are among the few domestic companies in China that offer a broad range of functional infusion sets. Based on revenue in 2025, our drug delivery products ranked second in China.
- ***Vascular access products.*** Based on sales volume in 2025, (i) our PIVC ranked fourth in China, with a market share of approximately 8.7%; (ii) our mini midline catheters ranked first in China, with a market share of approximately 41.9%; and (iii) our power injectable PICC ranked first among domestic brands in China, with a market share of approximately 40.2%.

By combining essential consumables with higher value-added offerings, we can address hospital needs across key clinical workflows, including infusion therapy, vascular access establishment and maintenance, diagnostic sampling, perioperative care and imaging examinations.

Our comprehensive portfolio also enables us to cover multiple clinical departments within the same hospital and to offer products that can be used together across clinical workflows. This breadth supports more efficient product launches by leveraging our existing channels and hospital coverage. As we continue to commercialize new products and expand overseas, a more diversified portfolio helps reduce reliance on any single product or market, strengthens our business resilience and supports sustainable growth.

Clinical Needs-oriented and Innovation-driven R&D Platforms, Underpinning Our Continual Product Innovation and Iterative Upgrading

Since our establishment, we have focused on medical consumables and pursued an innovation-driven strategy anchored in clinical needs. Guided by the principles of safety, reliability and performance, we track technology developments and regulatory expectations and have built capabilities across materials selection, structural design, precision processing, verification and validation, and registration support. We monitor clinical needs and emerging trends and translate these insights into product upgrades and commercial outcomes through industry standard participation, participation, stable R&D resourcing and reusable technology platforms. As of the Latest Practicable Date, we had participated in drafting multiple standardization documents, including one international standard, 13 national standards and 51 industry standards.

We have established an R&D framework covering product development, process development, testing and verification, and registration support, and we continue to invest in R&D. We believe innovation in medical consumables depends not only on technical advances, but also on cross-disciplinary engineering and the ability to bring products through verification and registration in a compliant, scalable manner. As of December 31, 2025, we had an R&D team of 184 personnel with multidisciplinary backgrounds, including materials science and engineering, mechanical design, manufacturing and automation, and biomedical engineering. We have built four

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major R&D platforms that are reusable across different products and provides a structured “design — process — verification and validation — registration” capability. This enables us to improve R&D efficiency, shorten iteration cycles, and accelerate industrialization while maintaining product safety and quality consistency. In particular:

- ***Structural design and manufacturing technology platform.*** We cover key processing capabilities for polymer and metal materials, including extrusion, injection molding, ultrasonic welding and laser welding, and advanced molding techniques such as multi-shot molding, insert molding and liquid silicone rubber molding. We develop reliable and manufacturable structures that are tailored to the clinical needs and manufacturing requirements, such as precision sealing structures, fluoropolymer insert injection-molded structures, self-expanding stent structures and foldable catheter systems. We balance performance, manufacturability and cost, thereby shortening development cycles and improving product performance.
- ***Catheter precision processing and surface modification technology platform.*** This platform supports the R&D and manufacturing of catheters using precision processing and surface modification technologies. We have established stable precision-processing capabilities for multiple specifications of variable-diameter catheters as well as low-hardness, ultra-thin-wall composite outer catheter tubing, helping ensure consistency in dimensional control, wall thickness uniformity, mechanical performance and surface quality. In addition to conventional materials such as TPU and PA, we also have surface modification capabilities for difficult-to-process materials, including fluoropolymers, which broadens catheter applications in more advanced device settings.
- ***PIVC design and manufacturing technology platform.*** This platform integrates key processes and system-level product design for PIVC. We enhance cannulation success rates, usability and safety through multiple technical routes. These include catheter tip forming and length control, extension tubing extrusion, optimization of materials and injection molding processes, one-hand clamp and anti-occlusion designs, and needlestick-prevention and anti-reflux mechanisms. We also maintain coverage across a full 14G to 26G range and different length specifications, forming product tiers such as basic, anti-reflux and closed-system variants to match different medical institutions and clinical scenarios. On the manufacturing side, we continue to advance automation and process control to improve yield consistency and changeover flexibility.
- ***Interventional product development and manufacturing technology platform.*** We have configured production and verification equipment covering the full process for interventional devices, supporting process development and scaled manufacturing for balloon catheter products, braided catheter products and stent products. We have accumulated experience in taking multiple interventional devices from design through industrialization, and continue to strengthen critical processes such as precision assembly and bonding for cutting balloons, and laser processing and surface functionalization for variable-diameter stents, supporting the development and industrialization of complex interventional devices.

These R&D platforms support continual innovation and help us maintain a repeatable pathway from R&D to approvals and market adoption. As of December 31, 2025, we had 15 products for which we were the first in China to obtain a medical device registration certificate, including the first power injectable PICC, the first smart infusion set and the first TPE infusion set, among other cross-product-line milestones. As of the Latest Practicable Date, we had obtained 151 NMPA product registration certificates, and over 50 products at the registration stage in China. We also had seven products that had obtained U.S. FDA registration certificates, and 29 product categories that had obtained CE certificates under the EU MDR. In addition to China, we had obtained 134 regulatory approvals and registration certificates across 58 countries and regions.

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Integrated Quality Control, Automation and In-house Key Component Manufacturing, Enhancing Our Competitiveness

Our quality management, production process control and continuous process optimization capabilities are critical to translating our R&D outcomes into scaled, reliable supply. Through a standardized quality system, controlled and validated sterile and other key special processes, and an increasing level of automation, we are able to maintain consistent product quality and stable supply across multiple product lines while building sustainable cost efficiency and scalable manufacturing capability. In 2025, our intelligent factory for sterile medical devices was recognized as an advanced intelligent factory in Shandong Province. In 2025, our polyurethane PIVC was recognized as a national-level Manufacturing Single Champion product.

Quality system and compliance readiness. We operate a robust product quality management system and are certified under ISO 13485, with quality management covering the full product lifecycle from R&D, procurement and production to product release and post-market surveillance:

- We implement specific control requirements for critical areas such as cleanroom environmental control and contamination prevention, line clearance and cross-contamination control, lot/batch management and traceability;
- We conduct qualification and validation for critical special processes such as sterilization, retain key process parameter records, and ensure that sterilization batch records are traceable back to the corresponding production batches, supporting controlled and traceable sterility assurance. In addition, we have established procedures covering customer complaints, adverse event monitoring notifications and product recalls, and we continuously enhance the effectiveness of our quality management system through internal audits, management reviews, data analysis and corrective and preventive actions;
- We obtained ISO 14001 environmental management certification and ISO 45001 occupational health and safety management certification in 2021, supporting standardized management of our production and operations; and
- Since 2021, we have undergone an aggregate of 46 on-site and remote audits by medical device regulatory authorities from five countries, and 10 on-site and remote audits by several customers, and have successfully passed such audits.

Automation and process capability. Within this quality system framework, we continue to increase automation. Through customized design of production equipment and molds, together with ongoing optimization of process parameters, we are progressively automating production for major products. This reduces the impact of manual variability in critical steps, improves batch-to-batch consistency and enhances manufacturing efficiency while meeting quality and regulatory requirements, thereby strengthening the sustainability of our cost efficiency. We have also accumulated manufacturing know-how in processing polymer and silicone materials (including injection molding and extrusion), and we continue to refine process optimization and process control for critical steps in catheter-based products, including tip processing and assembly, supporting stable quality output under scaled production.

Selective in-house production of key components. Building on our automation and process capabilities, we have developed in-house manufacturing capability for certain key components that materially affect product performance and quality consistency. We have also developed certain critical process steps, which, together with the manufacturing of these key components, strengthen control over quality and supply stability and further improve cost efficiency. For example:

- We have brought in-house the production of certain silicone components; and
- The catheter products have been transitioned from external procurement to in-house production, enhancing our control over the quality and supply management of these key components.

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We believe the combination of our quality system, automation and process capabilities, together with selective in-house production of key components, provides a solid foundation for delivering high-quality products at scale, maintaining cost efficiency and supporting multi-product-line manufacturing.

Robust Commercialisation Capabilities and Rapid Global Expansion, Sustaining Our Solid Operating Performance and Profitability

Commercializing medical consumables is not solely a matter of sales coverage. It also depends on whether a company can, within an appropriate compliance framework, convert quality consistency, clinical suitability and cost efficiency into a practical pathway for hospital access and sustained adoption. Based on these industry characteristics, we have built an integrated commercialization framework that covers (i) domestic hospital promotion; (ii) market access and procurement execution; and (iii) overseas regulatory access and channel expansion. This framework enables us to advance multiple product categories into hospital procurement and clinical use in parallel, and to apply proven commercialization experience to newly launched products.

Hospital coverage and closed loop clinical feedback. We have established broad sales network coverage in China. As of the Latest Practicable Date, our products had reached over 4,600 hospitals across different regions and tiers of medical institutions. Building on this end-hospital reach, we introduce and expand our product portfolio by clinical department and application, and drive adoption of additional categories and upgraded products within existing customers. In addition, we have established after-sales and clinical communication mechanisms to collect timely feedback from healthcare professionals, and then collaborate with our R&D, quality and manufacturing teams to implement improvements and optimization. This supports a practical feedback loop from clinical use to product refinement and broader adoption, and helps maintain stable supply at the hospital level.

Clinical promotion and training. We have established an academic promotion and training program to facilitate healthcare professionals’ understanding of product features, scope of application and operating procedures, so as to support standardized uses. Our dedicated academic promotion team has years of experience working in Grade III Class A hospitals, enabling them to better understand user needs. Through academic seminars, expert exchanges and product training sessions, we communicate product characteristics, applications and key operating points. We also maintain internal training and management requirements for our academic promotion personnel to support professional execution. These efforts help standardize product use in hospitals and facilitate broader adoption across departments and clinical settings.

Market access and procurement execution. We have developed a repeatable mechanism that enables newly certified products to enter hospital procurement systems more efficiently. After obtaining a product registration certificate, we advance key procedures in parallel, including applications for identification codes within the medical insurance and procurement systems, and listing and pricing arrangements on provincial procurement platforms. Our dedicated team coordinates across functions, including R&D, technical, marketing, product lines and sales management, to prepare materials and map approval pathways in advance. This allows more efficient filings in accordance with applicable requirements. We have generally been able to commence relevant filings in the same month a registration certificate is issued, and to obtain the national medical insurance code and complete listing procedures on provincial procurement platforms within a short timeframe. We believe this organized, process-driven market access capability allows us to replicate commercialization for new product introductions, improve efficiency, and support our continued expansion in the domestic market. Meanwhile, our overseas expansion capabilities are built on our regulatory access, compliance and quality credentials, channel development and localized implementation.

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We believe that this commercialization system helps translate our strengths in quality consistency, cost efficiency and product innovation into deeper penetration across end hospitals in China and a repeatable pathway for overseas expansion. It also provides a structured, repeatable way to bring new products into hospital procurement and routine clinical use. We believe this supports steady operating performance and continued improvement in profitability.

Visionary and Experienced Leadership, Reinforced by Our Culture of Integrity

We have a seasoned and stable management team. Our core management members are professionals with extensive experience in the medical consumables sector and related industries, with proven execution capabilities. Our key management team have served the Company for over 15 years on average, which we believe supports strategic continuity and effective cross-functional coordination across key functions such as R&D, product registration, manufacturing, quality management and commercialization. Our Chairman, Mr. JI Yuexiang, has 40 years of industry and management experience in the medical device sector, providing deep insight and leadership in assessing industry trends, shaping our product strategy and overseeing operations.

Integrity is a core element of our corporate culture and values, and we embed it in our daily operations and collaboration with our stakeholders, including customers, suppliers, employees, shareholders and the wider community. We are committed to providing clinical solutions through safe, reliable and advanced products, and we continually enhance product quality consistency and service capabilities within a robust compliance and quality management framework. We believe this value-driven culture helps us build long-term partnerships and supports sustainable development in the medical consumables industry, where product safety, quality consistency and regulatory compliance are particularly critical.

OUR STRATEGIES

Guided by our commitment of continual innovation, premium quality, cost efficiency and best customer value (創新驅動、質量一流、成本領先及為客戶提供最優價值), we aspire to become a leading global provider of medical consumables. In particular:

Strengthening Our Established Strengths While Building New Growth Engines to Broaden Our Clinical Application Coverages

We will continue to reinforce our established strengths while expanding into higher value-added segments and further upgrading our commercial execution, so that we can sustain long-term growth as the medical consumables market continues to evolve.

We will enhance our core product portfolio, particularly our drug delivery products and vascular access products. We plan to strengthen our position in key sub-segments through product upgrades and ongoing improvements in cost efficiency. We will also deepen hospital coverage and enhance channel coordination. In parallel, we will further refine our compliant and efficient sales and marketing management system and continue to build a professional commercial team, with a view to increasing penetration across more clinical applications and more hospital departments. At the same time, we will accelerate the scaling of our blood specimen collection products, by continuing to promote and iterate representative products such as our disposable human arterial blood sampler and safety-engineered venous blood collection needle, leveraging our existing hospital footprint to drive further growth.

In the meanwhile, we will accelerate the launch and commercialization of innovative products. We will continue to increase R&D investment and build a structured pipeline aligned with evolving clinical needs and technological trends. In particular, we will further expand into higher value-added consumables, including interventional therapy products, medical imaging consumable products and surgical products. We will leverage our established capabilities in product development and registration to advance these products from development to market adoption, and capture synergies

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with our existing hospital network, clinical education and training, and market access and procurement execution capabilities, thereby opening up new markets and additional growth opportunities.

Alongside business expansion and product innovation, we may also prudently evaluate strategic acquisitions and partnership opportunities from time to time, focusing on targets in sub-segments that are complementary and synergistic to our existing business. We will prioritize opportunities that can enhance our product portfolio, strengthen key technical capabilities or expand channel coverage, with a view to improving the efficiency of our portfolio build-out and shortening the incubation cycle for new businesses. Any such inorganic growth initiatives will be pursued on the basis of disciplined commercial assessment, appropriate compliance review and our integration capabilities.

Accelerating Global Expansion by Strengthening Overseas Channels and Enhancing our Global Brand Profile

We intend to further enhance our overseas market coverage, regulatory access and compliance capabilities, and localized service and support. While maintaining our quality standards and compliance requirements, we plan to progressively expand our product portfolio available for sale overseas and to strengthen the supporting capabilities that overseas customers typically require, including regulatory and compliance support, quality and technical documentation, training, technical support and after-sales responsiveness.

Specifically, we plan to advance channel development and brand building in parallel. On the channel front, we intend to build a broader international sales and distribution network and further expand our presence in regions such as the Americas, Europe, and Southeast Asia. Subject to market conditions and our business development needs, we may consider establishing local service teams in selected markets, so that we can be closer to local customers and respond more efficiently. Additionally, we intend to continue participating in major international industry exhibitions and professional conferences, thereby engaging potential customers and partners, expanding our customer base and strengthening our brand awareness. We also plan to present our product portfolio and clinical value proposition in a compliant and professional manner, supporting our long-term growth in overseas markets.

Increasing R&D Efforts to Strengthen Product Development

We plan to continue increasing our R&D investment to align evolving clinical needs and industry technology trends. We believe this helps improve product development efficiency and support targeted product upgrades. In particular, we will continue to enhance our R&D capabilities by expanding our R&D facilities, encompassing laboratories, performance testing and pilot-scale verification, so as to support an end-to-end R&D workflow, from design concepts and prototype development, to testing and validation, and then process scale-up.

We also plan to increase our R&D efforts in key product areas, particularly focusing on higher value-added product lines such as vascular access and vascular interventional therapy products. We will enhance relevant technical capabilities and recruit R&D talent with relevant experience, with the aim of accelerating product iteration and bringing higher value-added new products to market more efficiently. In addition, leveraging our established R&D center in Shanghai, we plan to further expand our R&D work in high-end, precision products, including the development and iteration of cardiovascular and oncology interventional therapy products, and to work in tandem with our headquarters R&D system.

Expanding Capacity and Strengthening Manufacturing Quality System to Drive Future Growth

We plan to further strengthen our manufacturing capabilities to support scaled supply across multiple product lines and to meet demand from both domestic and overseas markets. As our established products continue to grow and new products progressively reach commercialization, we

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seek to enhance our manufacturing system, including capacity scale, production efficiency and quality consistency, to align our product and market positioning. To this point, we will advance capacity expansion in parallel with manufacturing system upgrades, so as to reinforce our manufacturing foundation in the medical consumables sector.

We plan to expand and upgrade our Zibo production base and continue investing in manufacturing capabilities. This includes automation upgrades for existing production lines to increase capacity and productivity, reduce human-driven variability in critical processes, and enhance batch-to-batch consistency, while meeting applicable compliance requirements, supporting stable delivery and improving operational efficiency. Further, we will align new or additional production lines with the process, quality control and regulatory compliance requirements of our products in development and newly introduced products, and we will build or adjust such lines as needed based on business progress. This is intended to ensure that, when new products proceed to scaled production, the production conditions and process controls in place are appropriate for their risk profile and compliance requirements. We believe these capacity expansion and manufacturing system enhancement initiatives will help us meet growing demand in domestic and overseas markets, while further strengthening manufacturing support for quality consistency and cost efficiency, thereby laying a solid foundation for our future growth.

OUR PRODUCTS

Overview

Our product offerings comprise (i) drug delivery products, (ii) vascular access products, (iii) blood specimen collection products, and (iv) others, mainly including interventional therapy products, surgical products and medical imaging consumable products.

The following table sets forth a breakdown of our revenue by product category, in absolute number and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Drug delivery products	561,082	59.7	551,738	59.0	493,043	54.2
Vascular access products . . .	320,070	34.0	304,657	32.6	324,556	35.7
Blood specimen collection products	43,796	4.6	56,847	6.1	66,134	7.3
Others ⁽¹⁾	15,622	1.7	22,386	2.3	25,993	2.8
Total	940,570	100.0	935,628	100.0	909,726	100.0

Note:

(1) Primarily include interventional therapy products, surgical products and medical imaging consumable products.

The following table sets forth the sales volume and ASP information of our products by product category for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	(thousand units)	(RMB'000/ thousand units)	(thousand units)	(RMB'000/ thousand units)	(thousand units)	(RMB'000/ thousand units)
Drug delivery products	531,125	1.1	524,325	1.1	466,948	1.1
Vascular access products . . .	71,576	4.5 ⁽¹⁾	77,809	3.9 ⁽¹⁾	85,742	3.8
Blood specimen collection products	58,767	0.7	77,628	0.7	84,094	0.8
Others ⁽²⁾	31,406	0.5	17,524	1.3	13,818	1.9
Total	692,874	1.4	697,285	1.3	650,602	1.4

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- Note:
- (1) The decrease in the ASP of vascular access products in 2024 as compared with 2023 was mainly attributable to the inclusion of our products in the centralized volume-based procurement program.
 - (2) Primarily include interventional therapy products, surgical products and medical imaging consumable products.

Drug Delivery Products

Our drug delivery products are used to administer medications, fluids and nutrition through established vascular access during infusion therapy. These products are designed to support flow regulation and administration safety, including compatibility with different medications and infusion devices, and are used across hospital settings for routine infusion as well as pump-assisted, precision-controlled administration. Our drug delivery products mainly include (i) functional infusion set, and (ii) pump consumables. As of the Latest Practicable Date, we had developed 75 drug delivery products.

Functional Infusion Set

Functional infusion sets refer to infusion sets that are better able to meet clinical application needs, such as infusion sets featuring precision filtration, micro-flow regulation functions and new materials with enhanced compatibility.

The following table sets forth the details of our key functional infusion set products.

Product	Pictures	Major applicable procedures and features
Non-phthalate PVC smart infusion set (非鄰苯PVC智能型輸液器). . .		Used for intravenous infusion in clinical patients, featuring automatic air elimination and automatic flow-stop functions. The product uses tris(2-ethylhexyl) trimellitate as the plasticizer and is free of DEHP.
Non-phthalate PVC smart micro-adjustable light-protective infusion set (非鄰苯PVC智能微調避光輸液器).		Used for intravenous infusion in clinical patients, enabling precise control of drug flow rate and providing light-protection functionality within the wavelength range of 290 nm to 450 nm.
TPE infusion set with precision filter (TPE精密輸液器).		Used for intravenous infusion in clinical patients. The product is made of TPE material and is free of PVC and DEHP.

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Product	Pictures	Major applicable procedures and features
Micro-adjustable infusion set (微調輸液器)		Used for intravenous infusion in clinical applications requiring control and regulation of flow rate.
Membrane-type auto-stop infusion set (膜止液輸液器)		Used for intravenous infusion in clinical patients, featuring automatic flow-stop function.

Pump Consumables

Pump consumables are primarily responsible for delivering media such as medications, nutrient solutions, or blood products. The following table sets forth the details of our main pump consumables.

Product	Pictures	Major applicable procedures and features
Pump infusion sets (泵用輸液器)		Used in conjunction with infusion pumps for pressure infusion and also used for gravity infusion.
Pump syringe (泵用注射器)		Used in conjunction with a syringe pump to control the flow rate of medication infused into patients.

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Product	Pictures	Major applicable procedures and features
Infusion extension tube (输液延長管)		Connected to infusion sets or infusion devices (such as infusion pumps and syringe pumps) during clinical infusion procedures, and used for medication filtration, flow regulation, drug addition and extension of infusion tubing. It is suitable for both pressure infusion.

Vascular Access Products

Our vascular access products are mainly used to establish and maintain vascular access by inserting and securing a catheter into patients’ vein or artery for subsequent clinical uses, including administration of fluids and medications, infusion therapy, blood sampling and, in certain cases, hemodynamic monitoring. These products are commonly used in hospitals and other clinical settings, including operating rooms, emergency rooms, intensive care units and general wards, for short-term and longer-term intravenous therapy. Our vascular access products primarily include (i) PIVC, (ii) midline catheters, (iii) PICC, (iv) umbilical arterial and venous catheters for infants, and (v) vascular access ancillary products. As of the Latest Practicable Date, we had developed 25 vascular access products.

PIVC

PIVC is a medical device used for peripheral venous infusion that can remain in the vein for a short period (≤ 72 hours).

The following table sets forth the details of our main PIVC products.

Product	Pictures	Major applicable procedures and features
Safety Y-type PIVC (防針刺Y型留置針) . . .		Used for infusion and blood transfusion through insertion into the human peripheral venous system, featuring a needle-stick prevention function. The extension tubing and catheter of this product are made of polyurethane.
Needle-free connector PIVC (無針連接式留置針)		Used for infusion and blood transfusion through insertion into the human peripheral venous system, featuring needle-free connection to avoid needlestick injuries. The extension tubing and catheter of this product are made of polyurethane.

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Product	Pictures	Major applicable procedures and features
Safety straight PIVC (防針刺直型留置針)	A safety straight PIVC (防針刺直型留置針) is shown, featuring a yellow hub and a clear, straight catheter tube.	Used for infusion, blood transfusion, blood sample collection and invasive blood pressure monitoring, and featuring a needle-stick prevention function.
Positive pressure Safety PIVC (正壓防針刺留置針)	A positive pressure safety PIVC (正壓防針刺留置針) is shown, featuring a yellow hub, a clear catheter tube, and a white, curved extension tubing.	Used for infusion and blood transfusion through insertion into the human peripheral venous system, featuring positive pressure and needle-stick prevention functions. The extension tubing and catheter of this product are made of polyurethane.

Midline Catheters

A midline catheter is a peripheral venous catheter, typically made of polyurethane material, used for short- to medium-term intravenous infusion therapy.

The following table sets forth the details of our main midline catheter products.

Product	Pictures	Major applicable procedures and features
Mini midline catheter (迷你中線導管)	Two mini midline catheters are shown, one with a blue hub and one with a purple hub, both featuring clear, straight catheter tubes.	Used for patients with poor peripheral vascular conditions or difficult venous access. It can provide intravenous therapy for a duration of one to four weeks.
Midline catheter (中線導管).	A midline catheter is shown, featuring a blue hub, a clear catheter tube, and a white, curved extension tubing.	Used to access the central venous system via a peripheral vein in order to establish an intravascular access for the infusion of medications or solutions.

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PICC

A PICC is a long, flexible catheter that can be inserted into a vein in the upper arm or lower limb.

The following table sets forth the details of our main PICC products.

Product	Pictures	Major applicable procedures and features
Power injectable PICC (耐高壓PICC)		Used to access the central venous system via a peripheral vein to establish intravascular access for the infusion of medications or solutions, blood sample collection, and monitoring of central venous pressure, and may also be used for high-pressure injection of contrast media.
Neonatal PICC (新生兒PICC)		Used to access the central venous system via a peripheral vein in order to establish an intravascular access for the infusion of medications or solutions.

Umbilical Arterial and Venous Catheters for Infants

The following table sets forth the details of our umbilical arterial and venous catheters for infants.

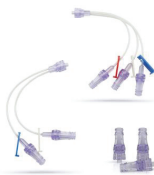
Product	Pictures	Major applicable procedures and features
Umbilical arterial and venous catheters for infants (嬰兒臍動靜脈導管)		Used to establish short-term (less than 30 days) intravascular access through umbilical vessels in neonatal patients within 72 hours after birth. The umbilical arterial catheter is used for blood sample collection or blood pressure monitoring, while the umbilical venous catheter is used for infusion, blood transfusion, blood sample collection or blood pressure monitoring.

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Vascular Access Ancillary Products

Vascular access ancillary products refer to products used in conjunction with vascular access products to facilitate clinical procedures.

The following table sets forth the details of our vascular access ancillary products.

Product	Pictures	Major applicable procedures and features
Huber needle (disposable needle for PORTs) (輸液港專用針)		Used to deliver infusions, administer medications and perform flushing via implantable drug delivery devices. In addition, the dedicated infusion needle is suitable for use with power-injectable implantable drug delivery devices for high-pressure injection of contrast media in CT imaging, with a maximum pressure tolerance of 300 psi.
Positive-pressure needle-free infusion connector (正壓無針輸液接頭)		Used for connection and sealing at the terminal end of infusion lines in clinical use. It can be connected with indwelling catheters, three-way stopcocks and other infusion devices for intravenous infusion.
Septum needle-free connector (分隔膜無針接頭)		Used for conjunction with intravascular indwelling catheters for the infusion of medications into the vasculature or for blood withdrawal.

Blood Specimen Collection Products

Our blood specimen collection products are used for the collection and preservation of blood samples for clinical testing, analysis and diagnostic purposes. These products are designed to support safe, efficient and standardized blood collection and sample handling, with a focus on minimizing contamination risks and maintaining sample integrity during and after collection. As of the Latest Practicable Date, we had developed nine blood specimen collection products.

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The following table sets forth the details of our main blood specimen collection products.

Product	Pictures	Major applicable procedures and features
Arterial blood sampler (動脈血樣採集器)		Used for arterial blood sample collection and storage, with the collected samples intended for blood gas analysis.
Safety-engineered venous blood collection needle (防針刺靜脈採血針) . .		Used for clinical venous blood collection in conjunction with disposable venous blood collection containers, for subsequent blood testing and analysis.
Vacuum blood collection tube (真空採血管) . . .		Used for clinical blood specimen collection, enabling connection with blood collection needles and other devices to collect and store venous blood for biochemical, immunological, and general hematology testing in medical institutions.

Others

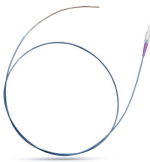
Others mainly include interventional therapy products, surgical products and medical imaging consumable products.

Interventional Therapy Products

Our interventional therapy products are used in minimally invasive diagnostic and therapeutic procedures to support device delivery, pressure-controlled dilation, embolization and fluid administration through vascular pathways. These products are designed to enable precise manipulation and stable performance during interventional procedures and are applied in a controlled clinical environment. Our interventional therapy products are commonly used in hospitals and other clinical settings for a wide range of coronary, peripheral vascular, neurovascular interventions and non-vascular interventional therapy. As of the Latest Practicable Date, we had developed 16 interventional therapy products.

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The following table sets forth the details of our main interventional therapy products.

Product	Pictures	Major applicable procedures and features
Balloon dilation pressure pump (球囊擴張壓力泵)		Used for interventional procedures with balloon dilatation catheters, enabling precise balloon inflation and deflation via manometer pressure readings for controlled balloon expansion or contraction.
Y-type hemostasis valve (Y型連接閥)		Used for vascular interventional procedures, connected with other devices to provide a channel for drug infusion and reduce blood loss when guiding a guidewire or other instruments into the body externally.
Microcatheter (微導管) .		Used to deliver therapeutic or diagnostic agents or other instruments to target areas such as coronary, peripheral vascular and neurovascular.
Distal access catheter (遠端通路導管)		Used for delivering therapeutic or diagnostic devices to target sites in the neurovascular and peripheral vascular systems.
Non-compliant coronary balloon dilatation catheter (非順應性冠狀動脈球囊擴張導管) . . .		Used for intravascular dilation treatment of coronary artery stenosis or occlusive lesions, and for post-dilation of stents following implantation.
Intracranial thrombus aspiration catheter (顱內血栓抽吸導管) . .		Used for revascularization in patients with acute ischemic stroke secondary to intracranial large vessel occlusion (including the internal carotid artery, middle cerebral artery segments M1 and M2, basilar artery and vertebral artery) within eight hours of symptom onset.

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Surgical Products

Our surgical products are used in surgical procedures and perioperative care to support tissue management, fluid drainage, pain control and postoperative recovery. These products are designed to facilitate standardized surgical operations and postoperative management, with an emphasis on procedural efficiency, infection control and patient safety. Our surgical products are commonly used in hospitals and other clinical settings, including operating rooms, postoperative care units and general wards, for surgical procedures and wound care applications. As of the Latest Practicable Date, we had developed 24 surgical products.

The following table sets forth the details of our main surgical products.

Product	Pictures	Major applicable procedures and features
Silicone gel foam dressing (硅凝膠泡沫敷料) . . .		Mainly used to cover wounds and absorbing wound exudate.
Hydrophilic fiber dressing (親水性纖維敷料) . . .		Mainly used to cover chronic and non-chronic wounds, absorbing wound exudate, and providing a moist environment for wound healing.
Sterile indwelling drainage catheter (無菌留置引流導管) . .		Used for drainage of pleural effusion or pneumothorax, abscesses, ascites or pneumoperitoneum, bile, hydronephrosis or abscesses, skin abscesses, as well as irrigation.
External drainage catheter set (體外引流導管套裝) . .		Mainly used for drainage or irrigation of bodily fluids from surgical wounds after surgery.
Nerve block puncture needle (神經阻滯穿刺針)		Used in conjunction with a nerve stimulator and under ultrasound guidance to perform preoperative nerve localization through electrical stimulation for peripheral nerve block anesthesia.

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Medical Imaging Consumable Products

Our medical imaging consumable products are used in diagnostic imaging procedures to support the administration of contrast agents and the maintenance of stable fluid delivery pathways during imaging examinations. These products are designed to accommodate high-pressure injection requirements and continuous infusion needs, while supporting operational safety and compatibility with imaging equipment. Our medical imaging consumable products are commonly used in hospitals and other clinical settings, including radiology departments and imaging centers, for contrast-enhanced examinations and related diagnostic imaging procedures. As of the Latest Practicable Date, we have three medical imaging consumable products.

The following table sets forth the details of our main medical imaging consumable products.

Product	Pictures	Major applicable procedures and features
High-pressure contrast injector and accessories (高壓造影注射器及配件)		Mainly used with CT high-pressure injectors, MRI high-pressure injectors and DSA high-pressure injectors for contrast agent injection. Connection tubing accessories suitable for contrast-enhanced CT and MRI examinations, with pressure-resistant connection tubing suitable for DSA interventional angiography.
High-pressure extension tube (高壓延長管) . . .		Mainly used in medical imaging procedures including DSA, CT, ultrasound MRI, to connect the injector to the contrast catheter for the delivery of contrast media and/or normal saline for angiographic imaging.
Power-injectable peripheral IV catheter (造影留置針)		Mainly used for injection of contrast agents during imaging procedures, with a maximum pressure tolerance of 350 psi and an indwelling time of up to 72 hours.

RESEARCH AND DEVELOPMENT

We believe that the R&D capabilities are vital to our business success and in maintaining competitiveness in the market. In 2023, 2024, and 2025, our R&D expenses amounted to RMB64.5 million, RMB63.2 million and RMB69.7 million, accounting for 6.9%, 6.8%, and 7.7%, respectively, of our revenue during the same periods. Leveraging our R&D efforts, as of the Latest Practicable Date, we had 121 issued patents and 15 patent applications in China, and two issued patents overseas.

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Our R&D Team

Our R&D team plays a pivotal role in advancing our scientific capabilities and product development. As of December 31, 2025, our R&D team comprised 184 members, 40 of whom hold a master’s degree or above, representing approximately 20% of our R&D team. Our team brings together a breadth of expertise and hands-on experience, enabling us to advance R&D activities, and to translate laboratory technologies into industrial applications, thereby supporting efficient and commercially viable implementation of our R&D outcomes.

We established two R&D centers in Shandong and Shanghai, respectively. We have also established in-house laboratories and testing facilities to support R&D activities. As of the Latest Practicable Date, we had 10 laboratories and testing facilities, covering core functions ranging from design and development, prototype fabrication and quality validation. Our testing center has obtained CNAS accreditation.

Our R&D Platforms

Centered on clinical needs and industry development trends, we have established and continuously enhanced four major R&D platforms, forming a systematic R&D capability covering structural design, critical processes, verification and validation, and regulatory registration. These capabilities are reused and coordinated across multiple product lines, enabling us, while ensuring product safety and consistency, to improve R&D efficiency, shorten iteration cycles, and continuously launch upgraded products and advance their industrialization. Specifically:

- ***Medical Device Structural Design Technology Platform.*** Our medical device structural design and manufacturing technology platform encompasses processing capabilities for polymer and metal materials, including extrusion, injection molding, ultrasonic welding and laser welding. We are capable of advanced molding techniques such as multi-shot injection molding, insert molding and liquid silicone injection molding. By integrating the clinical use requirements and manufacturing process requirements of different medical devices, we are able to provide structural solutions with high reliability and strong manufacturability, including precision sealing structures, fluoropolymer insert-molded structures, self-expanding stent structures and foldable catheter systems. We place emphasis on achieving a balance among product functionality, manufacturability and cost in compliance with applicable medical device regulatory requirements, thereby supporting shorter development cycles and enhanced product performance.
- ***Catheter Precision Processing and Surface Modification Technology Platform.*** Our catheter precision processing and surface modification technology platform focuses on the research, development and manufacturing of high-precision, high-performance catheters. We have established a comprehensive catheter precision processing system, enabling the stable production of catheters in a range of specifications, as well as low-hardness, ultra-thin-wall composite outer catheter tubing. This supports consistency in dimensional control, wall thickness uniformity, mechanical performance and surface quality. In terms of surface modification, in addition to conventional polymer materials such as TPU and PA, we also possess modification capabilities for difficult-to-process materials, including fluoropolymers, thereby expanding the application of our catheters in areas such as high-end medical devices.
- ***PIVC Design and Manufacturing Technology Platform.*** Our PIVC design and manufacturing technology platform focuses on key processes and systematic product design for PIVC. Through multiple technical approaches, including catheter tip forming and length control, extension tubing extrusion processes, optimization of materials and injection molding processes, single-handed clamp and anti-occlusion structural design, as well as needle-stick prevention and anti-reflux mechanisms, we enhance cannulation success rates, ease of use and safety. At the same time, we provide comprehensive product coverage across the full range of 14G-26G sizes and various length specifications, forming

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a product portfolio comprising basic, anti-reflux and closed-system variants to address the needs of different medical institutions and clinical scenarios. In addition, on the manufacturing side, we continue to advance end-to-end automation and process control to improve yield rates and consistency, while supporting flexible production changeovers.

- ***Interventional Therapy Product Development and Manufacturing Technology Platform.*** We are equipped with production and validation equipment covering the full process of interventional medical devices, enabling process development and scaled manufacturing for balloon catheters, braided catheters and stent products. Our interventional product development and manufacturing technology platform has accumulated experience in taking multiple interventional devices from design and development through industrialization, and we continue to conduct research on critical processes, such as precision assembly and bonding processes for cutting balloons, as well as laser processing and surface functionalization of variable-diameter stents, thereby supporting the research, development and engineering translation of highly complex interventional medical devices.

Our R&D Process

We have established a structured R&D process for smooth scaling and technological upgrades while maintaining our position in sustainable technologies.

The following chart sets forth details of key steps under our R&D process:

R&D Step	Description
Project initiation.	We conduct market research and demand analysis to assess the project’s feasibility and commercial potential.
Product development . . .	We carry out product design and development, including engineering development, prototype testing, mold/tooling design and other verification activities, to ensure technical feasibility and performance standards.
Design verification	We conduct testing and verification activities on the product for registration purposes, which involves testing samples against applicable technical requirements and standards.
Design validation	Depending on the product category and applicable regulatory requirements, we may conduct clinical evaluation and/or clinical trials. Where clinical trials are conducted, they are designed and implemented in accordance with applicable rules and generally accepted clinical trial principles.
Regulatory registration . .	We submit registration applications to regulatory authorities such as NMPA in the PRC. The registration process generally includes registration dossier acceptance, quality system audit, technical review and registration approval.
Production and commercialization	After obtaining relevant approval, we conduct production process optimization, pilot/scale-up production, quality control and market preparation, and then commercialize relevant products. Upon commercialization, we continually review and evaluate its market performance and make improvements based on post-market feedback.

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Our Products Under Development

We are committed to continuously developing new products to enrich our product portfolio. Examples include:

- **Vascular access products.** As of the Latest Practicable Date, we had 15 vascular access products under development, including (i) functional PICCs, such as three-way valve PICCs and anti-thrombotic PICCs, and (ii) PORT applicable to different anatomical sites, such as chest PORT, arm PORT, arterial PORT and spinal PORT. We expect to obtain the medical device registration certificate for our PORT in 2026.
- **Interventional therapy products.** As of the Latest Practicable Date, we had 18 interventional therapy products under development. For example, our coronary cutting balloon under development is a functional modified balloon that applies the principle of localized stress concentration to enable controlled fracture of complex lesions, such as calcified coronary artery lesions, thereby facilitating vascular dilation.
- **Surgical products and medical imaging consumable products.** As of the Latest Practicable Date, we had eight surgical and medical imaging consumable products under development, including antibacterial dressings for wounds with infection risks and tubing products for high-pressure injection systems.

PRODUCTION

Production Facilities

As of the Latest Practicable Date, our production base was located in Shandong Province, China, with a land area of 194,045 sq.m.

The following table sets forth our production capacity, production volume and utilization rate of our major production lines, by major product types, for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
	Production Capacity ⁽¹⁾ (units in millions)	Production Volume (units in millions)	Utilization Rate ⁽²⁾ (%)	Production Capacity ⁽¹⁾ (units in millions)	Production Volume (units in millions)	Utilization Rate ⁽²⁾ (%)	Production Capacity ⁽¹⁾ (units in millions)	Production Volume (units in millions)	Utilization Rate ⁽²⁾ (%)
Drug delivery products	552.0	488.4	88.5	552.0	474.0	85.9	555.1	446.7	80.5
Vascular access products	60.3	52.3	86.7	69.6	56.2	80.7	88.7	74.4	83.9
Blood specimen collection products	44.7	34.7	77.6	52.0	45.0	86.5	62.2	52.4	84.2
Others ⁽³⁾	0.6	0.5	83.3	1.1	0.9	81.8	1.5	1.2	80.0

Notes:

- (1) The production capacity is calculated based on the number of employees per production line, average working hours and individual output per unit of time.
- (2) Calculated by dividing the production volume for a period by the production capacity of the same period.
- (3) Mainly including interventional therapy products, surgical products and medical imaging consumable products.

Production Process

We produce (i) drug delivery products, (ii) vascular access products, (iii) blood specimen collection products, and (iv) others, mainly including interventional therapy products, surgical products, and medical imaging consumable products. As these products differ in design, materials and regulatory requirements, their production processes vary across different products. We apply product-specific and tailored production and quality control steps to ensure that our products are produced consistently and meet applicable specifications and performance requirements.

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Set forth below are production process for our drug delivery and vascular access products:

No.	Production Step	Description
1 . . .	Injection molding	We inject molten material into the mold cavity, which is then cooled and solidified to form the finished product.
2 . . .	Extrusion	We heat and melt thermoplastic materials in an extruder and continuously extrude them through a designated die, followed by cooling and sizing, to obtain products with a fixed cross-sectional profile.
3 . . .	Printing and marking	We apply markings, scales, text or patterns to the product surface through specific processes.
4 . . .	Thermal forming	For products requiring connection of tubular components, we perform thermal forming to achieve the required configuration and connection integrity. This step is conducted under controlled parameters to ensure consistent bonding quality.
5 . . .	Assembly	We assemble components into finished products in accordance with standard operating procedures and ensure connection integrity and product cleanliness.
6 . . .	Inspection	We conduct in-process and final inspections to verify appearance, dimensions and other functional performance.
7 . . .	Packaging	We pack finished products into suitable primary packaging, and where applicable, secondary packaging, in accordance with requested standards to protect product integrity.
8 . . .	Sterilization	Packaged products are sterilized using validated sterilization processes and released based on defined acceptance criteria.

Set forth below are production process for our blood specimen collection products:

No.	Production Step	Description
1 . . .	Labeling	On automated production lines, we precisely and securely affix labels containing production information, including expiry dates, batch numbers and barcodes/ QR codes, to designated positions on the bodies of blood collection tubes.
2 . . .	Reagent dispensing	For tubes requiring reagent, specified reagents are dispensed into tubes under controlled conditions.

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No. . .	Production Step	Description
3. . .	Vacuuming and assembly	Through automated equipment, we evacuate the air inside the tube to achieve a preset and precise negative pressure, thereby ensuring the automatic intake of a predetermined volume of blood. Following vacuum evacuation, we assemble tube components, including closures and caps, to form finished tube configurations. We also control sealing integrity during assembly to ensure that the tubes meet intended performance requirements.
4. . .	Inspection	We conduct inspections to confirm appearance, labeling, sealing integrity, reagent presence (where applicable) and vacuum performance. Non-conforming products are segregated and handled under quality procedures.
5. . .	Packaging	We place blood collection tubes that have completed production and inspection into packaging materials in specified quantities and configurations, and seal them to facilitate sterilization, storage, transportation and clinical use.

Collaboration with CMOs

We selectively collaborate with CMOs to outsource the manufacturing of a small portion of our mass-market products with low profit margins, such as certain infusion sets and venous blood collection needles, in order to maintain long-term relationships with our customers. During the Track Record Period, revenue generated from products manufactured by CMOs on our behalf accounted for approximately 1% of our total revenue for the respective years. The partnership between our CMO partners and us are governed by standard contractual agreements that ensure adherence to our manufacturing processes, quality requirements, and delivery timelines. In the event of any disruption, we retain the flexibility to transition production to alternative providers with comparable capabilities.

The following table sets forth a summary of the salient terms of our standard agreements with the CMOs we collaborate with:

<i>Duration</i>	The term of our agreements with our CMO partners is typically three years.
<i>Scope of services</i>	CMOs manufacture the products we require based on our purchase orders.
<i>Production standards</i>	Production standards are set out in our contracts with CMOs.
<i>Warranties</i>	We are generally responsible for handling product quality-related feedback and complaints, and we are entitled to require the CMO to indemnify us for losses incurred as a result of quality issues.
<i>Termination</i>	We are entitled to unilaterally terminate the contract, if the CMO (i) resells the products manufactured on our behalf; (ii) delays delivery without justifiable cause; or (iii) otherwise commits any material breach.

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Production Management

We have implemented a comprehensive production planning management system to ensure efficient utilization of our manufacturing resources and to align production output with market demand and customer orders. Our production department formulates annual and monthly production plans based on sales orders, projected market demand, and current production capacity. These plans serve as the basis for assigning specific production tasks to our manufacturing facilities, taking into account equipment load distribution and available workforce. Through close collaboration between our procurement and sales departments, we aim to streamline production processes, optimize resource allocation, and minimize production disruptions, thereby maintaining operational efficiency and timely order fulfillment.

INTELLECTUAL PROPERTY

Our patents, trademarks, domain names, know-how, proprietary technologies, trade secrets and other intellectual property rights are critical to our business operations. As of the Latest Practicable Date, we had 121 issued patents and 15 patent applications in China, and two issued patents overseas. As of the Latest Practicable Date, we had 93 registered trademarks in China, seven registered trademarks overseas and 19 domain names.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See “Risk Factors — Risks Relating to Our Business and Industry — We may be unable to obtain and maintain effective and sufficient protection of our intellectual property rights. And we may be subject to intellectual property infringement claims or other disputes, which could expose us to costly litigation and substantial liability and adversely affect our reputation.”

SALES AND MARKETING

Our Sales Network

During the Track Record Period, a majority of our revenue was generated from distributorship. The following table sets forth the breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Distributorship	900,278	95.7	904,673	96.7	892,622	98.1
Direct Sales	40,292	4.3	30,955	3.3	17,104	1.9
Total	940,570	100.0	935,628	100.0	909,726	100.0

During the Track Record Period, our products were mainly sold in China. The table below sets forth our revenue by geographical location during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
China	893,948	95.0	884,936	94.6	810,558	89.1
Overseas ⁽¹⁾	46,622	5.0	50,692	5.4	99,168	10.9
Total	940,570	100.0	935,628	100.0	909,726	100.0

Note:

(1) Primarily include Latin America, the Middle East and Europe.

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Sales to Distributors

Overview

We engage distributors to sell our products. The relationship between our distributors and us are as sellers and buyers. Leveraging on distributors’ industry and customer resources, we believe our distributorship model helps us scale our operations and replicate our success in a cost-efficient manner. We will further expand our reach to end customers with qualified distributors. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. According to Frost & Sullivan, our distributorship model is in line with industry practice.

The following table sets forth the movement in the number of our distributors during the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Distributors at the beginning of year	4,060	4,394	4,807
Addition of new distributors	1,280	1,513	1,654
Termination of existing distributors	946	1,100	1,185
Distributors at the end of year	4,394	4,807	5,276

During the Track Record Period, we had a net increase in the total number of distributors. We added 1,280, 1,513 and 1,654 new distributors in 2023, 2024 and 2025, respectively, primarily based on the ordinary needs arising from our sales operations. We discontinued our relationships with 946, 1,100 and 1,185 distributors in 2023, 2024 and 2025, respectively, primarily because changes in the product offerings of certain distributors and routine adjustments to our product portfolio.

Contractual agreements with distributors

We typically enter into standard distribution agreements, which are sales and purchase agreements in nature, with our distributors. The following table sets forth a summary of the salient terms of our standard distribution agreements with our distributors:

Designated distribution area	Distributors are not permitted to sell our products outside the designated distribution area.
Pricing policy	Based on market conditions and applicable laws and regulations, we negotiate and determine with our distributors the pricing at which they sell our products to their customers.
Payment and credit terms	We typically require our distributors to settle payment prior to our delivery of the products.
Incentives	We establish annual sales incentive policies for selected distributors, which are entitled to sales incentives for future purchases if they meet the relevant criteria.
Product return	We typically do not allow product returns for reasons other than quality issues.
Risk Transfer	Our distributors generally bears the risk of loss or destruction of the product after acceptance.

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Confidentiality Neither party may, without the other party’s prior written consent, disclose to any third party the other party’s trade secrets obtained in connection with the execution or performance of the relevant contracts.

Termination We may unilaterally terminate the relevant distribution agreements in the event of a material breach by a distributor, such as (i) selling our products outside the designated distribution area; or (ii) failing to conduct sales of our products for a consecutive period of time, among others.

Management of distributors

We maintain compliance protocols for distributors management in accordance with applicable medical device regulations. We have guidelines on inventory control, promotional conduct, and payment terms. We require distributors to maintain adequate storage facilities, employ qualified personnel, and operate sufficient sales channels. We actively and continuously monitor the sales conditions of our major distributors, including the end-market destination of our products.

We have adopted a structured set of distributor selection criteria and management protocols to ensure that our distributors are qualified, capable and aligned with our brand positioning. In selecting distributors, we consider factors such as (i) expertise in the medical devices and related industries, including their familiarity with our products, (ii) historical sales achievements and operating scale, including their track record in product commercialization and market development, (iii) strength, quality, and localization of their sales channels, with emphasis on local market presence and access to medical institutions, (iv) team management and after-sales support capabilities, including their ability to provide customer support and maintain stable sales operations, and (v) market influence and ability to drive brand development, including their reputation, customer recognition and ability to support the promotion of our products in target markets. We aim to partner with distributors who share our vision and can effectively expand our market share. Our distributors typically include corporates with established sales networks and relevant licenses for distribution of our products.

In addition to our standard criteria for a new distributor, we apply stringent standards to evaluate our business relationships with distributors and conduct regular performance reviews and annual assessments, considering a range of factors in renewing distribution agreements, including sales execution, marketing capabilities, financial strength, customer resources and strategic fit with our brand portfolio. We may re-negotiate or terminate business relationships with our existing distributors for breach of their agreements with us or failed assessments.

Sub-distributors

Our distributors are generally not prohibited from selling to sub-distributors. During the Track Record Period, we did not enter into any agreements or otherwise directly establish relationships with any sub-distributors. The distributors who cooperate with us are directly responsible for managing their respective sub-distributors, if any, including ensuring their operations remain within the designated distribution territory and align with our overall sales and distribution strategy.

Measures to prevent channel stuffing

We believe that our sales correspond to the actual consumer demands and our products are at a low risk of channel stuffing in our sales and distribution network. To mitigate channel stuffing risks in our distributorship model, we have implemented a series of control measures designed to further align distributor purchases with actual market demand. These measures include:

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- **Payment term requirements.** We generally require our distributors to make full payment prior to product delivery. This arrangement reduces the incentive for distributors to place excessive orders beyond their actual sales capacity or anticipated market demand, as distributors are required to commit working capital upfront.
- **Return policies.** We generally do not allow product returns from distributors, except in cases involving quality issues. This policy discourages distributors from placing excessive or speculative orders for the purpose of later returning unsold inventory, and encourages them to make purchasing decisions based on realistic market demand and inventory turnover considerations. According to Frost & Sullivan, our return policy is in line with general market practice in the industries in which we operate.
- **Inventory monitoring measures.** We have established policies and procedures to monitor the inventory levels of our distributors. These measures include: (i) a distributor order alert system, which generates alerts if there are significant anomalies in a distributor’s order volume or ordering frequency as compared to historical patterns; and (ii) conducting on-site review of distributors from time to time.

Anti-cannibalization management

To prevent cross-channel diversion and maintain price discipline, we (i) require our distributors to sell our products within designated areas; and (ii) have established a pricing control convention and enforcement system, including end price restrictions and penalties for non-compliance. Our dedicated market team monitors distributor conduct and enforces compliance.

Direct Sales

We have a small amount of direct sales to pharmaceutical companies. As of December 31, 2025, we had more than 20 direct sales customers. We enter into standard sales agreements with our direct sales customers. The salient terms of the standard sales agreements include price, payment and credit terms, logistics arrangements and return policies. The volumes are specified in purchase orders. We typically grant a one to five months credit period to our direct sales customers. In most cases, we accept product returns only in cases involving verified material quality issues.

Our Major Customers

In 2023, 2024 and 2025, revenue generated from our five largest customers amounted to RMB105.8 million, RMB93.9 million and RMB84.0 million, respectively, accounting for 11.2%, 10.0%, and 9.2% of our total revenue in the same periods, respectively. Revenue from our largest customer in each period of the Track Record Period accounted for 5.4%, 5.0% and 3.8% of our total revenue, respectively.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. To the best of knowledge of our Directors, all of our five largest customers in each year during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates nor any shareholder who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers in each year during the Track Record Period.

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The following table sets forth the details of our five largest customers in each year during the Track Record Period:

<u>Rank</u>	<u>Customer</u>	<u>Sales amount (RMB'000)</u>	<u>Percentage of total sales (%)</u>	<u>Customers' background</u>	<u>Type of product/services purchased</u>	<u>Credit terms</u>	<u>Year of commencement of business relationship</u>
<i>For the year ended December 31, 2023</i>							
1	Customer A	50,599	5.4	A company located in Beijing, China, primarily engaged in the wholesale of Chinese patent medicines, traditional Chinese medicine decoction pieces and chemical active pharmaceutical ingredients.	Drug delivery and vascular access products	Mainly prepayment	2004
2	Customer B	17,586	1.9	A company located in Shanghai, China, primarily engaged in the distribution of Class III medical devices and the provision of technical services and technology development.	Drug delivery and vascular access products	45–150 days	2021
3	Customer C	12,827	1.4	A company located in Beijing, China, primarily engaged in pharmaceutical wholesale, the sale of Class II and Class III radiation devices, and the distribution of Class III medical devices.	Vascular access products	Within 30 days	2016
4	Customer D	12,700	1.3	A company located in Liaoning Province, China, primarily engaged in the distribution of Class III medical devices and the sale of wearable smart devices.	Drug delivery and vascular access products	Prepayment	2023
5	Customer E	12,094	1.2	A company located in Hong Kong, China, primarily engaged in the sale of finished pharmaceutical products, active pharmaceutical ingredients, and functional foods.	Drug delivery products	Within 90 days	2013
Total .		105,806	11.2				

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Rank	Customer	Sales amount (RMB'000)	Percentage of total sales (%)	Customers' background	Type of product/services purchased	Credit terms	Year of commencement of business relationship
<i>For the year ended December 31, 2024</i>							
1	Customer A	47,004	5.0	A company located in Beijing, China, primarily engaged in the wholesale of Chinese patent medicines, traditional Chinese medicine decoction pieces and chemical active pharmaceutical ingredients.	Drug delivery and vascular access products	Mainly prepayment	2004
2	Customer F	15,273	1.6	A company located in Shanghai, China, primarily engaged in technical services, technology development, technical consulting, and the distribution of Class III medical devices.	Drug delivery and vascular access products	45–150 days	2024
3	Customer G	10,956	1.2	A company located in Guizhou Province, China, primarily engaged in technology development, technical consulting, and technical services in the field of biotechnology.	Drug delivery and vascular access products	Prepayment	2020
4	Customer H	10,373	1.1	A company located in Shandong Province, China, primarily engaged in the sale of disinfection equipment and the manufacture of Class II and Class III medical devices.	Drug delivery and blood specimen collection products	60–90 days	2004
5	Customer I	10,277	1.1	A company located in Tianjin, China, primarily engaged in the sale and maintenance of medical devices, as well as the sale of labor protection products.	Drug delivery, vascular access and blood specimen collection products	Prepayment	2012
Total .		93,883	10.0				

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Rank	Customer	Sales amount (RMB'000)	Percentage of total sales (%)	Customers' background	Type of product/services purchased	Credit terms	Year of commencement of business relationship
<i>For the year ended December 31, 2025</i>							
1	Customer A	34,442	3.8	A company located in Beijing, China, primarily engaged in the wholesale of Chinese patent medicines, traditional Chinese medicine decoction pieces and chemical active pharmaceutical ingredients.	Drug delivery and vascular access products	Mainly prepayment	2004
2	Customer J	15,011	1.7	A company located in Shenzhen, China, principally engaged in the manufacturing and sale of medical electronic instruments, related reagents, and the development of supporting software.	Drug delivery products	Within 90 days	2019
3	Customer K	11,858	1.3	A company located in Shanghai, China, primarily engaged in food sales management, the operation and management of state-owned assets, and industrial investment.	Drug delivery products	Within 60 days	2016
4	Customer H	11,688	1.3	A company located in Shandong Province, China, primarily engaged in the sale of disinfection equipment and the manufacture of Class II and Class III medical devices.	Drug delivery, vascular access and blood specimen collection products	60–90 days	2004
5	Customer G	11,038	1.1	A company located in Guizhou Province, China, primarily engaged in technology development, technical consulting, and technical services in the field of biotechnology.	Drug delivery and vascular access products	Prepayment	2020
Total .		84,037	9.2				

Pricing Policy

We implement a competitive and effective pricing policy that complies with the relevant laws and regulations. We conduct market research and analysis in relation to the prices of our competitors, analyze and estimate the sales of our products by taking into account various factors such as the costs of our products and feedback from customers to determine the prices of our products. We have differentiated pricing based on the types of end customers as well as the types of our products.

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Centralized Tender Process

Medical devices sold to public hospitals and other public medical institutions in China are required to complete listing and admission on provincial centralized pharmaceutical procurement platforms, and certain medical devices must undergo centralized volume-based procurement procedures for medical consumables organized at the national, provincial or inter-provincial alliance levels. In such volume-based procurement procedures, we, as the registrant or filing entity of the medical devices, submit bids to compete for selection through a bidding process. If selected, our products are usually supplied to public medical institutions through distributors at the winning bid prices. For products not included in national, provincial or inter-provincial alliance volume-based procurement programs, we enter the procurement catalogues of public medical institutions through the provincial listing and admission procedures, with listing prices dynamically adjusted with reference to provincial price caps and the lowest transaction prices nationwide.

These procedures exert pricing pressure on us, as the winning bid prices are generally lower than historical market prices. However, such procedures also present strategic market opportunities. Although unit prices may decline, successful bids can lead to direct access to large-scale procurement orders, and the resulting increase in sales volume may offset the impact of price reductions. In addition, these programs facilitate our expansion into regions where we previously had relatively low market share, accelerate import substitution, and, in the long term, contribute to enhancing overall industry innovation investment and international competitiveness.

Basic Medical Insurance Medical Consumables Catalogue

Participants in China’s public medical insurance programs, along with their employers, if any, are required to contribute to these programs on a monthly basis. With respect to medical devices, China implements a catalogue-based management system for medical consumables under the basic medical insurance scheme. Provincial healthcare security administrative authorities, taking into account factors such as the function, clinical value and safety of medical consumables, determine the inclusion of eligible items in the Medical Consumables Catalogue under Basic Medical Insurance, and such consumables are then covered by the medical insurance fund. Medical devices listed in any government-led medical insurance program generally undergo a pricing negotiation process with the government, which typically results in price reductions. Overall, the benefits of having our products included in China’s national and provincial medical insurance programs significantly outweighed the countervailing factors during the Track Record Period.

Our Marketing

As of December 31, 2025, our sales and marketing team consisted of 263 employees with extensive experience and expertise in the medical device industries. Our sales and marketing team is responsible for driving brand awareness, expanding market reach, and fostering customer loyalty. In particular, we have established a multidimensional promotion system centered on (i) participation in major industry exhibitions and forums, and (ii) collaboration with medical associations and top-tier hospitals to release group standards. These efforts are designed to strengthen brand awareness, demonstrate product capabilities, and maintain stable relationships with existing customers while capturing new market opportunities, enabling us to efficiently reach diverse markets, maintain high-quality service standards, and support the continued growth of our product portfolio.

Product Returns

Based on our policy and agreements with our customers, products sold to customers cannot be returned except for instances of product quality issues. We recorded an insignificant amount of product returns during the Track Record Period, representing less than 0.3% of our total revenue for the same period. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material customer complaints.

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OUR SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of raw material suppliers. We carefully select and engage reputable suppliers with proven track records to ensure the quality of our products. We have established a comprehensive supplier management system that covers the entire engagement process, including supplier selection, evaluation, and continuous monitoring. We consider a comprehensive set of factors when selecting suppliers, including but not limited to production capacity, quality control capabilities and contractual performance track records. New suppliers must undergo rigorous qualification processes.

We continuously monitor the performance of our suppliers. We conduct evaluations and scoring of our suppliers to assess their performance regularly. Our supplier evaluation focuses on multiple criteria, including quality, delivery time, price, and customer service. We aim to build long-term partnerships with our suppliers while ensuring the high quality and compliance of the materials they provide. Our evaluation system helps promote strong suppliers and phase out underperforming ones, ensuring continuous improvement across our supply chain.

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB91.4 million, RMB75.2 million and RMB63.2 million, respectively, representing 21.7%, 18.7% and 17.7% of our total purchases, respectively. In addition, purchases from our largest supplier accounted for 5.1%, 5.0% and 5.3% of our total purchases in 2023, 2024 and 2025, respectively. All of our five largest suppliers were Independent Third Parties during the Track Record Period.

To the best of knowledge of our Directors, all of our five largest suppliers in each year during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates nor any shareholder who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers in each year during the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period.

The following table sets forth the details of our five largest suppliers in each year during the Track Record Period:

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total cost of sales (%)	Supplier's background	Type of product/services provided	Credit terms	Year of commencement of business relationship
<i>For the year ended December 31, 2023</i>							
1	Supplier A	21,319	5.1	A company located in Shandong Province, China, primarily engaged in technical services, technology development, technical consulting and the distribution of Class III medical devices.	Materials	61–90 days	2019
2	Supplier B	20,945	5.0	A company located in Beijing, China, primarily engaged in the distribution of bottled gas, the trading of hazardous chemicals and the exploration of oil and natural gas.	Materials	Prepayment	2004
3	Supplier C	20,177	4.8	A company located in Beijing, China, primarily engaged in power transmission and electricity supply.	Electricity	Prepayment	2005

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Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total cost of sales (%)	Supplier's background	Type of product/services provided	Credit terms	Year of commencement of business relationship
4 . . .	Supplier D	17,979	4.3	A company located in Shandong Province, China, primarily engaged in the manufacture of Class I medical devices, and the sale of Class I and Class II medical devices.	Materials	61–90 days	2007
5 . . .	Supplier E	10,966	2.5	A company located in Guangdong Province, China, primarily engaged in international freight forwarding, economic and technical consulting and technical information consulting.	Logistics	1–30 days	2018
Total .		91,386	21.7				

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total cost of sales (%)	Supplier's background	Type of product/services provided	Credit terms	Year of commencement of business relationship

For the year ended December 31, 2024

1 . . .	Supplier C	19,984	5.0	A company located in Beijing, China, primarily engaged in power transmission and electricity supply.	Electricity	Prepayment	2005
2 . . .	Supplier B	16,349	4.1	A company located in Beijing, China, primarily engaged in the distribution of bottled gas, the trading of hazardous chemicals and the exploration of oil and natural gas.	Materials	Prepayment	2004
3 . . .	Supplier A	16,315	4.1	A company located in Shandong Province, China, primarily engaged in technical services, technology development, technical consulting and the distribution of Class III medical devices.	Materials	61–90 days	2019
4 . . .	Supplier D	11,921	3.0	A company located in Shandong Province, China, primarily engaged in the manufacture of Class I medical devices and the sale of Class I and Class II medical devices.	Materials	61–90 days	2007

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Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total cost of sales (%)	Supplier's background	Type of product/services provided	Credit terms	Year of commencement of business relationship
5	Supplier F	10,593	2.5	A company located in Shandong Province, China, primarily engaged in the sale of chemical products, plastic products and electronic products.	Materials	Prepayment	2004
Total .		75,162	18.7				

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total cost of sales (%)	Supplier's background	Type of product/services provided	Credit terms	Year of commencement of business relationship

For the year ended December 31, 2025

1	Supplier C	18,887	5.3	A company located in Beijing, China, primarily engaged in power transmission and electricity supply.	Electricity	Prepayment	2005
2	Supplier B	18,147	5.1	A company located in Beijing, China, primarily engaged in the distribution of bottled gas, the trading of hazardous chemicals and the exploration of oil and natural gas.	Materials	Prepayment	2004
3	Supplier E	10,083	2.8	A company located in Guangdong Province, China, primarily engaged in international freight forwarding, economic and technical consulting and technical information consulting.	Logistics	1–30 days	2018
4	Supplier F	9,020	2.5	A company located in Shandong Province, China, primarily engaged in the sale of chemical products, plastic products and electronic products.	Materials	Prepayment	2004
5	Supplier G	7,055	2.0	A company located in Zhejiang Province, China, primarily engaged in the research and development, manufacturing and sale of high-purity gas production equipment, ultrapure water production equipment, and wastewater treatment equipment.	Materials	60 days	2013
Total .		63,192	17.7				

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OVERLAPPING CUSTOMERS AND SUPPLIERS

Customer H, one of our five largest customers in 2024 and 2025, is also one of our suppliers in 2024 and 2025. We provided drug delivery, vascular access and blood specimen collection products to this customer-supplier and purchased materials, equipment and components from this customer-supplier. In 2024 and 2025, (i) our sales to this customer-supplier amounted to RMB10.4 million and RMB11.7 million, representing 1.1% and 1.3% of our total revenue, respectively, and (ii) our purchases from this customer-supplier amounted to RMB0.1 million and RMB0.1 million, representing less than 0.1% and less than 0.1% of our total cost of sales, respectively. The reason for such overlap is that the customer-supplier is an industry participant with complementary needs, purchasing our medical consumables for its business and, separately, supplying us with certain materials, equipment and components in the ordinary course of business. In 2024 and 2025, we recorded gross profit of RMB4.2 million and gross profit of RMB5.1 million from this customer-supplier, respectively, representing gross profit margin of 40.9% and gross profit margin of 43.5%, respectively.

Our sales and purchases with the aforementioned customer-supplier were not inter-conditional with each other. All of our sales to and purchases from the aforementioned customer-supplier were conducted in the ordinary course of business under normal commercial terms and at an arm’s length basis. The terms were generally comparable to those with other customers and suppliers.

RAW MATERIALS AND PROCUREMENT

We procure a range of raw materials, primarily including (i) polymer materials, (ii) packaging materials, and (iii) components.

We formulate our procurement plans by considering production schedules, sales demands, and prevailing market conditions. Through our production plan management system, we adopt quantitative and periodic control methods. We closely monitor market conditions and regularly negotiate pricing and procurement terms with our suppliers to account for the impact of raw material price fluctuations. We adjust inventory levels based on anticipated price fluctuations, ensuring an optimal balance between cost control and supply stability. For further details of our inventory management, see “— Logistics and Inventory Management.” We have also established stable and long-term partnerships with our suppliers, enabling consistent supplies of quality raw materials.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement that materially affected our operations. During the Track Record Period and up to the Latest Practicable Date, we had not adopted any hedging policies for fluctuations in the prices of raw materials.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We engage reputable third-party logistics providers to transport our products from our warehouses to locations designated by our customers. We regularly assess these logistics providers to ensure they meet our quality standards and deliver products efficiently. To the best of our knowledge, all of our logistics service providers during the Track Record Period are Independent Third Parties.

In selecting our logistic service providers, we primarily consider factors such as geographic coverage, reliability, customer evaluations, speed and costs of their delivery services. We usually enter into agreements with our logistics service providers on an annual basis under standardized terms and conditions. Our logistics service providers need to conduct end-to-end tracking of the shipment, and we are entitled to be informed of the in-transit status and the estimated time of arrival of the goods. The risk of loss of or damage to the goods transfers from us to our logistics service providers upon completion of loading and execution of the relevant delivery handover documents by

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our logistics service providers, who bear all risks arising during transportation, and such risk transfers from our logistics service providers to our customers upon unloading of the goods at the destination.

Inventory Management

Our inventories primarily consist of raw materials, semi-finished products and finished goods. Our inventory management system is designed to facilitate the efficient movement and traceability of our inventories. We flexibly adjust our inventory levels based on sales demand, logistics timeline and market condition to prepare for unexpected increase in demand or delay, shortage in supply. We routinely monitor our inventory to minimize potential spoilage and obsolescence. Additionally, we generally procure raw materials on a demand-driven basis and require our suppliers to arrange timely deliveries of raw materials to designated locations, which enables us to maintain a cost-effective supply chain. For further details of our inventory, see “Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Inventories.”

QUALITY CONTROL

We strive to maintain quality across our products offerings. We have developed a robust and systematic quality control framework aligned with international standards to ensure consistent, high-quality production across all stages of manufacturing. By specifying and strictly implementing a series of systems, including the Procurement Control Procedure, Production Process Control Procedure, Product Monitoring and Measurement Control Procedure, and Product Identification and Traceability Control Procedure, we have established a comprehensive quality routine covering the entire process, including raw material procurement, production process monitoring, and product inspection and release.

- **Raw Material.** When conducting procurement activities and selecting suppliers, we employ a tiered classification mechanism to strictly evaluate materials based on their impact on our final products. Adhering to the principles of rigorous assessment and continuous monitoring, we have implemented a comprehensive set of internal protocols, such as Procurement Control Procedures (《採購控制程序》), to validate supplier qualifications and ensure the consistency of incoming materials.
- **Manufacturing Process.** We implement a stringent production process control system to ensure all operations are conducted under predefined and monitored conditions. Our quality management department oversees the entire production line, enforcing strict adherence to validated technical procedures and real-time environmental controls, especially within cleanrooms. We maintain rigorous validation for critical processes such as package sealing and sterilization, supported by comprehensive documentation and in-process quality checks. These integrated measures facilitate early anomaly detection and correction, ensuring consistent product quality and compliance with established standards.
- **Finished Product.** We enforce a rigorous company-wide non-conforming product control procedure to prevent the unintended use or delivery of any substandard items. This system mandates the immediate identification, segregation, and formal review of any non-conformities identified in raw materials, in-process semi-finished goods, or finished products. Disposition decisions, such as concession, rework, or scrap, are made through a multi-departmental review process involving our quality management, manufacturing, and technology departments, ensuring comprehensive oversight. For finished products specifically, release is only authorized after thorough inspection and confirmation that all quality standards are met. This systematic approach, supported by detailed documentation and traceability records, forms a critical final checkpoint in our quality assurance system, safeguarding product integrity before they reach our customers.

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INFORMATION SECURITY AND DATA PRIVACY

We consider the confidentiality, integrity, and availability of data as critical to our business operations. Data security and privacy protection have increasingly become a regulatory focus globally, with cybersecurity, data security, and personal information protection laws in Chinese Mainland evolving rapidly in recent years. Since our transactions are solely with enterprises, our business does not involve the collection, processing or storage of personal information from individual consumers. Nevertheless, we collect, store, and process business and transaction data during our operations, which remain subject to evolving regulatory requirements and administrative scrutiny.

To ensure data integrity, confidentiality, security, and to mitigate data security risks, we have developed a comprehensive information security management framework spanning multiple stages of our business operations, ensuring the resilience and reliability of our information infrastructure.

- **Network Security.** We have implemented a comprehensive network security protection framework for traffic management and defense against malicious attacks. Our network is segmented based on business criticality, with corresponding isolation and access controls in place to mitigate unauthorized access risks. Centralized endpoint security management and control measures are implemented, together with account privilege management, periodic reviews and operation audits for server access. We also conduct regular vulnerability scanning and security testing to identify and remediate network security risks in a timely manner. Core business data is protected through encryption and other security measures during transmission and cross-system interactions to prevent data leakage, theft or tampering.
- **Data Protection and Privacy.** We have established a data classification and tiered management framework and implemented security measures, including encryption, data masking and backup, throughout the entire data lifecycle. We enforce the principle of least-privilege access and multi-factor authentication, supported by privacy compliance assessments, emergency response drills, third-party security reviews and employee confidentiality training. We comply with applicable laws and regulations to safeguard data integrity, confidentiality and availability and to protect data security and privacy.
- **Security Audits and Continuous Monitoring.** We have established security audit mechanisms covering system operations, data management and account access privileges, and conduct focused monitoring over core assets and user activities through real-time monitoring systems. Through a closed-loop management process comprising audits, risk classification and remediation verification, we ensure that information security risks are identified and addressed in a timely manner.
- **Disaster Recovery and Business Continuity.** We have established a multi-layered disaster recovery and business continuity framework, supported by redundant deployment and regular drills, to ensure the timely restoration of core operations and the protection of critical data in the event of unexpected incidents.
- **Employee Awareness and Training.** We clearly assign cybersecurity responsibilities to employees and provide tiered training programs to enhance awareness of account management and information security practices. We also conduct regular compliance self-assessments and maintain relevant records to ensure ongoing regulatory compliance.

During the Track Record Period, we did not experience any breach of confidential information of users or any other user information related incidents which could cause a material adverse effect on our business, financial condition or results of operations. We remain committed to enhancing data security, strengthening compliance with evolving regulations, and investing in cybersecurity technologies to mitigate potential risks and maintain the highest standards of data protection.

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INFORMATION TECHNOLOGY SYSTEM

Our information technology systems are integral to our operational efficiency, data security, and business continuity. We have developed an IT infrastructure aligned with our organizational structure, business scope, and technological capabilities. To ensure reliability, security, and efficiency, we continuously refine IT management policies, standardize software management, and enforce strict access control measures. We conduct regular system updates, data backups, and cybersecurity checks to enhance system stability and prevent potential disruptions.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations. For further details on potential regulatory risks associated with data security and privacy, see “Risk Factors — Risks Relating to Our Business and Industry — Our internal IT systems may fail, be subject to cyber-attacks, or have security breaches.”

COMPETITION

We operate in a highly competitive and rapidly evolving medical device market. We currently compete with a large and growing number of companies focusing on medical consumables in China and globally. Competition in our industry is primarily based on product quality, production capacity, sales capability, cost efficiency and customer recognition. We believe that our diversified product portfolio, together with our established sales network, enables us to meet the needs of a broad range of customers, which positions us favorably in the competitive environment and will remain crucial to our future development. See “Industry Overview” for more details of the competitive landscape of the industries that we are operating in.

EMPLOYEES

As of December 31, 2025, we had a total of 1,311 employees, most of whom were located in PRC. The table sets forth a breakdown of our employees by function as of December 31, 2025:

Function	Number	Percentage of Total Number (%)
Research and development.	184	14.0
Sales and marketing	263	20.1
Production.	748	57.1
Management, administration and others	116	8.8
Total	1,311	100.0

Recruitment

We consider our staff as a vital asset to our business operations and are committed to attracting, retaining, and motivating skilled personnel across all levels. Our recruitment strategies include on-campus recruitment, employment websites, internal referrals and headhunting agencies. We offer a comprehensive remuneration structure comprising base salaries, performance-based bonuses, and other allowances.

Employee Training and Development

We have established a structured employee training system covering different levels and functional needs. Induction training is provided to all employees within 30 days of onboarding. Skill enhancement programs are available to all employees on an as-needed basis. Senior management training is arranged as needed for director-level staff and above. Employees operating specialized equipment receive certification and operational qualification training as required.

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Employment Contract and Employee Benefits

We enter into standard employment agreements with all full-time employees. Additionally, we have confidentiality and non-compete agreements in place for key management personnel and employees handling sensitive information. These agreements typically include confidentiality obligations effective during and after employment and noncompetition provisions effective during and up to two years after termination of employment.

We established labor union and our employees actively participate in union activities, fully enjoying the rights and responsibilities provided by the union. We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date. We make enterprise annuity contributions for employees engaged in management, R&D, marketing and other roles who have been employed for more than one year.

Social Insurance and Housing Provident Fund

As required by applicable laws and regulations, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds. The requirement and implementation of employee benefit plans may vary among local governments in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties.

During the Track Record Period, we engaged third-party human resource agencies to make full social insurance premium and housing provident fund contribution in accordance with the requirements of applicable laws and regulations for some of our employees in certain locations where they work. The incidents happened primarily because these employees entered into employment contracts with us, and some of our subsidiaries, whose registered addresses were located in cities different from where these employees actually worked, hence the paying of social insurance premiums or housing provident funds for them locally through third-party human resource agencies according to the preference of such employees. Pursuant to the arrangements between the relevant subsidiaries and such third-party human resource agencies, the human resource agencies are required to pay social insurance premiums and housing provident funds for our relevant employees in a timely manner. The third-party human resource agencies have confirmed in writing that they have paid such contributions. Despite the agreements between us and the third-party human resource agencies, if such agencies fail to pay the social insurance premiums or housing provident funds for and on behalf of our employees as they agreed or if such arrangements are challenged by government authorities, we may be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. As advised by our PRC Legal Advisor, considering the facts stated above, the risk of us being subject to additional contribution obligations and material penalties due to the above-mentioned arrangements with third-party human resource agencies is remote.

INSURANCE

Our business is covered by various insurance policies, such as property insurance and logistics insurance. We regularly review our insurance policies to ensure compliance with statutory requirements. We believe that our existing insurance coverage is adequate for our operations and aligns with industry standards.

BUSINESS

During the Track Record Period, we were not subject to any material claim of insurance. However, we may still be exposed to potential claims and liabilities exceeding our insurance coverage. For further details, see “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all losses associated with our business operations.”

PROPERTIES

Owned Properties

Lands

As of Latest Practicable Date, we owned and occupied the land use rights of five land parcels in China, with an aggregate land area of approximately 194,045 sq. m., which were primarily used as production facilities, R&D centers, offices and warehouses. As of the Latest Practicable Date, we had obtained all land use rights certificates for all land parcels we owned and occupied.

Buildings

As of the Latest Practicable Date, we owned a total aggregate GFA of approximately 101,395 sq.m. of buildings in China, which were primarily used as production facilities, R&D centers, offices and warehouses. As of the Latest Practicable Date, we had obtained all real estate ownership certificates for all buildings we owned.

Lease Properties

As of Latest Practicable Date, we leased 23 properties across China, with an aggregate GFA of approximately 4,248 sq.m., which were mainly as our production facilities, R&D centers, offices, warehouses and staff dormitories. We are generally allowed to terminate lease agreements with a prior notice, which provides us with operational flexibility. We believe that there is sufficient supply of properties in Chinese Mainland, and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

Property Valuation

According to Rule 5.01A of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is subject to the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include a valuation report with respect to all of our Group’s interests in land or buildings, as we had a single property interest with a carrying amount of 15% or more of our consolidated total assets as of the Latest Practicable Date.

Savills Valuation and Professional Services (China) Limited, an independent property valuer, has valued the relevant property interests as of March 31, 2026. Particulars of our property interests are set out in “Appendix IV — Property Valuation Report” to this document. Except for the property interest set forth in the Property Valuation Report, no other property interests are used for property activities as defined under Rule 5.01 of the Listing Rules. No single property interest that forms part of our non-property activities had a carrying amount representing 15% or more of our total assets as of March 31, 2026.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

To drive effective ESG governance, we have established a three-tier ESG governance structure comprising a decision-making level, a management level and an implementation level, with clear accountability and efficient execution. ESG management is embedded into our day-to-day operations to coordinate cross-functional risk management and compliance and to guide our sustainable development agenda.

At the decision-making level, our Board of Directors sets our ESG strategy, reviews ESG performance reports on a semi-annual basis and provides guidance for improvement. The Board also defines the scope of ESG monitoring, assessment metrics and reporting standards, sets targets and regularly tracks progress. At the management level, our Strategic Development Department oversees ESG execution, identifies and leads responses to ESG-related risks, and regularly reports to the Board on risk management and controls, target-setting and progress against plans. At the implementation level, our functional departments translate ESG priorities into operating procedures and standards, continuously improve execution and ensure delivery against our ESG objectives.

We have also established a multi-layer, end-to-end ESG communication mechanism. Internally, we maintain ESG feedback channels and cross-department collaboration platforms to encourage broad employee participation. Externally, we engage stakeholders through investor roadshows, customer visits and other communication channels to respond to their priorities and reinforce the link between ESG governance and business value creation.

ESG Indicators and Objectives

We have established an indicator-and-target framework focused on our core ESG priorities and apply a tiered approach to issue management. Going forward, we will continue to refine our implementation roadmap and further integrate ESG management into day-to-day operations, supporting sustainable development across the medical device industry through concrete actions.

Environmental Protection Objectives	<i>Life-cycle carbon footprint management.</i> We are building a green management system covering the full product life cycle. Through green design, supply chain collaboration and cleaner operations, we aim to progress our low-carbon transition and strengthen environmental management over the long term.
Social Value Objectives . .	<i>Product quality.</i> We aim to uphold product quality and business integrity as baseline requirements for our operations. Building on our quality management system and an integrity-based compliance culture, we focus on maintaining trust with customers and end users, with patient safety as the core consideration.
Corporate Governance Objectives	<i>ESG governance.</i> We will continue to enhance our ESG governance structure to improve transparency and execution, and to support the integration of sustainability priorities into business operations. We also plan to strengthen a closed-loop risk management framework to support more informed decision-making and long-term value creation.

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Climate Changes

With the Board of Directors as the highest governance body for ESG matters, we monitor climate-related policy developments in China and internationally and assess climate risks relevant to our business. We identify and evaluate climate-related risks, benchmark appropriate market practices where relevant, and develop measures tailored to different risk types. We have also established indicators and targets covering climate strategy, risk management and ongoing monitoring to strengthen our capability to address climate-related impacts:

Risk type	Key description	Our measures
Transition (policy) .	Climate-related disclosure and governance expectations continue to tighten under China’s “dual carbon” agenda and exchange reporting requirements, increasing compliance demands.	Align energy utilization planning with regulatory requirements; optimize the energy mix and reduce emissions; strengthen climate-related disclosure processes, accuracy and readiness.
Transition (Technology)	Iterations of low-carbon technologies may require upgrades to equipment and processes, creating potential capex pressure.	Track technology developments; plan equipment and/or process upgrades based on operational needs and cost-benefit.
Transition (Reputation)	Inadequate response or disclosure may affect market perception.	Enhance transparency and disclosure quality, and timely adjust product and market focus to respond to customer requirements.
Physical (Extreme weather)	Extreme weather, such as heavy rain, flooding, heat waves, may disrupt production schedules, affect facilities and interrupt normal operations.	Identify site-relevant acute scenarios; maintain emergency plans; conduct seasonal inspections and preventive actions.
Physical (Long-term changes)	Long-term changes such as rising temperatures, water stress may affect the stability of certain raw material supplies and the performance of temperature-sensitive equipment.	Monitor raw material supply risks and site conditions; adjust procurement and operational planning where needed; strengthen preventive maintenance.

BUSINESS

The following table sets out our greenhouse gas (“GHG”) emission during the Track Record Period:

GHG Type	Unit	For the Year Ended December 31		
		2023	2024	2025
Direct (Scope 1) GHG Emissions ⁽¹⁾	tCO ₂ e	2,503.2	1,572.4	1,504.1
Indirect (Scope 2) GHG Emissions ⁽²⁾	tCO ₂ e	16,126.0	16,018.8	15,270.7
Indirect (Scope 3) GHG Emissions ⁽³⁾	tCO ₂ e	342.2	471.2	676.1
Total GHG Emissions .	tCO ₂ e	18,971.4	18,062.4	17,450.9
GHG Emission Intensity	Tons/RMB1 Million Revenue	20.2	19.3	19.2

Notes:

- (1) The accounting methodologies and coefficients for our Scope 1 and Scope 2 GHG emissions are based on the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions in 24 Industries issued by the NDRC.
- (2) Our CO₂ emission factor is selected from the 2023 Power Sector Carbon Dioxide Emission Factors released by the General Office of the Ministry of Ecology and Environment in 2025.
- (3) Our Scope 3 GHG emissions are calculated using the expenditure-based approach, based on employee business travel expenses.

Environmental Management

We adhere to applicable laws and regulations and have established an internal environmental management system. We also regularly conduct environmental training for employees, so as to continuously improve corporate environmental management capabilities.

Energy Management

We comply with the PRC Energy Conservation Law and other applicable laws and regulations. Our manufacturing department drives energy management and oversees the implementation of energy objectives across the business. We have established internal practices and guidelines and manage energy use in daily operations, supported by monthly energy consumption analysis to monitor performance and reduce environmental impact. As medical consumables provider, our energy use is primarily driven by production. We improve energy efficiency through practical measures, including energy-saving retrofits, phasing out energy-intensive equipment and increasing the use of cleaner energy.

The following table sets out details of our energy consumption performance during the Track Record Period:

Energy Type	Unit	For the Year Ended December 31		
		2023	2024	2025
Gasoline.	Ton	11.2	11.9	10.5
Natural Gas	Standard Cubic Meters	1,141,954.0	710,500.0	680,900.0
Purchased Electricity . .	kWh	30,392,020.0	30,190,000.0	28,780,000.0
Total Comprehensive Energy Consumption.	Tons of Standard Coal	5,282.9	4,684.4	4,469.7
Comprehensive Energy Consumption Intensity	Tons of Standard Coal per RMB1 Million Revenue	5.6	5.0	4.9

BUSINESS

Wastewater, Waste Gas and Solid Waste Management

We comply with the PRC water pollution prevention and control law and other applicable laws and regulations. We have adopted internal policies, including our wastewater, waste gas and solid waste management system and hazardous waste management system, to manage pollutant discharge across our operations and ensure compliance. Our management approach for wastewater, waste gas and solid waste focuses on compliant treatment and, where practicable, resource recycling.

- **Wastewater.** Our wastewater mainly comprises domestic sewage and wastewater from pure water preparation. We operate a rainwater-sewage separation system. Wastewater is treated in a septic tank and then discharged to a municipal wastewater treatment plant. We achieved 100% compliant discharge.
- **Waste gas.** Our main air emission sources include (i) volatile organic compounds (“VOC”) generated from injection molding and printing; (ii) exhaust from natural gas-fired boilers; and (iii) ethylene oxide emissions from sterilization. VOCs from injection molding and printing are treated using two-stage activated carbon adsorption. Boiler emissions are managed using low-NOx combustion. Ethylene oxide emissions from sterilization are treated through gas capture and chemical absorption, followed by multi-stage washing and activated carbon adsorption. Our emissions comply with applicable discharge standards.
- **Solid waste.** Domestic waste is collected and disposed of by municipal sanitation authorities. Packaging waste and parts are collected and periodically sold for external recycling or treatment. Hazardous waste is disposed of by qualified third-party service providers in accordance with applicable requirements, supporting compliant disposal and, where practicable, resource recovery.

Human Capital

We are committed to fair recruitment and standardized employment practices to protect employees’ lawful rights and interests. We continuously improve our training and development systems, align performance management with job roles and responsibilities, and regard talent as a key driver of our long-term development.

Employment

We comply with the PRC Labor Law, the PRC Labor Contract Law and other applicable laws and regulations. We have adopted internal policies, including the Management System for Social Responsibility and Labor Rights Protection and the Recruitment and Employment Management System, to standardize recruitment and employment practices, uphold equal opportunity and prohibit unlawful labor practices such as child labor and forced labor. We also oppose discrimination in all forms and seek to foster an inclusive and diverse workplace.

Development and Training

We have established a structured employee development framework and provide multiple career pathways through internal recruitment, job rotation and promotion mechanisms. Performance appraisal results are used as a key reference for decisions on promotion, training and job transfers. We operate a three-tier training system at the corporate, departmental and team levels. Training is delivered through both online and offline formats based on annual plans and quarterly schedules, covering management capabilities and operational skills. We conduct post-training assessments to support closed-loop improvement, and our employee training participation rate has been 100% for three consecutive years.

BUSINESS

Health and Safety

We comply with the PRC work safety law, the PRC labor contract law and other applicable laws and regulations, and have established safety and occupational health management systems covering our operations. We conduct occupational health examinations on an annual basis. Our general manager acts as the primary person responsible for workplace safety. Our safety management structure assigns responsibilities at each level and ensures dedicated use of safety-related funds. We implement safety requirements through standard operating procedures, hazard identification, emergency response arrangements and closed-loop corrective actions. We continuously strengthen safety management through routine inspections, targeted investigations and performance evaluations.

We have obtained Level III Safety Standardization certification, as well as ISO 45001 and ISO 14001 certifications. We implement tiered safety training for all employees, with enhanced onboarding training for new hires. We maintain controls over role-based certification requirements, equipment inspections and hazard identification. Both the participation rate and pass rate of our safety training have reached 100%.

Product Quality and Work Safety

We comply with the Regulations for the Supervision and Administration of Medical Device Production, the Measures for the Administration of Medical Device Standards and other applicable laws, regulations and industry standards. We have established a customer-focused, closed-loop quality management system that defines responsibilities across departments and covers the full product life cycle. We have obtained ISO 9001 and ISO 13485 certifications. We also maintain a risk management framework and technical and clinical evaluation systems aligned with PRC and overseas regulatory requirements. We implement controls through internal audits, management reviews and product monitoring, and conduct company-wide training to strengthen operating discipline and risk response.

We carry out periodic system reviews and random product inspections, supporting continuous improvement through closed-loop remediation. During the year, we did not have any product recalls, and no non-conformities were identified in random inspections. We collect customer feedback through multiple channels and handle issues under standardized procedures, including graded analysis, corrective actions and follow-up closure. No systemic quality issues were identified during the year, and customer satisfaction improved.

Social Contribution

We recognize the importance of contributing to the communities in which we operate and seek to fulfil our social responsibilities through practical actions. During the COVID-19 pandemic, we donated medical supplies with a value of over RMB1 million to Huanggang, Hubei Province, and provided virus sampling tubes to the Red Cross Society of Zibo, Shandong Province and the Red Cross Society of Meihekou, Jilin Province. Since 2022, we have supported Songyu Village in Yiyuan, Zibo, including by installing solar street lights and building production roads. In 2024, we donated supplies and funds to Angren County Hospital in Xizang and the Zibo High-tech Zone Health Service Center. In 2025, we supported Zhaojia Village in the Zibo National New & Hi-tech Industrial Development Zone through the purchase of agricultural products. Going forward, we intend to further refine our public welfare initiatives and continue contributing to local communities.

BUSINESS

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

According to our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL AND RISK MANAGEMENT

We have established a comprehensive risk management and internal control system aimed at identifying, assessing, and mitigating risks across all aspects of our operations. Our Board of Directors oversees the implementation of risk management policies and procedures that address key operational, financial, legal, and market risks, including information system risk, financial reporting risk, human resources risk, and anti-corruption risk. These policies are integral to our internal control framework, which is periodically reviewed to ensure effectiveness and alignment with our strategic objectives.

To further enhance our risk management capabilities, we have implemented internal control procedures designed to systematically identify, assess, and prioritize material risks, including ESG-related risks, through structured risk and opportunity analysis. This ongoing process supports our commitment to maintaining robust risk oversight and fostering a culture of compliance throughout the organization.

We have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, identify deficiencies and areas for improvement, provide recommendations, and review the implementation status of these remedial actions. We also conduct periodic reviews of our policies and procedures to mitigate risks and align with regulatory requirements and business objectives.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China and overseas. We are required to renew such certificates, permits and licenses from time-to-time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

BUSINESS

The following table sets forth material licenses, permits, and approvals we held as of the Latest Practicable Date:

<u>License/Permit/Approval</u>	<u>Issuing Authority</u>	<u>Expiry Date</u>	<u>Holder</u>
Class I Medical Device Manufacturing Filing Certificate (第一類醫療器械生產備案憑證) . .	Zibo Municipal Administrative Examination and Approval Service Bureau (淄博市行政審批服務局)	N/A	Our Company
Medical Device Manufacturing License (醫療器械生產許可證) . . .	Shandong Provincial Medical Products Administration (山東省藥品監督管理局)	February 26, 2028	Our Company
Class II Medical Device Operating Filing Certificate (第二類醫療器械經營備案憑證)	Zibo Municipal Administrative Examination and Approval Service Bureau (淄博市行政審批服務局)	N/A	Our Company
Medical Device Operating License (醫療器械經營許可證)	Zibo Municipal Administrative Examination and Approval Service Bureau (淄博市行政審批服務局)	April 17, 2027	Our Company

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognition we received as of the Latest Practicable Date:

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
National Manufacturing Single Champion Enterprise (國家級製造業單項冠軍企業)	2025	Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部)
High-tech Enterprises (高新技術企業)	2025	Shandong Provincial Department of Science & Technology, Shandong Provincial Department of Industry and Information Technology, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration (山東省科學技術廳、山東省工業和信息化廳、山東省財政廳以及國家稅務總局山東省稅務局)

BUSINESS

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
Shandong Provincial Intelligent Factory (山東省先進級(省級)智能 工廠)	2025	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳)
CNAS Laboratory Accreditation Certificate (CNAS實驗室認可證 書)	2024	CNAS
Shandong Provincial Enterprise Technology Center (山東省企業技 術中心)	2023	Shandong Provincial Development and Reform Commission (山東省發展和 改革委員會)

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board will comprise nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors, namely:

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors or senior management
Mr. Ji Yuexiang (季躍相)	60	Executive Director and chairman of the Board	December 30, 2003	May 27, 2004	Responsible for the overall management, strategic planning and decision-making for key business of our Group	N/A
Mr. Zou Peng (鄒鵬)	47	Executive Director and general manager	March 1, 2004	March 19, 2021	Responsible for the human resources, quality management and manufacturing operational matters of our Group	N/A
Ms. Wang Huimin (王卉敏)	50	Executive Director, chief financial officer, secretary of the Board and joint company secretary	October 8, 2010	March 19, 2021	Responsible for the financial and capital management, Board affairs and corporate governance of our Group	N/A
Mr Tian Xiaolei (田曉雷)	43	Executive Director and deputy general manager	July 1, 2008	May 6, 2026	Responsible for the research and development and technical business management of our Group	N/A
Dr. Patrick Henri Jean Choay	81	Non-executive Director	June 11, 2010	June 11, 2010	Overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group	Cousin of Mr. Dominique Andre Luc Choay
Mr. Dominique Andre Luc Choay	72	Non-executive Director	June 20, 2025	June 20, 2025	Overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group	Cousin of Dr. Patrick Henri Jean Choay
Mr. Wong Jovi Chi Wing (王志榮)	46	Independent non-executive Director	May 6, 2026	May 6, 2026	Providing independent advice on the operations and management of our Group	N/A
Mr. Jia Maoyuan (賈茂遠)	64	Independent non-executive Director	May 6, 2026	May 6, 2026	Providing independent advice on the operations and management of our Group	N/A
Dr. Chen Zhiwei (陳志偉)	53	Independent non-executive Director	May 6, 2026	May 6, 2026	Providing independent advice on the operations and management of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ji Yuexiang (季躍相), aged 60, joined our Group in December 2003 and has been serving our Director since May 2004 and chairman of the Board since March 2021. He was re-designated as our executive Director in May 2026. He also served as the general manager of our Company from May 2004 to August 2021 and has been serving as the executive director of Shandong Toge since July 2022.

Mr. Ji has 40 years of experience in the medical devices industry. From July 1986 to April 1996, he worked at Shandong Xinhua Medical Instrument Factory (山東新華醫療器械廠), where he successively served as technician, assistant engineer, engineer and deputy director of the general engineer’s office. From April 1996 to July 2017, Mr. Ji worked at Shinva Medical Instrument Co., Ltd. (山東新華醫療器械股份有限公司) (“**Shinva Medical**”), a company listed on the Shanghai Stock Exchange (stock code: 600587), where he held various positions including head of the radiotherapy equipment division factory, director, assistant general manager, secretary to the board and deputy general manager.

Mr. Ji obtained his bachelor’s degree in casting technology and equipment from Zhengzhou Institute of Technology (鄭州工學院) (currently known as Zhengzhou University (鄭州大學)) in the PRC in July 1986. Mr. Ji was awarded the Shandong Provincial May 1st Labor Medal in April 2020 by Shandong Provincial Federation of Trade Unions (山東省總工會). He was also selected as a representative of the 16th People’s Congress of Zibo City in February 2022 by Zibo Municipal People’s Congress Committee (淄博市人民代表大會委員會) and was awarded the Zibo City 2023 Outstanding Entrepreneur for Innovative Development in February 2024 by Zibo Municipal Committee of the Communist Party of China (中共淄博市委員會) and Zibo Municipal People’s Government (淄博市人民政府).

Mr. Zou Peng (鄒鵬), aged 47, joined our Group in March 2004 and has been serving as our Director since March 2021 and our general manager since August 2021. He was re-designated as our executive Director in May 2026. He served as our head of the human resources and enterprise management department from March 2004 to March 2006 and as our vice general manager from March 2006 to July 2021.

Mr. Zou served as a human resources specialist at Shinva Medical from July 2001 to February 2004.

Mr. Zou obtained his bachelor’s degree in economics of international business management from Dalian University of Technology (大連理工大學) in the PRC in July 2001.

Ms. Wang Huimin (王卉敏), aged 50, joined our Group in October 2010. She has been serving as our chief financial officer since February 2015, our Director since March 2021 and secretary of the Board since May 2022. She was appointed as our joint company secretary and re-designated as our executive Director in May 2026. She served as deputy manager of finance department from October 2010 to December 2011 and manager of finance department from December 2011 to January 2015.

Ms. Wang has over 25 years of experience in the medical devices industry. From July 1999 to October 2010, she worked at Shinva Medical, where she served as a securities affairs specialist and was responsible for the management of matters relating to listed companies.

Ms. Wang obtained her bachelor’s degree in accounting from Heilongjiang Institute of Mining (黑龍江礦業學院) (currently known as Heilongjiang University of Science and Technology (黑龍江科技大學)) in the PRC in July 1999. She obtained the certificate of senior accountant issued by the Human Resources and Social Department of Shandong Province (山東省人力資源和社會保障廳) in 2016.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tian Xiaolei (田曉雷), aged 43, joined our Group in July 2008 and has been serving as the deputy general manager of our Company since August 2021. He was appointed as our executive Director in May 2026. From July 2008 to August 2021, he successively served as an engineer in the technical quality department, deputy head of R&D department, head of R&D department and R&D director in our Company. He also has been serving as the general manager of Shandong Toge since July 2022.

Mr. Tian obtained his bachelor’s degree in biological science from Yantai Normal College (煙台師範學院) (currently known as Ludong University (魯東大學)) in the PRC in July 2005, and his master’s degree in inorganic chemistry from Jiangsu University (江蘇大學) in the PRC in June 2008. He obtained the professional title of a professor-level senior engineer from the Department of Human Resources and Social Security of Shandong Province (山東省人力資源和社會保障廳) in January 2025, and was selected as a Taishan Industrial Expert (泰山產業領軍人才) in December 2023.

Non-Executive Directors

Dr. Patrick Henri Jean Choay, aged 81, has been serving as our Director since June 2010. He was re-designated as our non-executive Director in May 2026.

Dr. Patrick Choay has over 35 years of experience in the pharmaceutical industry with extensive management experience. He founded Patrick Choay SAS (together with its subsidiaries, “**Choay Group**”) in 1985, a French pharmaceutical group primarily engaged in the manufacture and sale of pharmaceutical products and medical devices as well as equity investment, and has been serving as president of Choay Group since its foundation. He also has been serving as a president at Choay Shanghai Trading Co., Ltd. (喬益(上海)貿易有限公司) since December 2010.

Dr. Patrick Choay obtained his bachelor’s degree in physics from University De Paris-Sud in France in December 1973, and his doctoral degree in pharmaceutical from Faculty of Pharmacy Paris University in France in May 1977.

Mr. Dominique Andre Luc Choay, aged 72, was appointed as our Director in June 2025 and was re-designated as our non-executive Director in May 2026.

From January 1974 to August 1977 and from January 1979 to January 1981, Mr. Dominique Choay served as an auditor at Accounting Control Company (SOCIETE DE CONTROLE DES COMPTES SARL). From September 1977 to January 1979, he served as a military cooperation officer and a cultural attache at General Consulate of France in Montreal. From February 1981 to October 1987, he successively served as a department head and administrative and financial director at Nicolas SA and held managing positions at its certain subsidiaries. He has been working at ETSI FINANCES since 1999, a French company primarily engaged in financial holding and management services, with his latest position held as president. From 2000 to 2025, he also served as a director of Patrick Choay SAS.

Mr. Dominique Choay obtained his bachelor’s degree in advanced accounting studies from ESLSCA Business School in France in 1974.

Mr. Dominique Choay was also awarded by the Ministry of National Education of France an Advanced Accounting Studies in 1974, an Advanced Certificate in International Relations (English) in 1976, an Advanced Certificate in Legal & Tax Studies in 1979, an Advanced Certificate in Accounting Audit in 1979, and a Chartered Accountant at final stage in 1980.

Independent Non-Executive Directors

Mr. Wong Jovi Chi Wing (王志榮), aged 46, was appointed as our independent non-executive Director in May 2026.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong served as a vehicle appraiser, sales executive and general manager at The Automall Limited from December 2002 to February 2010. From June 2010 to June 2013, he served as an executive, assistant manager and associate of the corporate finance department at Haitong International Capital Limited. From June 2013 to July 2014, he served as a senior associate at the corporate finance department of China Merchants Securities (HK) Co., Ltd. From July 2014 to March 2018, he served as director, financial intermediaries of Distribution — Pan Asia department of Janus Henderson Investors (Hong Kong) Limited. From April 2018 to March 2022, Mr. Wong served as executive director of Wonder Capital Group Limited. From April 2022 to October 2023, he served as managing director at Seazen Resources Capital Group Limited (新城晉峰金融集團). He has been serving as investment director at a family office since November 2023.

Mr. Wong has been serving as an independent non-executive Director at Dalipal Holdings Limited (a company listed on the Stock Exchange (stock code: 1921.HK)) since June 2019 and Golden Faith Group Holdings Limited (a company listed on the Stock Exchange (stock code: 2863.HK)) since January 2024.

Mr. Wong obtained his bachelor's degree in information technology from the University of Auckland in New Zealand in September 2003, and master's degree in business administration from the Hong Kong University of Science and Technology in Hong Kong in November 2010. Mr. Wong was admitted as a member of CPA Australia in February 2018.

Mr. Jia Maoyuan (賈茂遠), aged 64, was appointed as our independent non-executive Director in May 2026.

From December 1989 to December 1997, Mr. Jia worked at Shandong Zibo Fuel General Corporation (山東省淄博市燃料總公司), where he successively served as head of labor and wages department, director of general manager's office, chairman of trade union, deputy general manager and other positions. From January 1998 to September 2000, he served as a lawyer at Shandong Zhigong Law Firm (山東致公律師事務所). He has been working at Shandong Zhongcheng Qingtai (Zibo) Law Firm (山東眾成清泰(淄博)律師事務所) since September 2000, with his current position as senior partner. He has been an arbitrator of the Zibo Arbitration Commission (淄博仲裁委員會) since November 5, 2008 and the Tai'an Arbitration Commission (泰安仲裁委員會) since August 2021. He also previously served as an adjunct professor at Shandong University of Technology (山東理工大學) from July 2020 to December 2025.

Mr. Jia obtained his associate degree/college diploma in chemistry from Zibo Teachers College (淄博師範專科學校) in the PRC in December 1980, which was later incorporated into Shandong University of Technology (山東理工大學), and his master's degree in economic law from Chinese Academy of Social Sciences (中國社會科學院) in the PRC in April 1998. He obtained the Legal Profession Qualification Certificate of the PRC (中華人民共和國律師資格證書) by Ministry of Justice of the PRC (中華人民共和國司法部) in October 1997 and the Lawyer's License of the PRC (中華人民共和國律師執業證) by Department of Justice of Shandong Province (山東省司法廳) in May 2021. He was awarded the title of Top Ten Lawyer in Zibo City (淄博市十佳律師) in January 2007 by Zibo Municipal Bureau of Justice (淄博市司法局).

Dr. Chen Zhiwei (陳志偉), aged 53, was appointed as our independent non-executive Director in May 2026.

Dr. Chen has been working at Shandong University of Technology and took teaching and administrative positions since August 1999, with his current position held as the dean and professor of Institute of Food and Nutrition Sciences (食品與營養科學研究院) and his previous positions held as the director of the analytical testing center, the dean of the School of Life and Medical Sciences (生命與醫藥學院), the director of the science and technology office, and the director of the talent affairs office. From January 2010 to July 2010, he also served as a senior visiting scholar at Cornell University.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Chen has concurrently been serving as a(n) (i) director at the China Instrument and Control Society Analytical Instrument Branch (中國儀器儀表學會分析儀器分會) since November 2020, (ii) director at the Food Equipment and Intelligent Manufacturing Branch of the China Institute of Food Science and Technology (中國食品科學技術學會食品裝備與智能製造分會) since October 2021, (iii) director at the Whole Grain Food Branch of the China Institute of Food Science and Technology (中國食品科學技術學會全穀物食品分會) since October 2021, (iv) director at the Dairy Inspection Technology Professional Committee of the China Dairy Industry Association (中國乳製品工業協會乳品檢驗技術專業委員會) since June 2023, and (v) executive director at the Molecular Diagnostics Branch of the China International Exchange and Promotive Association for Medical and Health Care (中國醫療保健國際交流促進會分子診斷學分會) since August 2022.

Dr. Chen obtained his bachelor’s degree in agriculture from Inner Mongolia Agricultural and Animal Husbandry College (內蒙古農牧學院), which is currently known as Inner Mongolia Agricultural University (內蒙古農業大學), in the PRC in July 1994, and his doctoral degree in agriculture from Inner Mongolia Agricultural University in July 1999.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company:

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors or senior management
Mr. Zou Peng (鄒鵬)	47	Executive Director and general manager	March 1, 2004	August 6, 2021	Responsible for the human resources, quality management and manufacturing operational matters of our Group	N/A
Ms. Wang Huimin (王卉敏)	50	Executive Director, chief financial officer, secretary of the Board and joint company secretary	October 8, 2010	February 7, 2015	Responsible for finance and capital management, Board affairs and corporate governance of our Group	N/A
Mr. Tian Xiaolei (田曉雷)	43	Executive Director and deputy general manager	July 1, 2008	August 6, 2021	Responsible for the research and development and technical business management of our Group	N/A

Mr. Zou Peng (鄒鵬), aged 47, is an executive Director and general manager of our Group. For his biography, see “— Directors — Executive Directors” in this section.

Ms. Wang Huimin (王卉敏), aged 50, is an executive Director, chief financial officer secretary of the Board and joint company secretary of our Group. For her biography, see “— Directors — Executive Directors” in this section.

Mr. Tian Xiaolei (田曉雷), aged 43, has been serving as an executive Director and vice general manager of our Group. For his biography, see “— Directors — Executive Directors” in this section.

JOINT COMPANY SECRETARIES

Ms. Wang Huimin (王卉敏), our executive Director, chief financial officer and secretary of the Board, was appointed as one of our joint company secretaries in May 2026. For her biography, see “— Directors — Executive Directors” in this section.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Ye Jiahong (叶嘉红), was appointed as one of our joint company secretaries in May 2026. She is an assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. Ms. Ye has approximately 7 years of experience in the corporate secretarial field. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. YE obtained a bachelor degree in English (business management stream) from Jinan University in June 2013 and a master of arts degree in computer-aided translation from The Chinese University of Hong Kong in November 2014.

OTHER INFORMATION

In July 2015, due to the negligence of staff members, Shinva Medical failed to accurately disclose the listing and trading date of certain newly issued shares in its announcement on changes in share capital and did not make timely rectification. As the then board secretary of Shinva Medical, Mr. Ji was subject to a regulatory attention letter issued by the Shanghai Stock Exchange. In September 2019, in relation to an acquisition transaction conducted by Shinva Medical, the Shanghai Stock Exchange issued a circulated criticism against Mr. Ji in his capacity as the then director and board secretary of Shinva Medical, on the basis that the company had not exercised sufficient prudence in making profit forecasts and related disclosures concerning the future profitability of the acquisition target.

Having considered that: (i) the above incidents did not arise from any fraud or personal dishonesty on the part of the relevant Director, and the relevant regulatory decisions did not cast doubt on his personal integrity; (ii) the regulatory attention letter and circulated criticism were not administrative penalties but self-regulatory disciplinary actions imposed by the relevant stock exchange, and were relatively minor in nature; and (iii) the relevant Director has not been disqualified from acting as a director or senior management member of the Company as a result of the above incidents, the Company believes that the above incidents do not affect Mr. Ji’s suitability to act as a Director.

Having taken into account the reasons considered by our Directors as disclosed above, as well as the view of the PRC Legal Advisor that the above incidents do not affect Mr. Ji’s eligibility from acting as a director under the Company Law of the PRC, the Sole Sponsor considers that the above incidents do not affect Mr. Ji’s suitability to act as a Director.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 6, 2026, and (ii) understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Save as disclosed above, none of our Directors or members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date. None of our Directors or members of senior management is related to other Directors or members of senior management.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises Mr. Wong Jovi Chi Wing, Dr. Patrick Henri Jean Choay and Mr. Jia Maoyuan, with Mr. Wong Jovi Chi Wing (being our independent non-executive Director with appropriate professional qualifications) as the chairperson.

Strategy Committee

Our Board has established the Strategy Committee with written terms of reference in compliance with the Articles. The primary duties of the Strategy Committee are to make recommendations to our Board on the long-term development strategy and major investment and projects of our Company. The Strategy Committee comprises Mr. Ji, Mr. Zou Peng and Mr. Wong Jovi Chi Wing, with Mr. Ji as the chairperson.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. Jia Maoyuan, Dr. Chen Zhiwei and Mr. Wong Jovi Chi Wing, with Mr. Jia Maoyuan as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Mr. Ji, Mr. Jia Maoyuan, Mr. Wong Jovi Chi Wing, Dr. Chen Zhiwei and Ms. Wang Huimin, with Mr. Ji as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience.

Our Board currently consists of one female and eight male Directors ranging from 43 to 81 years old with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, business administration, accounting and corporate governance in addition to extensive experience in the industry. They obtained degrees in various majors including casting technology and equipment, information technology, biological science, chemistry, physics, agriculture, international business administration, accounting and law. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of salaries allowances and benefits in kind, performance related bonuses, equity-settled share-based payment expense, and pension scheme contributions and social welfare.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of remuneration of our Directors (excluding equity settled share-based payment expense, details of which are set out in Note 9 to Appendix I of this document) were approximately RMB3.4 million, RMB3.2 million and RMB3.5 million, respectively.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of remuneration paid to the five highest-paid individuals (excluding equity settled share-based payment expense, details of which are set out in Note 9 and Note 10 to Appendix I of this document) amounted to RMB5.0 million, RMB4.6 million and RMB5.5 million, respectively.

The remuneration of our Directors and senior management is determined with reference to industry salary levels, the responsibilities and performance of their respective roles, as well as the annual operating results of our Company. Under the arrangements currently in effect, our Company estimates that the total pre-tax remuneration payable to our Directors (excluding equity settled share-based payment expense) for the year ending December 31, 2026 will be approximately RMB4.5 million.

During the Track Record Period, no remuneration was paid to any Director or any of the five highest-paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any Director, former Director or any of the five highest-paid individuals for the loss of office as a director of any member of our Group or for the loss of any other office in connection with the management of the affairs of any member of our Group. During the Track Record Period, no Director waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts were paid or payable by our Group to any Director or any of the five highest-paid individuals.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

Our Company has appointed Yue Xiu Capital Limited as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide guidance and advice to our Company on compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will provide advice to our Company in the following circumstances (among others):

- (a) prior to the publication of any regulated announcement, circular or financial report;
- (b) where a transaction (which may be a notifiable transaction or a connected transaction) is contemplated, including the issuance of shares, the sale or transfer of treasury shares, and the repurchase of shares;
- (c) where our Company proposes to use the proceed from the [REDACTED] in a manner different from that detailed in this document, or where the business activities, developments or performance of our Group differ from any forecast, estimate or other information contained in this document; and
- (d) when the Stock Exchange makes an enquiry pursuant to Rule 13.10 of the Listing Rules regarding unusual movements in the price or [REDACTED] volume of our [REDACTED] [REDACTED] or any other matters.

The term of appointment of the compliance advisor shall commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED]. Such appointment may be extended by mutual agreement.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) approximately 40.66% by Shanghai Yirui, which was controlled by Zibo Heyi through Zibo Weilan, Zibo Xinye and Zibo Chuangyue, (ii) approximately 34.18% by Patrick Choay SAS, which was controlled by Dr. Patrick Henri Jean Choay (iii) approximately 10.17% by Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhongyue, each of which was controlled by Zibo Heyi, and (iv) approximately 9.99% by Shanghai Zhuanjingle, which was controlled by Mr. Ji. Zibo Heyi was owned as to 55% by Mr. Ji, 20% by Mr. Zou Peng, 12.5% by Ms. Wang Huimin and 12.5% by Mr. Tian Xiaolei.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), (i) Mr. Ji, Mr. Zou Peng, Ms. Wang Huimin and Mr. Tian Xiaolei, through Zibo Heyi, exercises [REDACTED]% of the voting rights at the general meetings of the Company, (ii) Mr. Ji, through Shanghai Zhuanjingle, exercises [REDACTED]% of the voting rights at the general meetings of the Company, and (iii) Dr. Patrick Henri Jean Choay, through Patrick Choay SAS, exercises [REDACTED]% of the voting rights at the general meetings of the Company. Upon [REDACTED], Mr. Ji, Mr. Zou Peng, Ms. Wang Huimin, Mr. Tian Xiaolei, Shanghai Yirui, Zibo Heyi, Zibo Weilan, Zibo Xinye, Zibo Chuangyue, Shanghai Zhuanjingle, Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhongyue will constitute a group of our Controlling Shareholders under the Listing Rules.

INTEREST IN COMPETING BUSINESS

Each of the Controlling Shareholders confirms that he/she/it does not have any interest in a business, apart from the business of the Group, which competes or is likely to compete (directly or indirectly) with the Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon [REDACTED].

Management Independence

Upon [REDACTED], our Board will comprise nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period and have substantial and extensive relevant industry experience and expertise as set out in “Directors and Senior Management”.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (iv) we have appointed three independent non-executive Directors, comprising one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Group is capable of managing our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

We operate independently of our Controlling Shareholders and their respective close associates. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of the assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising of two independent non-executive Directors and one non-executive Director to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

- (i) where a transaction or arrangement of our Company is subject to Shareholders’ approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;
- (ii) where a Board meeting is held for the matters in which any Director has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (iii) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;
- (iv) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see “Directors and Senior Management” in this document;
- (v) where our Directors reasonably request for the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (vi) we have appointed Yue Xiu Capital Limited as our compliance advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors’ duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage any conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].

SHARE CAPITAL

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB66,660,000 comprising 66,660,000 Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares, assuming that the [REDACTED] is not exercised, the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage of the total share capital of our Company (%)</u>
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from Unlisted Shares ⁽¹⁾	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Note:

- (1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [REDACTED], see “History, Development and Corporate Structure — Shareholding Structure of our Company”.

Immediately following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares, assuming that the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage of the total share capital of our Company (%)</u>
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

SHARE CAPITAL

OUR SHARES

The H Shares, to be [REDACTED] following the completion of the [REDACTED] and converted from the Unlisted Shares, and the Unlisted Shares are ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional [REDACTED] in the PRC, qualified PRC [REDACTED] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be [REDACTED] by, or [REDACTED] between, [REDACTED] of the PRC. H Shares may only be [REDACTED], and [REDACTED] in, Hong Kong dollars.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

The Unlisted Shares are currently not listed or traded on any stock exchange.

According to the regulations by the CSRC and our Articles of Association, the holders of these Unlisted Shares may, at their own option, authorize our Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares upon the [REDACTED], and such converted Shares may be [REDACTED] and [REDACTED] on an overseas stock exchange, provided that the conversion, [REDACTED] and [REDACTED] of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, [REDACTED] and [REDACTED] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, the approvals of any internal approval process and/or the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [REDACTED] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [REDACTED] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the [REDACTED] of additional Shares after the [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior [REDACTED] for [REDACTED] at the time of our [REDACTED] in Hong Kong. No Shareholder voting is required for the conversion of such Shares or the [REDACTED] and [REDACTED] of such converted Shares on an overseas stock exchange. Any [REDACTED] for [REDACTED] the converted shares on the Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the [REDACTED] to issue [REDACTED]. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of [REDACTED]; and (ii) the admission of the H Shares to be [REDACTED] on the Stock Exchange complies with the Listing Rules and the [REDACTED] and the [REDACTED] in force from time to time. Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be [REDACTED] as H Shares.

SHARE CAPITAL

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any [REDACTED] of shares by a company cannot be transferred within one year from the date on which such publicly [REDACTED] shares are [REDACTED] and [REDACTED] on the relevant stock exchange. As such, the Shares issued by our Company prior to the [REDACTED] of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

The Directors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by the Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the Shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by the Directors and members of senior management of our Company.

SUBSTANTIAL SHAREHOLDERS

As far as the Directors are aware, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and the conversion of the Unlisted Shares into H Shares, the following persons will have an interest and/or short position in the Shares or underlying Shares which will be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	As of Latest Practicable Date		Immediately following completion of the [REDACTED] and conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)				
		Number and description of the Shares	Approximate percentage of interest in our Company %	Number of the Unlisted Shares	Approximate percentage of interest in the Unlisted Shares ⁽¹⁾ %	Number of the H Shares	Approximate percentage of interest in the H Shares ⁽¹⁾ %	Approximate percentage of interest in our Company ⁽¹⁾ %
Mr. Ji	Interest in controlled corporations ⁽²⁾	40,542,400 Unlisted Shares	60.82	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zibo Heyi	Interest in controlled corporations ⁽²⁾	33,882,400 Unlisted Shares	50.83	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zibo Weilan	Interest in controlled corporation ⁽²⁾	27,105,920 Unlisted Shares	40.66	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Yirui	Beneficial Owner ⁽²⁾	27,105,920 Unlisted Shares	40.66	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Zhuanjingle	Beneficial Owner ⁽²⁾	6,660,000 Unlisted Shares	9.99	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zibo Zhongce	Beneficial Owner ⁽²⁾	3,626,480 Unlisted Shares	5.44	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Patrick Henri Jean Choay	Interest in controlled corporation ⁽³⁾	22,784,600 Unlisted Shares	34.18	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Patrick Choay SAS	Beneficial Owner ⁽³⁾	22,784,600 Unlisted Shares	34.18	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation is based on the total number of [REDACTED] H Shares in issue upon [REDACTED] comprising (i) an aggregate of [REDACTED] H Shares to be converted from the Unlisted Shares and (ii) [REDACTED] H Shares to be [REDACTED] pursuant to the [REDACTED] (without taking into account the H Shares which may be [REDACTED] upon the exercise of the [REDACTED]).
- (2) As of Latest Practicable Date, Zibo Weilan held approximately 73.29% of the equity interests in Shanghai Yirui. Therefore, Zibo Weilan is deemed to be interested in the 27,105,920 Shares held by Shanghai Yirui under the SFO. Zibo Heyi is the executive general partner of Zibo Weilan, Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhongyue. Therefore, Zibo Heyi is deemed to be interested in the 33,882,400 Shares held, directly and indirectly, by the aforementioned entities under the SFO.

As of Latest Practicable Date, Mr. Ji held 55.00% of the equity interests in Zibo Heyi and approximately 53.45% of the equity interests in Shanghai Zhuanjingle. Therefore, Mr. Ji is deemed to be interested in the 40,542,400 Shares held by Shanghai Yirui, Shanghai Zhuanjingle, Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhongyue and under the SFO.
- (3) As of Latest Practicable Date, Patrick Choay SAS was owned as to approximately 89.34% by Dr. Patrick Henri Jean Choay. Therefore, Dr. Patrick Henri Jean Choay is deemed to be interested in the 22,784,600 Shares held by Patrick Choay SAS under the SFO.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, the Directors are not aware of any person who will, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and the conversion of the Unlisted Shares into H Shares, have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our Company.

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You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all of the information provided in this document.

OVERVIEW

During the Track Record Period, we focused on the R&D, manufacture and sales of medical consumables. We provide medical institutions with comprehensive, quality medical consumables solutions, comprising (i) drug delivery products; (ii) vascular access products; (iii) blood specimen collection products; and (iv) others, which mainly include interventional therapy products, surgical products and medical imaging consumable products.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to be, continuously and materially affected by a number of factors, including the following:

Successful Development and Commercialization of New Products

We offer a comprehensive range of products, including (i) drug delivery products, (ii) vascular access products, (iii) blood specimen collection products, and (iv) others, mainly including interventional therapy products, surgical products and medical imaging consumable products. Our ability to develop and successfully commercialize new products is one of the key factors affecting our results of operations and financial condition.

Our success depends on our ability to anticipate industry trends, identify, develop and market innovative products, and meet our customers' evolving demand in a timely and cost-effective manner. In 2023, 2024 and 2025, our R&D expenses amounted to RMB64.5 million, RMB63.2 million and RMB69.7 million, respectively. Through our sustained R&D efforts, we have established a comprehensive business portfolio that enables us to serve multiple clinical departments and a wide range of use scenarios. In addition, as of the Latest Practicable Date, we also obtained 151 medical device registration certificates, including 106 Class III medical device registration certificates, laying a solid foundation for our continuous expansion of product portfolio.

In addition, medical devices must obtain the requisite filings or registrations from the NMPA, the FDA or other applicable regulatory authorities before they can be manufactured or commercialized in the relevant markets, and certain approvals are subject to periodic renewal. Changes in applicable regulatory requirements may increase the time and costs required to launch new products and maintain registrations for existing products. Moving forward, we will continuously innovate and expand our product portfolio that aligns with market trends and downstream demand, while accelerating the commercialization and market penetration of our approved products, thereby enhancing our stable profitability and supporting our sustained growth.

Extensive Distributor Network to Enhance Market Penetration

We generate a substantial portion of our revenue from sales to distributors. In 2023, 2024 and 2025, our revenue from distributors amounted to RMB900.3 million, RMB904.7 million and RMB892.6 million, accounting for 95.7%, 96.7% and 98.1% of our total revenue, respectively. As a

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result, our ability to expand and efficiently manage our distribution network remains critical to our business and financial performance. To this end, we have devoted substantial efforts to continuously expanding and optimizing our distributor network. As of December 31, 2023, 2024 and 2025, we cooperated with 4,394, 4,807 and 5,276 distributors, respectively, demonstrating steady growth in our distribution coverage.

Through our extensive nationwide distributor network, we have achieved broad market reach. Looking forward, we believe that our continued focus on strengthening and expanding our distributor network will be crucial to driving increased sales volumes, enhancing our market share, supporting sustained revenue growth and ultimately contributing to the improvement of our overall financial performance.

Effective Cost Management and Improvement of Operational Efficiency

Our results of operation are also affected by our ability to manage costs effectively and enhance operational efficiency. In 2023, 2024 and 2025, our cost of sales amounted to RMB512.1 million, RMB506.6 million and RMB476.8 million, accounting for 54.4%, 54.1% and 52.4% of our total revenue, respectively. Our cost of sales consists of (i) raw materials, (ii) labor costs, (iii) manufacturing costs, and (iv) freight and others. During the Track Record Period, our raw materials have been the largest component of our cost of sales. In 2023, 2024 and 2025, our raw materials amounted to RMB265.7 million, RMB254.9 million and RMB236.9 million, accounting for 51.9%, 50.3% and 49.7% of our total cost of sales, respectively. Thus, the fluctuations of raw material prices will have a direct impact on our cost of sales, and in turn affect our financial performance. To mitigate such fluctuations, we have entered into long-term procurement agreements with our core suppliers to achieve scaled procurement, and sourced key materials through stringent procedures to ensure cost-effectiveness and reliability.

Moreover, our ability to effectively manage our operating expenses would also substantially affect our profitability. Our operating expenses, comprising selling and distribution expenses, administrative expenses and R&D expenses, amounted to RMB254.7 million, RMB261.0 million and RMB263.1 million in 2023, 2024 and 2025, accounting for 27.1%, 27.9% and 28.9% of our total revenue, respectively. Specifically, we incurred substantial selling and distribution expenses as we maintain sales and marketing team to sell and promote our products in China and overseas. As we launch new products, expand our product lines and further penetrate into existing and new markets, we may incur additional expenses for involving more sales and marketing activities. Going forward, we aim to maintain stringent cost control and continuously improve our operational efficiency, thereby improving our gross margin and overall profitability.

Changes in Regulatory Environment

The medical consumables industry is highly regulated in China and globally. Government policies and regulations, and their implementation and enforcement, significantly impact the supply, demand and pricing of our products, as well as on the cost of compliance in countries and regions where we operate. In recent years, regulatory authorities in the PRC, the U.S. and many other countries and regions have promulgated policies to encourage the development of innovative medical devices, which have contributed to the growth of the medical devices industry. Changes in policies and regulations may also affect our results of operations. For example, in recent years, the healthcare regulatory framework in China has undergone various changes, including the tendering process, centralized procurement regime and the two-invoice system. These policies have influenced our choice of sales models, pricing flexibility, and the channels for our products to enter hospitals. We may face downward pricing pressure if our products are included in the centralized procurement regime or additional products of ours are included in the medical insurance reimbursement list, even if such inclusions are expected to increase the sales volume of our products. We will need to constantly adjust our operations and sales practices in order to comply with any changes in the regulatory environment in the countries and regions where our products are sold to.

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BASIS OF PREPARATION AND PRESENTATION

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. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been consistently applied by our Group in the preparation of the historical financial information throughout the Track Record Period.

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.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. For details of our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, see Notes 2.3 and 3 to the Accountants’ Report in Appendix I to this document.

PRINCIPAL COMPONENTS OF CONSOLIDATED PROFIT OR LOSS

Revenue

We generate revenues from (i) drug delivery products, (ii) vascular access products, (iii) blood specimen collection products, and (iv) others, mainly including interventional therapy products, surgical products and medical imaging consumable products.

Cost of Sales

Our cost of sales consists of (i) raw materials, (ii) labor costs, (iii) manufacturing costs, and (iv) freight and others.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

Other Income and Gains

Our other income and gains comprise (i) government grants related to our asset and income, which mainly comprise government subsidies to support our business operations, R&D activities and talent recruitment, which are generally non-recurring, (ii) VAT input tax credit increment deduction, (iii) interest income related to our bank deposits, (iv) investment income from structured deposits, (v) net foreign exchange gains, (vi) gains on lease terminations, (vii) gains on disposal of property, plant and equipment, (viii) fair value gains on structured deposits, and (ix) others.

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Selling and Distribution Expenses

Our selling and distribution expenses comprise (i) staff costs mainly representing the salaries and benefits paid to our sales personnel, (ii) marketing and promotion expenses mainly in relation to our advertising and exhibition fees, (iii) travel expenses, (iv) office expenses, (v) share-based payment, and (vi) others.

Administrative Expenses

Our administrative expenses comprise (i) staff costs mainly representing the salaries and benefits paid to our administrative personnel, (ii) tax and surcharges, (iii) share-based payment, (iv) depreciation and amortization, (v) professional service fees, (vi) travelling and entertainment expenses, (vii) office expenses, and (viii) others.

Research and Development Expenses

Our research and development expenses comprise (i) staff costs mainly representing the salaries and benefits paid to our R&D personnel, (ii) raw materials and consumables used in our R&D activities, (iii) testing and registration expenses relating to the testing and regulatory registration of our new products under development, (iv) depreciation and amortization, (v) share-based payment, and (vi) others.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets mainly relate to our impairment and collection of trade and other receivables.

Other Expenses

Our other expenses comprise (i) impairment losses on property, plant and equipment, (ii) losses on disposal of items of property, plant and equipment, (iii) donations, and (iv) others.

Finance Costs

Our finance costs comprise (i) interest on bank borrowings, and (ii) interest on lease liabilities.

Income Tax Expense

Our income tax expense represented income tax payable by us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled.

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 Track Record Period, our Company was entitled to a preferential tax rate of 15% because we were qualified as “High and New Technology Enterprise.”

During the Track Record Period, 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. See note 11 to the Accountants’ Report in Appendix I to this document for further details.

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RESULTS OF OPERATIONS

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

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	940,570	100.0	935,628	100.0	909,726	100.0
Cost of sales	(512,108)	(54.4)	(506,554)	(54.1)	(476,830)	(52.4)
Gross profit	428,462	45.6	429,074	45.9	432,896	47.6
Other income and gains	9,035	1.0	9,971	1.1	11,088	1.2
Selling and distribution expenses	(145,336)	(15.5)	(151,791)	(16.2)	(136,953)	(15.1)
Administrative expenses	(44,843)	(4.8)	(46,045)	(4.9)	(56,444)	(6.2)
Research and development expenses	(64,486)	(6.9)	(63,196)	(6.8)	(69,736)	(7.7)
Impairment losses on financial assets, net	(1,086)	(0.1)	(2,476)	(0.3)	(3,459)	(0.4)
Other expenses	(4,557)	(0.5)	(1,649)	(0.2)	(2,629)	(0.3)
Finance costs	(1,734)	(0.2)	(663)	(0.1)	(621)	(0.1)
Profit before tax	175,455	18.7	173,225	18.5	174,142	19.1
Income tax expense	(19,377)	(2.1)	(20,178)	(2.2)	(20,034)	(2.2)
Profit for the year	156,078	16.6	153,047	16.4	154,108	16.9

Revenue

The following table sets forth a breakdown of our revenue by product category, in absolute amounts and as percentages of the total revenue, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Drug delivery products	561,082	59.7	551,738	59.0	493,043	54.2
Vascular access products	320,070	34.0	304,657	32.6	324,556	35.7
Blood specimen collection products	43,796	4.6	56,847	6.1	66,134	7.3
Others ⁽¹⁾	15,622	1.7	22,386	2.3	25,993	2.8
Total	940,570	100.0	935,628	100.0	909,726	100.0

Note:

(1) Primarily include interventional therapy products, surgical products and medical imaging consumable products.

Drug Delivery Products

Comparison between 2024 and 2025. Our revenue from drug delivery products decreased by 10.6% from RMB551.7 million in 2024 to RMB493.0 million in 2025, primarily due to the decrease in the sales volume from 524.3 million units in 2024 to 466.9 million units in 2025. Such decrease in sales volume was mainly attributable to (i) changes in medical policies, which affected demand for our products and led to the overall decrease in the sales volume of drug delivery products, and (ii) we reduced the production and sales of products with relatively lower profit margin.

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Comparison between 2023 and 2024. Our revenue from drug delivery products remained relatively stable at RMB561.1 million in 2023 and RMB551.7 million in 2024.

Vascular Access Products

Comparison between 2024 and 2025. Our revenue from vascular access products increased by 6.5% from RMB304.7 million in 2024 to RMB324.6 million in 2025, primarily due to the increase in the sales volume from 77.8 million units in 2024 to 85.7 million units in 2025. Such increase in sales volume was mainly attributable to the expansion of our sales channel and our successful bids in centralized volume-based procurement programs, which enabled us to expand our market share and achieve steady sales growth, particularly for our PIVC.

Comparison between 2023 and 2024. Our revenue from vascular access products decreased by 4.8% from RMB320.1 million in 2023 to RMB304.7 million in 2024, primarily due to the decrease in the average selling price from RMB4.5 per unit in 2023 to RMB3.9 per unit in 2024, mainly because additional categories and a greater geographic coverage of our vascular access products were included in centralized volume-based procurement programs.

Blood Specimen Collection Products

During the Track Record Period, our revenue from blood specimen collection products increased from RMB43.8 million in 2023 to RMB56.8 million in 2024, and further to RMB66.1 million in 2025, primarily due to increase in the sales volume from 58.8 million units in 2023 to 77.6 million units in 2024, and further to 84.1 million units in 2025. Such increases were mainly attributable to the strong market demand for our arterial blood samplers, which obtained regulatory approval in 2022 and achieved broad customer acceptance in both domestic and overseas markets due to the competitive advantages and relatively limited competition in the market.

Others

During the Track Record Period, our revenue from others increased from RMB15.6 million in 2023 to RMB22.4 million in 2024, and further to RMB26.0 million in 2025, primarily due to the increased sales of our surgical products and medical imaging consumable products driven by growing market demand, particularly high-pressure contrast injectors.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of our total cost of sales, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Raw materials	265,715	51.9	254,856	50.3	236,936	49.7
Labor costs	78,385	15.3	84,981	16.8	85,678	18.0
Manufacturing costs	144,310	28.2	142,923	28.2	133,069	27.9
Freight and others	23,698	4.6	23,794	4.7	21,147	4.4
Total	<u>512,108</u>	<u>100.0</u>	<u>506,554</u>	<u>100.0</u>	<u>476,830</u>	<u>100.0</u>

Comparison between 2024 and 2025. Our cost of sales decreased by 5.9% from RMB506.6 million in 2024 to RMB476.8 million in 2025, primarily due to our effective cost control measures including optimization of manufacturing processes, increased automation in production and in-house production of certain key components.

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Comparison between 2023 and 2024. Our cost of sales remained relatively stable at RMB512.1 million in 2023 and RMB506.6 million in 2024.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit, in absolute amounts and as percentages of revenue, or gross profit margins, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit <i>RMB'000</i>	Gross Profit Margin %	Gross Profit <i>RMB'000</i>	Gross Profit Margin %	Gross Profit <i>RMB'000</i>	Gross Profit Margin %
Drug delivery products	203,582	36.3	206,961	37.5	189,502	38.4
Vascular access products	198,368	62.0	183,285	60.2	197,355	60.8
Blood specimen collection products	18,760	42.8	26,742	47.0	33,490	50.6
Others	<u>7,752</u>	49.6	<u>12,086</u>	54.0	<u>12,549</u>	48.3
Total gross profit/overall gross margin	<u>428,462</u>	45.6	<u>429,074</u>	45.9	<u>432,896</u>	47.6

During the Track Record Period, our gross profit margin steadily increased from 45.6% in 2023 to 45.9% in 2024 and 47.6% in 2025, primarily due to our effective cost control measures. The gross profit margin of our blood specimen collection products increased from 42.8% in 2023 to 47.0% in 2024, and further to 50.6% in 2025, primarily due to the changes in our product mix, as certain products entailing higher profit margin contributed a larger proportion of our revenue.

Other Income and Gains

The following table sets forth a breakdown of our other income and gains, in absolute amounts and as percentages of our total other income and gains, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Other income						
Government grants	2,870	31.7	1,626	16.3	3,057	27.6
VAT input tax credit increment deduction	2,385	26.4	2,663	26.7	2,322	20.9
Interest income	1,416	15.7	1,433	14.4	1,334	12.0
Investment income from structured deposits	1,607	17.8	2,821	28.3	3,920	35.4
Others	<u>467</u>	5.2	<u>1,018</u>	10.2	<u>378</u>	3.4
Subtotal	<u>8,745</u>	96.8	<u>9,561</u>	95.9	<u>11,011</u>	99.3

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	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Gains						
Foreign exchange gains, net. . .	212	2.3	406	4.1	77	0.7
Gains on lease terminations. . .	18	0.2	4	0.0	—	—
Gains on disposal of property, plant and equipment	59	0.7	—	—	—	—
Fair value gains on structured deposits.	1	0.0	—	—	—	—
Subtotal	290	3.2	410	4.1	77	0.7
Total	9,035	100.0	9,971	100.0	11,088	100.0

Comparison between 2024 and 2025. Our other income and gains increased by 11.2% from RMB10.0 million in 2024 to RMB11.1 million in 2025, primarily due to (i) the increase in government grants of RMB1.4 million, mainly because we received a special development fund in connection with talent introduction and technology development in 2025, and (ii) the increase in investment income from structured deposits of RMB1.1 million, mainly attributable to our increased purchase of structured deposits due to our strong cash flow position.

Comparison between 2023 and 2024. Our other income and gains increased by 10.4% from RMB9.0 million in 2023 to RMB10.0 million in 2024, primarily due to the increase in investment income from structured deposits of RMB1.2 million, mainly attributable to our increased purchase of structured deposits after taking into account our cash flow position.

Selling and Distribution Expenses

In 2023, 2024 and 2025, our selling and distribution expenses represented 15.5%, 16.2% and 15.1% of our total revenue, respectively.

The following table sets forth a breakdown of our selling and distribution expenses, in absolute amounts and as percentages of our total selling and distribution expenses, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	79,759	54.9	92,341	60.8	102,122	74.6
Marketing and promotion expenses	40,709	28.0	35,564	23.4	14,922	10.9
Travel expenses	19,595	13.5	19,357	12.8	13,608	9.9
Office expenses	1,234	0.8	1,052	0.7	1,297	1.0
Share-based payment	601	0.4	694	0.5	740	0.5
Others	3,438	2.4	2,783	1.8	4,264	3.1
Total	145,336	100.0	151,791	100.0	136,953	100.0

Comparison between 2024 and 2025. Our selling and distribution expenses decreased by 9.8% from RMB151.8 million in 2024 to RMB137.0 million in 2025, primarily due to the decrease in marketing and promotion expenses of RMB20.6 million, mainly because we gradually reduced marketing and promotion activities in regions where our products had been included in centralized procurement programs following the expansion of centralized volume-based procurement scope.

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Comparison between 2023 and 2024. Our selling and distribution expenses remained relatively stable at RMB145.3 million in 2023 and RMB151.8 million in 2024.

Administrative Expenses

In 2023, 2024 and 2025, our administrative expenses represented 4.8%, 4.9% and 6.2% of our total revenue, respectively.

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of our total administrative expenses, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	13,764	30.7	15,445	33.5	19,181	34.0
Tax and surcharges	11,607	25.9	11,333	24.6	11,772	20.9
Share-based payment	5,065	11.3	6,626	14.4	8,744	15.5
Depreciation and amortization	4,088	9.1	4,736	10.3	5,156	9.1
Professional service fees	2,350	5.2	805	1.7	3,651	6.5
Travelling and entertainment expenses	1,353	3.0	2,241	4.9	3,063	5.4
Office expenses	3,221	7.2	1,920	4.2	1,883	3.3
Others	3,395	7.6	2,939	6.4	2,994	5.3
Total	44,843	100.0	46,045	100.0	56,444	100.0

Comparison between 2024 and 2025. Our administrative expenses increased by 22.6% from RMB46.0 million in 2024 to RMB56.4 million in 2025, primarily due to (i) the increase in staff costs of RMB3.7 million, mainly due to the higher number of our administrative personnel and the resulting higher salaries and bonuses, and (ii) the increase in professional service fee of RMB2.8 million in connection with our proposed [REDACTED] on the Stock Exchange.

Comparison between 2023 and 2024. Our administrative expenses remained relatively stable at RMB44.8 million in 2023 and RMB46.0 million in 2024.

Research and Development Expenses

In 2023, 2024 and 2025, our research and development expenses represented 6.9%, 6.8% and 7.7% of our total revenue, respectively.

The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of our total research and development expenses, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	36,630	56.8	38,835	61.5	40,205	57.7
Raw materials and consumable used	13,300	20.6	11,363	18.0	11,105	15.9
Testing and registration expenses	6,674	10.3	4,473	7.1	9,955	14.3
Depreciation and amortization	2,355	3.7	2,768	4.4	3,309	4.7
Share-based payment	2,707	4.2	3,394	5.4	2,588	3.7
Others	2,820	4.4	2,363	3.6	2,574	3.7
Total	64,486	100.0	63,196	100.0	69,736	100.0

FINANCIAL INFORMATION

Comparison between 2024 and 2025. Our research and development expenses increased by 10.3% from RMB63.2 million in 2024 to RMB69.7 million in 2025, primarily due to the increase in testing and registration expenses of RMB5.5 million, mainly because several of our interventional therapy products and vascular access product projects entered the testing stage in 2025, resulting in relatively higher costs of relevant biological testing and animal studies due to product characteristics.

Comparison between 2023 and 2024. Our research and development expenses remained relatively stable at RMB64.5 million in 2023 and RMB63.2 million in 2024.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased significantly from RMB1.1 million in 2023 to RMB2.5 million in 2024, and further to RMB3.5 million in 2025, primarily due to increased impairment provisions made based on the aging profile of our trade and other receivables.

Other Expenses

The following table sets forth a breakdown of our other expenses, in absolute amounts and as percentages of our total other expenses, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Impairment losses on property, plant and equipment	3,988	87.5	—	—	1,858	70.7
Losses on disposal of items of property, plant and equipment	—	—	645	39.1	203	7.7
Donations.	162	3.6	253	15.3	100	3.8
Others	407	8.9	751	45.6	468	17.8
Total	4,557	100.0	1,649	100.0	2,629	100.0

Comparison between 2024 and 2025. Our other expenses increased by 59.4% from RMB1.6 million in 2024 to RMB2.6 million in 2025, primarily due to the increase in impairment losses on property, plant and equipment of RMB1.9 million, mainly in connection with our purchases of automated production equipment and the phasing out of certain less efficient production equipment.

Comparison between 2023 and 2024. Our other expenses decreased by 63.8% from RMB4.6 million in 2023 to RMB1.6 million in 2024, primarily due to the decrease in impairment losses on property, plant and equipment of RMB4.0 million, as we recognized higher impairment losses in 2023 in connection with the phasing out of certain less efficient production equipment.

Finance Costs

The following table sets forth a breakdown of our finance costs, in absolute amounts and as percentages of our total finance costs, for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Interest on bank borrowings . .	1,621	93.5	392	59.1	431	69.4
Interest on lease liabilities . . .	113	6.5	271	40.9	190	30.6
Total	1,734	100.0	663	100.0	621	100.0

FINANCIAL INFORMATION

Comparison between 2024 and 2025. Our finance costs remained relatively stable at RMB0.7 million in 2024 and RMB0.6 million in 2025.

Comparison between 2023 and 2024. Our finance costs decreased by 61.8% from RMB1.7 million in 2023 to RMB0.7 million in 2024, primarily due to the decrease in interest on bank borrowings of RMB1.2 million, as we repaid all of our bank borrowings in 2024.

Income Tax Expense

During the Track Record Period, our income tax expense remained relatively stable at RMB19.4 million, RMB20.2 million and RMB20.0 million in 2023, 2024 and 2025, respectively. And our effective tax rate (calculated as income tax expense divided by profit before tax) was 11.0%, 11.6% and 11.5%, respectively.

As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Profit for the Year

As a result of the foregoing, our profit for the year remained relatively stable at RMB156.1 million in 2023, RMB153.0 million in 2024, and RMB154.1 million in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and the net [REDACTED] from the [REDACTED]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB185.1 million, RMB213.3 million and RMB292.9 million as of December 31, 2023, 2024 and 2025, respectively.

Working Capital Sufficiency

Taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows from operating activities	240,672	195,701	234,424
Net cash flows used in investing activities . . .	(107,832)	(68,109)	(84,145)
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 the beginning of the year	122,221	185,102	213,267
Cash and cash equivalents at the end of the year	185,102	213,267	292,862

FINANCIAL INFORMATION

Net Cash Flows from Operating Activities

Our cash flows from operating activities reflect our profit before tax adjusted for: (i) non-cash or non-operating items (such as depreciation of property, plant and equipment and equity-settled share-based payment expenses); (ii) the effects of movement in working capital (such as contract liabilities, other payables and accruals and trade and bills receivables); and (iii) other cash items (including interest received and income tax paid).

In 2025, we had net cash flows from operating activities of RMB234.4 million, which primarily consisted of profit before tax of RMB174.1 million, adjusted for certain non-cash or non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of property, plant and equipment of RMB43.3 million, and (ii) equity-settled share-based payment expenses of RMB12.8 million. The amount was further adjusted by changes in working capital, mainly including (i) an increase in contract liabilities of RMB10.4 million, and (ii) an increase in other payables and accruals of RMB10.3 million.

In 2024, we had net cash flows from operating activities of RMB195.7 million, which primarily consisted of profit before tax of RMB173.2 million, adjusted for certain non-cash or non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of property, plant and equipment of RMB41.2 million, and (ii) equity-settled share-based payment expenses of RMB11.6 million. The amount was further adjusted by changes in working capital, mainly including a decrease in trade and bills payables of RMB8.1 million.

In 2023, we had net cash flows from operating activities of RMB240.7 million, which primarily consisted of profit before tax of RMB175.5 million, adjusted for certain non-cash or non-operating items. Adjustments for such non-cash and non-operating items primarily include depreciation of property, plant and equipment of RMB40.8 million. The amount was further adjusted by changes in working capital, mainly including an increase in other payables and accruals of RMB10.5 million, partially offset by a decrease in trade and bills payables of RMB7.4 million.

Net Cash Flows Used in Investing Activities

Our cash inflows from investing activities primarily consisted of proceeds from redemption of structured deposits. Our cash outflows from investing activities primarily consist of purchases of structured deposits and purchases of items of property, plant and equipment.

In 2025, our net cash flows used in investing activities was RMB84.1 million, which consisted primarily of (i) purchases of structured deposits of RMB687.0 million, and (ii) purchases of items of property, plant and equipment of RMB70.1 million, partially offset by proceeds from redemption of structured deposits of RMB687.0 million.

In 2024, our net cash flows used in investing activities was RMB68.1 million, which consisted primarily of (i) purchases of structured deposits of RMB732.4 million, and (ii) purchases of items of property, plant and equipment of RMB62.1 million, partially offset by proceeds from redemption of structured deposits of RMB733.4 million.

In 2023, our net cash flows used in investing activities was RMB107.8 million, which consisted primarily of (i) purchases of structured deposits of RMB446.8 million, and (ii) purchases of items of property, plant and equipment of RMB83.4 million, partially offset by proceeds from redemption of structured deposits of RMB450.9 million.

Net Cash Flows Used in Financing Activities

Our cash inflows from financing activities primarily consisted of new bank borrowings. Our cash outflows from financing activities primarily consisted of dividends paid and repayment of bank borrowings.

FINANCIAL INFORMATION

In 2025, our net cash flows used in financing activities was RMB70.7 million, which primarily consisted of (i) repurchase of shares of RMB45.9 million, and (ii) dividends paid of RMB40.0 million.

In 2024, our net cash flows used in financing activities was RMB99.4 million, which primarily consisted of (i) repayment of bank borrowings of RMB49.5 million, and (ii) dividends paid of RMB46.7 million.

In 2023, our net cash flows used in financing activities was RMB70.0 million, which primarily consisted of (i) dividends paid of RMB66.7 million, and (ii) repayment of bank borrowings of RMB59.5 million, partially offset by new bank borrowings of RMB59.5 million.

SELECTED BALANCE SHEET ITEMS

Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
				(Unaudited)
Current Assets				
Inventories	165,010	163,647	164,388	161,549
Trade and bills receivables . .	50,673	53,966	41,939	44,317
Prepayments, other receivables and other assets	9,413	10,726	13,162	27,523
Financial assets at fair value through profit or loss	1,001	—	—	—
Financial assets at fair value through other comprehensive income	854	2,088	5,767	5,065
Time deposits	—	—	32,563	10,775
Restricted cash	2,872	2,249	1,449	1,449
Cash and cash equivalents . .	185,102	213,267	292,862	328,138
Total current assets	414,925	445,943	552,130	578,816
Current liabilities				
Trade and bills payables	54,949	46,811	42,826	30,935
Other payables and accruals . .	80,932	85,549	73,952	73,911
Contract liabilities	51,671	46,046	56,476	31,006
Bank borrowings	49,533	—	5,015	5,000
Lease liabilities	1,760	2,095	2,448	2,590
Income tax payable	7,989	7,080	9,875	9,846
Total current liabilities	246,834	187,581	190,592	153,288
Net Current Assets	168,091	258,362	361,538	425,528

Comparison between December 31, 2025 and March 31, 2026. Our net current assets increased from RMB361.5 million as of December 31, 2025 to RMB425.5 million as of March 31, 2026, primarily due to (i) the increase in cash and cash equivalents of RMB35.3 million, and (ii) the decrease in contract liabilities of RMB25.5 million.

FINANCIAL INFORMATION

Comparison between December 31, 2024 and December 31, 2025. Our net current assets increased from RMB258.4 million as of December 31, 2024 to RMB361.5 million as of December 31, 2025, primarily due to the increase in cash and cash equivalents of RMB79.6 million.

Comparison between December 31, 2023 and December 31, 2024. Our net current assets increased from RMB168.1 million as of December 31, 2023 to RMB258.4 million as of December 31, 2024, primarily due to (i) the decrease in bank borrowings of RMB49.5 million, as we repaid all of our bank borrowings in 2024, and (ii) the increase in cash and cash equivalents of RMB28.2 million.

Inventories

Our inventories consist of (i) raw materials, mainly including polymer materials, packaging materials, and components, (ii) work in progress, and (iii) finished goods. The following table sets forth our inventories as of the dates indicated:

	As of December 31,		
	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

During the Track Record Period, our inventory remained relatively stable at RMB165.0 million, RMB163.6 million and RMB164.4 million as of December 31, 2023, 2024 and 2025, respectively. We believe that by maintaining optimal inventory levels, we can meet our customer demand and ensure their satisfaction without compromising our liquidity. To this end, we have put in place a set of policies and procedures to manage our inventories. See “Business — Logistics and Inventory Management — Inventory Management” for details.

The following table sets forth the aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	161,914	159,901	161,149
One to two years	9,206	2,615	5,320
Two to three years	1,553	4,273	780
Over three years	494	1,174	3,253
Total	173,167	167,963	170,502

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

	Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	126	123	129

Note:

- (1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of a given year divided by cost of sales for that corresponding year and multiplied by 365 days.

FINANCIAL INFORMATION

Our inventory turnover days remained relatively stable at 126 days, 123 days and 129 days in 2023, 2024 and 2025, respectively.

As of March 31, 2026, RMB142.1 million, or 83.3%, of our inventories as of December 31, 2025 had been sold or utilized.

Trade and Bills Receivables

Our trade and bills receivables mainly represent outstanding amounts due from our customers. The following table sets forth our trade and bills receivables as of the dates indicated:

	As of December 31,		
	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
Total	50,673	53,966	41,939

Our trade and bills receivables remained relatively stable at RMB50.7 million as of December 31, 2023 and RMB54.0 million as of December 31, 2024. Our trade and bills receivables decreased from RMB54.0 million as of December 31, 2024 to RMB41.9 million of December 31, 2025, primarily due to our enhanced collection efforts.

The following table sets forth the aging analysis of the trade receivables based on invoice date and/or acceptance, and net of loss allowance as of the dates indicated:

	As of December 31,		
	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
Over 36 months	—	—	—
Total	43,327	41,463	34,339

The following table sets forth our trade receivables turnover days during the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	17	18	18

Note:

- (1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant year, divided by the revenue for the same year and multiplied by 365 days.

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Our trade receivables turnover days remained stable at 17 days in 2023 and 18 days in both 2024 and 2025. During the Track Record Period, we did not experience any significant losses associated with our trade and bills receivables, and the fluctuation in our trade and bills receivables did not have any material adverse impact on our liquidity or cash flows.

As of March 31, 2026, RMB40.9 million, or 80.9%, of our trade and bills receivables as of December 31, 2025, had been settled.

Prepayments, Other Receivables and Other Assets

Our current prepayments, other receivables and other assets primarily consist of (i) prepayments mainly related to advance payments for raw materials and utilities expenses, (ii) [REDACTED] expenses, (iii) value-added tax recoverable and prepaid other tax, and (iv) other receivables. Our non-current prepayments, other receivables and other assets consist of prepayments for purchase of long-term assets, mainly in connection with our equipment. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Prepayments.	7,542	8,327	9,719
Deferred [REDACTED] expenses.	—	—	1,448
Value-added tax recoverable and prepaid other tax.	534	1,025	976
Other receivables.	1,712	1,698	1,492
Impairment allowance.	(375)	(324)	(473)
Subtotal.	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

Our prepayments, other receivables and other assets decreased from RMB23.6 million as of December 31, 2023 to RMB13.1 million as of December 31, 2024, primarily due to a decrease of RMB11.8 million in prepayments for the purchase of long-term assets.

Our prepayments, other receivables and other assets remained relatively stable at RMB13.1 million as of December 31, 2024 and RMB14.6 million as of December 31, 2025.

Financial Assets at Fair Value through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income primarily represent bank acceptance bills received from customers for the settlement of trade receivables.

Our financial assets at fair value through other comprehensive income increased from RMB0.9 million as of December 31, 2023 to RMB2.1 million as of December 31, 2024, and further to RMB5.8 million as of December 31, 2025, primarily due to the increased balance of bank acceptance bills with high credit ratings at the end of the period.

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Trade and Bills Payables

Our trade and bills payables mainly represent balances due to our suppliers for raw materials. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	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

Our trade and bills payables decreased from RMB54.9 million as of December 31, 2023 to RMB46.8 million as of December 31, 2024, and further to RMB42.8 million as of December 31, 2025, primarily due to a decrease in trade payables, mainly attributable to our reduced procurement of certain key components as we gradually achieved in-house production of such components.

The following table sets forth an aging analysis of our trade payables based on the date of goods or services received as of the dates indicated:

	As of December 31,		
	2023	2024	2025
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 following table sets forth our trade payables turnover days for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	40	37	34

Note:

- (1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by our cost of sales for the relevant year and multiplied by 365 days.

During the Track Record Period, our trade payables turnover days decreased from 40 days in 2023 to 37 days in 2024, and further to 34 days in 2025, primarily due to the decrease in the balance of our trade payables, mainly attributable to our reduced procurement of certain key components as we gradually achieved in-house production of such components.

As of March 31, 2026, RMB33.4 million, or 78.0%, of total trade and bills payables as of December 31, 2025, had been subsequently settled.

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Other Payables and Accruals

Our other payables and accruals primarily consist of (i) payroll and welfare payable relating to the salaries and benefits payable to our employees, (ii) payables for purchase of long-term assets mainly relating to purchases of equipment, (iii) other tax payables mainly representing VAT and surcharges, (iv) deposits and other payables mainly representing the deposits provided by certain distributors to ensure their compliance with our management policy, (v) provision for warranties, (vi) deferred income mainly representing government grants, and (vii) refund liabilities representing the estimated product return amount based on expected return rate. The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	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	6,545	8,038
Provision	301	629	—
Deferred income	845	1,045	1,237
Refund liabilities	794	736	769
Total	80,932	85,549	73,952

Our other payables and accruals increased from RMB80.9 million as of December 31, 2023 to RMB85.5 million as of December 31, 2024, primarily due to the increase in payables for purchase of long-term assets of RMB3.7 million, mainly in connection with our purchases of automated production equipment and the construction of new manufacturing facilities.

Our other payables and accruals decreased from RMB85.5 million as of December 31, 2024 to RMB74.0 million as of December 31, 2025, primarily due to the decrease in payables for purchase of long-term assets of RMB17.1 million, as we settled certain payables relating to automated equipment purchases and the construction of new manufacturing facilities.

As of March 31, 2026, RMB50.5 million, or 68.2%, of total other payables and accruals as of December 31, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities arose from (i) sale of medical devices, and (ii) deferred sale incentives, representing incentives to distributors that achieve sales benchmarks. See “Business — Sales and Marketing — Contractual Agreements with Distributors” for details. The following table sets forth our contract liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sale medical devices	38,775	33,033	43,185
Deferred sale incentives	12,896	13,013	13,291
Total	51,671	46,046	56,476

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Our contract liabilities decreased from RMB51.7 million as of December 31, 2023 to RMB46.0 million as of December 31, 2024, primarily due to the decrease in contract liabilities arising from sale of medical devices of RMB5.8 million, mainly because we granted credit terms to certain customers with long-term cooperation relationships and good credit profiles.

Our contract liabilities increased from RMB46.0 million as of December 31, 2024 to RMB56.5 million as of December 31, 2025, primarily due to the increase in contract liabilities arising from sale of medical devices of RMB10.2 million, mainly in connection with the increase in customer base and customer orders towards the end of 2025.

As of March 31, 2026, RMB49.1 million, or 87.0%, of our contract liabilities as of December 31, 2025 had been subsequently recognized as revenue.

Non-current Assets/Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment	454,096	480,850	486,137
Right-of-use assets	36,201	46,263	45,195
Intangible assets	773	651	536
Long-term prepayments	14,172	2,411	1,481
Time deposits	30,743	31,653	20,111
Deferred tax assets	3,977	5,023	8,447
Total non-current assets	539,962	566,851	561,907
Non-current liabilities			
Bank borrowings	—	—	15,000
Lease liabilities	3,839	3,451	2,983
Deferred income	8,572	8,622	11,231
Total non-current liabilities	12,411	12,073	29,214

Property, Plant and Equipment

Our property, plant and equipment consist of (i) buildings, (ii) molds and production equipment, (iii) office equipment and electronic devices, (iv) motor vehicles, and (v) construction in progress. The following table sets forth our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Buildings	208,256	208,082	226,378
Molds and production equipment	207,095	230,981	238,322
Office equipment and electronic devices	10,423	11,162	15,203
Motor vehicles	918	1,978	2,043
Construction in progress	27,404	28,647	4,191
Total	454,096	480,850	486,137

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Our property, plant and equipment increased from RMB454.1 million as of December 31, 2023 to RMB480.9 million as of December 31, 2024, primarily due to the increase in molds and production equipment of RMB23.9 million, mainly because we purchased more production equipment to support the expansion of our production capacity.

Our property, plant and equipment remained relatively stable at RMB480.9 million as of December 31, 2024 and RMB486.1 million as of December 31, 2025.

Right-of-use Assets

Our right-of-use assets consist of (i) buildings, and (ii) land use rights. The following table sets forth our right-of-use assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Buildings	5,781	5,563	5,575
Land use rights	30,420	40,700	39,620
Total	36,201	46,263	45,195

Our right-of-use assets increased from RMB36.2 million as of December 31, 2023 to RMB46.3 million as of December 31, 2024, primarily due to the increase in land use rights of RMB10.3 million.

Our right-of-use assets remained relatively stable at RMB46.3 million as of December 31, 2024 and RMB45.2 million as of December 31, 2025.

Deferred Income

Our deferred income represents government grants we received in support of our business operations and research and development projects.

Our deferred income remained relatively stable at RMB9.4 million and RMB9.7 million as of December 31, 2023 and 2024. Our deferred income increased to RMB12.5 million as of December 31, 2025, mainly reflecting government grants we received to support the upgrading of our production equipment.

INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				(Unaudited)
Current				
Bank borrowings	49,533	—	5,015	5,000
Lease liabilities.	1,760	2,095	2,448	2,590
Non-current				
Bank borrowings	—	—	15,000	15,000
Lease liabilities.	3,839	3,451	2,983	2,959
Total	55,132	5,546	25,446	25,549

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Bank Borrowings

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our bank borrowings, including current and non-current portions, amounted to RMB49.5 million, nil, RMB20.0 million and RMB20.0 million, respectively. During the Track Record Period, our bank borrowings were all denominated in RMB with fixed interest rates, and thus we were not subject to interest rate risks associated with these bank borrowings.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity [REDACTED] in the future. Our Directors confirm that there was no default in payments of our liabilities, and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

As of March 31, 2026, our committed unutilized banking facilities amounted to RMB508.4 million.

Lease Liabilities

Our lease liabilities are mainly in relation to our leased offices in Zibo, Shanghai and Shenzhen. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our lease liabilities, including current and non-current portions, amounted to RMB5.6 million, RMB5.5 million, RMB5.4 million and RMB5.5 million, respectively, remaining relatively stable during the Track Record Period.

Contingent Liabilities or Guarantees

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

No Other Outstanding Indebtedness

Except as disclosed above, as of March 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since March 31, 2026.

CAPITAL EXPENDITURE

The following table sets forth a breakdown of our capital expenditure for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchases of items of property, plant and equipment	83,411	62,105	70,090
Purchase of intangible assets	653	114	70
Total	84,064	62,219	70,160

FINANCIAL INFORMATION

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities. We expect to incur capital expenditure in the near future, primarily to support the growth of our business. We expect to fund these capital expenditures with a combination of cash flow generated from operating activities and net [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED]” for further details about our planned capital expenditure. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB8.6 million, RMB13.7 million and RMB3.1 million, respectively, primarily in connection with capital expenditure contracted for but not yet provided for properties, plant and equipment.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated:

	As of/For the Year Ended December 31,		
	2023	2024	2025
Current ratio ⁽¹⁾	1.7	2.4	2.9
Quick ratio ⁽²⁾	1.0	1.5	2.0
Gross profit margin ⁽³⁾	45.6%	45.9%	47.6%
Net profit margin ⁽⁴⁾	16.6%	16.4%	16.9%
Return on assets ⁽⁵⁾	17.2%	15.6%	14.5%
Return on equity ⁽⁶⁾	24.1%	20.3%	18.1%

Notes:

- (1) Current ratio equals total current assets divided by total current liabilities.
- (2) Quick ratio equals total current assets less inventories and divided by total current liabilities.
- (3) Gross profit margin equals to gross profit divided by revenue for the respective year.
- (4) Net profit margin equals to profit for the year divided by revenue for the respective year.
- (5) Return on assets equals to profit for the year divided by average balance of total assets at the beginning and the end of that year and multiplied by 100%.
- (6) Return on equity equals to profits for the year divided by average balance of total equity at the beginning and the end of that year and multiplied by 100%.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 36 to the Accountants’ Report included in Appendix I. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our Board has reviewed and agreed the following risk management policies. See Note 39 to the Accountants’ Report in Appendix I to this document for a detailed description of our financial risk management.

Credit Risk

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents, 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.

Liquidity Risk

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

Our objective is to maintain a balance between continuity and flexibility of funding through the use of bank and other borrowings and lease liabilities.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders’ value.

We manage our 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, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

We monitor capital using a gearing ratio, which is net debt divided by capital plus net debt. We aim 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 and other borrowings and lease liabilities, less cash and cash equivalents, restricted cash and time deposits. Capital represents equity attributable to owners of our Company.

DIVIDENDS

For the years ended December 31, 2023, 2024 and 2025, we declared and paid dividends of RMB66.7 million, RMB46.7 million and RMB40.0 million, respectively. See also Note 41 to the Accountants’ Report in Appendix I to this document.

We do not maintain a formal dividend policy or have a fixed dividend distribution ratio, and we may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Pursuant to the Articles of Association, our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition,

FINANCIAL INFORMATION

operating requirements, capital requirements, Shareholders’ interests and any other conditions that our Board may deem relevant. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had RMB384.9 million of retained profits available for distribution to our Shareholders.

PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

Savills Valuation and Professional Services (China) Limited, an independent property valuer, has valued certain of our property interests (“**Selective Property Interests**”) as of March 31, 2026. The full text of its letter, valuation report and certificates in connection with the Selective Property Interests are set out in Appendix IV to this document.

The table below shows the reconciliation of the Selective Property Interests from December 31, 2025 being the date to which our Group’s latest audited consolidated financial results were prepared, to March 31, 2026:

	<i>RMB’000</i>
Net book value our selective property as of December 31, 2025	287,988
Depreciation for the three months ended March 31, 2026	2,908
Net book value as of March 31, 2026	285,080
Valuation surplus as of March 31, 2026	69,020
Valuation as of March 31, 2026 as set out in Appendix IV to this document	354,100

Note:

- (1) The selective property mainly comprises buildings, land use rights and other related site facilities.

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include (i) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED], and (ii) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] expenses (based on the mid-point of the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately of [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of HK\$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED] expenses, accounting for approximately [REDACTED]% of our gross [REDACTED], was or is expected to be expensed through profit or loss and the remaining amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We recognized [REDACTED] expenses of [REDACTED], [REDACTED] and [REDACTED] in 2023, 2024 and 2025 in our consolidated statements of profit or loss and other comprehensive income, respectively.

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FINANCIAL INFORMATION

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of our latest audited financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] stated in this document), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED]. In line with our business strategies and development, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to enhance our scaled production capabilities for products sold in overseas market and for new products developed for China, to support the enrichment of our product portfolio and our expansion into global markets. This will primarily be applied to (i) expanding production areas to accommodate additional capacity under applicable compliance and quality conditions; and (ii) acquiring key production equipment to improve automation, efficiency and batch-to-batch consistency and to support precision processes required for certain higher-value-added new products. In particular:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for expansion of production areas to support scaled production of our products. We plan to establish production areas with a total gross floor area of approximately 18,000 sq.m. in Zibo, Shandong Province. The new production areas will be designed to meet applicable regulatory and quality requirements, will be functionally zoned based on product characteristics and risk profile, and will include dedicated production lines and supporting facilities for the relevant products. We commenced construction in April 2026 and plan to complete it by 2030.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to purchase additional production equipment to support the production of products sold in overseas markets and new domestic products. Such equipment will mainly include fully automated assembly lines, injection molding machines and packaging equipment.

See “Business — Our Strategies — Expanding Capacity and Compliant Manufacturing System to Drive Future Growth.”

Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our R&D facilities and team, enhance our R&D platforms and advance key R&D projects. In particular:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our R&D facilities, primarily our laboratories, testing platforms and pilot-scale verification areas, to strengthen our R&D infrastructure and provide dedicated facilities to support new products from design and prototyping through testing, validation and regulatory preparation.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to purchase R&D laboratory instruments and pilot-scale equipment. Such equipment will mainly include experimental molds, pilot-scale production equipment and testing equipment to support product development, process verification and performance testing.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to establish and enhance R&D platforms and fund key product development and R&D projects. This includes the construction of a medical metal materials processing technology platform and a precision embolization therapy technology platform for oncology, as well as the development of new functional balloon dilation catheter products and new sterile intravascular catheter products. The relevant funds are expected to be primarily used to cover material costs, labor costs and other expenses associated with such R&D platforms and projects.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our R&D team. We plan to recruit 60 to 90 new R&D personnel over the next five years.

See “Business — Our Strategies — Increasing R&D Efforts to Strengthen Product Development.”

Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used further strengthen our sales and marketing capabilities to support scalable growth. This will primarily be used to enhance market development, channel build-out and customer support In particular:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for our overseas commercial activities, including marketing initiatives (such as participation in industry exhibitions and professional conferences) and the recruitment of 20 to 40 overseas marketing and sales personnel over the next five years.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for our PRC commercial activities, including marketing initiatives (such as participation in industry exhibitions and professional conferences) and the recruitment of 40 to 60 domestic marketing and sales personnel over the next five years.

Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for working capital and general corporate uses.

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the estimated [REDACTED].

If the [REDACTED] is determined at HK\$[REDACTED] per [REDACTED], being the low end of the [REDACTED] stated in this document, after deducting the [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED], we will receive net [REDACTED] of approximately HK\$[REDACTED].

If the [REDACTED] is determined at HK\$[REDACTED] per [REDACTED], being the high end of the [REDACTED] stated in this document, after deducting the [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED], we will receive net [REDACTED] of approximately HK\$[REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to put into effect any part of our future development plans as intended, we will only deposit such net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed use of [REDACTED].

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

[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.

APPENDIX I

ACCOUNTANTS’ REPORT

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]

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APPENDIX I

ACCOUNTANTS’ REPORT

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.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	940,570	935,628	909,726
Cost of sales		<u>(512,108)</u>	<u>(506,554)</u>	<u>(476,830)</u>
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	<u>(1,734)</u>	<u>(663)</u>	<u>(621)</u>
PROFIT BEFORE TAX	7	175,455	173,225	174,142
Income tax expense	11	<u>(19,377)</u>	<u>(20,178)</u>	<u>(20,034)</u>
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>156,078</u>	<u>153,047</u>	<u>154,108</u>
Attributable to:				
Shareholders of the Company		156,196	153,169	154,108
Non-controlling interests		<u>(118)</u>	<u>(122)</u>	<u>—</u>
		<u>156,078</u>	<u>153,047</u>	<u>154,108</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Basic (RMB)	13	<u>2.34</u>	<u>2.30</u>	<u>2.31</u>
Diluted (RMB)	13	<u>2.34</u>	<u>2.30</u>	<u>2.31</u>

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ACCOUNTANTS’ REPORT

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

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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ACCOUNTANTS’ REPORT

		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

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to shareholders of the Company						Non- controlling interests	Total equity
	Share capital	Capital reserve*	Share-based payment reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	(note 29)	(note 31)	(note 31)	(note 31)				
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.	<u>66,660</u>	<u>(45,852)</u>	<u>410,961</u>	<u>34,452</u>	<u>43,133</u>	<u>384,877</u>	<u>894,231</u>

* 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.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	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

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	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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		<u>1,607</u>	<u>2,821</u>	<u>3,920</u>
Net cash flows used in investing activities		<u>(107,832)</u>	<u>(68,109)</u>	<u>(84,145)</u>
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.		<u>(1,621)</u>	<u>(425)</u>	<u>(416)</u>
Net cash flows used in financing activities		<u>(69,959)</u>	<u>(99,427)</u>	<u>(70,684)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		62,881	28,165	79,595
Cash and cash equivalents at beginning of year		<u>122,221</u>	<u>185,102</u>	<u>213,267</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>185,102</u></u>	<u><u>213,267</u></u>	<u><u>292,862</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	23	<u>185,102</u>	<u>213,267</u>	<u>292,862</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statements of financial position.		<u><u>185,102</u></u>	<u><u>213,267</u></u>	<u><u>292,862</u></u>

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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

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ACCOUNTANTS’ REPORT

		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

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ACCOUNTANTS’ REPORT

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:

<u>Name</u>	<u>Place and date of registration and place of operations</u>	<u>Nominal value of registered capital</u>	<u>Percentage of equity directly attributable to the Company</u>	<u>Principal activities</u>
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.

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

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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 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.

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- 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.

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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

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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.

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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.

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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.

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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

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- 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.

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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.

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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.

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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

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(a) Disaggregated revenue information

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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.

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Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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

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7. PROFIT BEFORE TAX

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

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

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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 RMB’000	2024 RMB’000	2025 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 RMB’000	Salaries, allowances and benefits in kind RMB’000	Performance related bonuses RMB’000	Equity-settled share-based payment expense RMB’000	Pension scheme contributions and social welfare RMB’000	Total remuneration 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

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	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 (<i>note i</i>)	—	421	900	2,689	129	4,139
Mr. Zou Peng (<i>note ii</i>)	—	342	513	1,181	124	2,160
Ms. Wang Huimin (<i>note ii</i>)	—	290	385	598	120	1,393
Mr. Patrick Jean Marie Bouveret (<i>note iii</i>)	—	—	—	—	—	—
Dr. Patrick Henri Jean Choay (<i>note iv</i>)	—	—	—	—	—	—
Subtotal	—	1,053	1,798	4,468	373	7,692
Supervisors:						
Ms. Ma Xuejing (<i>note v</i>)	—	278	352	787	—	1,417
Mr. Wang Cihai (<i>note v</i>)	—	213	457	142	121	933
Ms. Xiangzhi Mercier (<i>note v</i>)	—	—	—	—	—	—
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 (<i>note i</i>)	—	421	900	4,636	125	6,082
Mr. Zou Peng (<i>note ii</i>)	—	343	610	1,181	125	2,259
Ms. Wang Huimin (<i>note ii</i>)	—	291	512	598	125	1,526
Dr. Patrick Henri Jean Choay (<i>note iv</i>)	—	—	—	—	—	—
Mr. Dominique Andre Luc Choay (<i>note vi</i>)	—	—	—	—	—	—
Subtotal	—	1,055	2,022	6,415	375	9,867
Supervisors:						
Ms. Ma Xuejing (<i>note v</i>)	—	279	441	787	—	1,507
Mr. Wang Cihai (<i>note v</i>)	—	229	554	142	125	1,050
Ms. Xiangzhi Mercier (<i>note v</i>)	—	—	—	—	—	—
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.

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- (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

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Moulds and production equipment	Office equipment and electronic devices	Motor vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>214,814</u>	<u>212,039</u>	<u>8,854</u>	<u>1,275</u>	<u>3,132</u>	<u>440,114</u>
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. . . .	<u>208,256</u>	<u>207,095</u>	<u>10,423</u>	<u>918</u>	<u>27,404</u>	<u>454,096</u>
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	<u>208,256</u>	<u>207,095</u>	<u>10,423</u>	<u>918</u>	<u>27,404</u>	<u>454,096</u>

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	Buildings <i>RMB'000</i>	Moulds and production equipment <i>RMB'000</i>	Office equipment and electronic devices <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>208,256</u>	<u>207,095</u>	<u>10,423</u>	<u>918</u>	<u>27,404</u>	<u>454,096</u>
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. . . .	<u>208,082</u>	<u>230,981</u>	<u>11,162</u>	<u>1,978</u>	<u>28,647</u>	<u>480,850</u>
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	<u>208,082</u>	<u>230,981</u>	<u>11,162</u>	<u>1,978</u>	<u>28,647</u>	<u>480,850</u>

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ACCOUNTANTS’ REPORT

	Buildings <i>RMB'000</i>	Moulds and production equipment <i>RMB'000</i>	Office equipment and electronic devices <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>208,082</u>	<u>230,981</u>	<u>11,162</u>	<u>1,978</u>	<u>28,647</u>	<u>480,850</u>
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. . . .	<u>226,378</u>	<u>238,322</u>	<u>15,203</u>	<u>2,043</u>	<u>4,191</u>	<u>486,137</u>
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	<u>226,378</u>	<u>238,322</u>	<u>15,203</u>	<u>2,043</u>	<u>4,191</u>	<u>486,137</u>

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.

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The Company

	Buildings <i>RMB'000</i>	Moulds and production equipment <i>RMB'000</i>	Office equipment and electronic devices <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>214,814</u>	<u>211,361</u>	<u>8,854</u>	<u>1,275</u>	<u>3,132</u>	<u>439,436</u>
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. . . .	<u>208,256</u>	<u>206,104</u>	<u>10,423</u>	<u>918</u>	<u>27,404</u>	<u>453,105</u>
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	<u>208,256</u>	<u>206,104</u>	<u>10,423</u>	<u>918</u>	<u>27,404</u>	<u>453,105</u>

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	Buildings <i>RMB'000</i>	Moulds and production equipment <i>RMB'000</i>	Office equipment and electronic devices <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>208,256</u>	<u>206,104</u>	<u>10,423</u>	<u>918</u>	<u>27,404</u>	<u>453,105</u>
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.	<u>208,082</u>	<u>228,040</u>	<u>11,093</u>	<u>1,978</u>	<u>28,647</u>	<u>477,840</u>
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	<u>208,082</u>	<u>228,040</u>	<u>11,093</u>	<u>1,978</u>	<u>28,647</u>	<u>477,840</u>

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	Buildings <i>RMB'000</i>	Moulds and production equipment <i>RMB'000</i>	Office equipment and electronic devices <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>208,082</u>	<u>228,040</u>	<u>11,093</u>	<u>1,978</u>	<u>28,647</u>	<u>477,840</u>
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. . . .	<u>226,378</u>	<u>234,264</u>	<u>15,026</u>	<u>2,043</u>	<u>4,191</u>	<u>481,902</u>
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	<u>226,378</u>	<u>234,264</u>	<u>15,026</u>	<u>2,043</u>	<u>4,191</u>	<u>481,902</u>

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.

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(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 <i>RMB'000</i>	Leasehold land <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>5,575</u>	<u>39,620</u>	<u>45,195</u>

The Company

	Buildings <i>RMB'000</i>	Leasehold land <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>2,452</u>	<u>39,620</u>	<u>42,072</u>

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ACCOUNTANTS’ REPORT

(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.

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(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

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ACCOUNTANTS’ REPORT

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 <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Unrealised profits <i>RMB'000</i>	Deferred sale incentives <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Provision <i>RMB'000</i>	Total <i>RMB'000</i>
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 <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Deferred sale incentives <i>RMB'000</i>	Provision <i>RMB'000</i>	Total <i>RMB'000</i>
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

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Deferred tax liabilities

The Group and the Company

	Right-of-use assets <i>RMB'000</i>	Depreciation allowance in excess of related depreciation <i>RMB'000</i>	Total <i>RMB'000</i>
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 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
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 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
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 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
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.

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18. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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

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

The Group

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

The Company

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 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

	Within 12 months	13 to 24 months	Ageing 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

	Within 12 months	13 to 24 months	Ageing 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

	Within 12 months	13 to 24 months	Ageing 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

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The Company

As at 31 December 2023

	Within 12 months	13 to 24 months	Ageing 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

	Within 12 months	13 to 24 months	Ageing 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

	Within 12 months	13 to 24 months	Ageing 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

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The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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

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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.

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

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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

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An analysis of restricted cash is as follows:

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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

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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 2023	As at 31 December		
	RMB'000	2023 RMB'000	2024 RMB'000	2025 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 2023	As at 31 December		
	RMB'000	2023 RMB'000	2024 RMB'000	2025 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.

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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
	RMB’000	RMB’000
		2025
		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
	RMB’000	RMB’000
		2025
		RMB’000
Fixed interest rate	49,533	—
		20,015
Analysed into:		
Bank loans repayable:		
Within one year	49,533	—
In the second year	—	—
In the third to fifth years, inclusive	—	—
		5,015
		5,000
		10,000
Total	49,533	—
		20,015

28. DEFERRED INCOME

The Group and the Company

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

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

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 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 (<i>note 25</i>)	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 RMB'000	2024 RMB'000	2025 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

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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 RMB	Number of shares	Weighted average grant price per share RMB	Number of shares	Weighted average grant price per share RMB	Number of shares
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	<u>5.64</u>	<u>3,335,000</u>	<u>5.64</u>	<u>3,940,000</u>	<u>5.64</u>	<u>4,080,000</u>

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.

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The Company

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

	Capital reserve <i>RMB'000</i>	Share -based payment reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
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.

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(b) Changes in liabilities arising from financing activities

	Bank borrowings RMB'000	Lease liabilities RMB'000	Dividends payable RMB'000	Other payables for acquisition of non-controlling interests RMB'000	Total 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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 RMB'000
Contracted, but not provided for:			
Properties, plant and equipment	8,586	13,700	3,050

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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 RMB'000	2024 RMB'000	2025 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 RMB'000	2024 RMB'000	2025 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.

APPENDIX I

ACCOUNTANTS’ REPORT

(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

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>2,088</u>	<u>302,509</u>	<u>304,597</u>

Financial liabilities

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

As at 31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>5,767</u>	<u>389,943</u>	<u>395,710</u>

Financial liabilities

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

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ACCOUNTANTS’ REPORT

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			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
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

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ACCOUNTANTS’ REPORT

As at 31 December 2024

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

As at 31 December 2024

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

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in	Significant	Significant	
	active markets	observable	unobservable	
	Level 1	inputs	inputs	
	Level 1	Level 2	Level 3	
	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.

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ACCOUNTANTS’ REPORT

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1 RMB'000	Level 2 RMB'000	Level 3 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			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach 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

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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.

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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 <i>RMB’000</i>	1 to 5 years <i>RMB’000</i>	Total <i>RMB’000</i>
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 <i>RMB’000</i>	1 to 5 years <i>RMB’000</i>	Total <i>RMB’000</i>
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 <i>RMB’000</i>	1 to 5 years <i>RMB’000</i>	Total <i>RMB’000</i>
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.

APPENDIX I

ACCOUNTANTS’ REPORT

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.

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

HONG KONG TAXATION

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the [REDACTED] of H Shares. However, trading gains from the [REDACTED] of H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from [REDACTED] of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from [REDACTED] of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Taxes for Securities Holders

The income tax and the capital gains tax for holders of H Shares shall be subject to the laws and practices of PRC and the jurisdictions in which the holders of H Shares are residents or subject to taxes for other reasons. The following summary of relevant tax provisions is based on current laws and practices, and does not take into account anticipated changes in or amendments to the relevant laws and policies or constitute any opinions or suggestions. The discussion does not address all of the possible tax consequences associated with H Shares, nor does it take into account the particular circumstances of any individual [REDACTED], some of which may be subject to special rules. Accordingly, you should consult your own tax adviser as to the tax implications of the H Shares. The discussion is based on the laws and the relevant interpretations in force as of the Latest Practicable Date. All the laws and relevant interpretations are subject to changes and may have retrospective effect.

The discussion does not address any PRC tax issues other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective [REDACTED] should consult their tax advisors regarding the Chinese and other tax implications of holding and disposing of H-shares.

APPENDIX IV

PROPERTY VALUATION REPORT

The following is the text of a letter, valuation report prepared for the purpose of incorporation in this document received from Savills Valuation and Professional Services (China) Limited, an independent valuer, in connection with their opinion of market value of the Property held by the Group as at 31 March 2026.



The Directors
Shandong Ande Healthcare Apparatus Co., Ltd.
No.999, Zunxian Road
High-tech Zone
Zibo City, Shandong Province
PRC

Savills Valuation and
Professional Services (China) Limited
Room 1208, 12/F
1111 King's Road
Taikoo Shing, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

savills.com

15 May 2026

Dear Sirs,

INSTRUCTIONS

In accordance with the instructions from Shandong Ande Healthcare Apparatus Co., Ltd. (the “**Company**”) for us to value the Property held by the Company and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of the China (“**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of market value of the Property as at 31 March 2026 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation is our opinion of the market value of the Property concerned which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the latest edition of Royal Institution of Chartered Surveyors (“**RICS**”) Valuation — Global Standards effective from 31 January 2025, which incorporates the International Valuation Standards (“**IVS**”), and, where applicable, the relevant RICS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

APPENDIX IV

PROPERTY VALUATION REPORT

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by our Mr. Jim Wong, who is Head & Managing Director of Savills Valuation and Professional Services (China) Limited (“SVPSCL”), a RICS Registered Valuer, a PRC Registered Real Estate Appraiser and a member of the China Institute of Real Estate Appraisers (“CIREA”) with over 25 years’ experience in valuation of properties in the PRC, and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Property, we had not been involved in valuation of the Property in the past 12 months.

We are independent of the Group. We are not aware of any instances which would give rise to potential conflict of interest from us in the subject exercise. We confirm that we are in the position to provide objective and unbiased valuation for the Property.

VALUATION METHODOLOGY

In undertaking our valuation of the completed portion of the Property, due to the nature of the buildings and structures of the property and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available. It has therefore been valued by cost approach with reference to their depreciated replacement cost. Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed. For the land portion of Property, we have valued the property by direct comparison approach assuming sale of the property in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

In valuing the vacant site portion of the Property which is held by the Group for future development, we have valued the property by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

TITLE INVESTIGATION

We have been provided with copies of the title documents relating to the Property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a considerable extent on the information given by the Group and the legal opinion issued by the Group’s legal advisor, Allbright Law Offices (上海市錦天城律師事務所) (the “Group’s PRC legal advisor”), regarding the title to the Property.

SUSTAINABILITY AND ESG CONSIDERATIONS

ESG criteria are a set of standards which can be used to measure the performance of a business or investment in terms of sustainability. These criteria are increasingly being integrated into real estate valuation. At a property level, this includes environmental and climate impacts, the impact of buildings on the health and well-being of tenants/occupiers and local communities, and how a building is managed to encourage sustainable practices.

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Nevertheless, quantifying the impact of ESG on value requires specialized expertise and would take time to become evident. A data-driven analysis is essential to understand how ESG performance translates into value.

In these regards, we are unable to quantify the potential impact of ESG matters, if any, on value, as we are not in the position of an expert on the assessment of sustainability and ESG matters. You are recommended to make further enquiries and/or obtain further specialist or expert advice regarding ESG matters if necessary.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, tenancy details, site and floor areas, ESG matters (if any) and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We have also sought confirmation from the Group that no material facts have been omitted from the information supplied.

VALUATION ASSUMPTIONS

In valuing the property in the PRC, unless otherwise stated, we prepared our valuation on the basis that transferable land use rights in respect of the property for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. Therefore, unless otherwise stated, we have also prepared our valuation on the basis that the owner of the property has good legal title and has free and uninterrupted rights to occupy, use, transfer, lease or assign the property for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

SITE INSPECTION

We have inspected the exterior and where possible, the interior of the Property. Site inspection of the Property was carried out by our Mr. Dirk Li (Senior Associate Director) and Ms. Vicky Wu (Senior Manager) on 5 February 2026. The qualification and experience of Mr. Dirk Li and Ms. Vicky Wu in valuation of property in the PRC are listed as follows:

Mr. Dirk Li is a member of CIREA with over 18 years’ experience in valuation of properties in the PRC; and Ms. Vicky Wu is a member of CIREA and China Registered Land Valuer with over 20 years’ experience in valuation of properties in the PRC.

During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

APPENDIX IV

PROPERTY VALUATION REPORT

MARKET CONDITIONS COMMENT

Ongoing geopolitical tensions and military conflict in the Middle East have and are creating heightened volatility and uncertainty across global economies and financial markets. The evolving nature of the situation may contribute to increased market caution, potential disruption to investment sentiment and reduced clarity in transactional evidence in certain sectors and locations. It is therefore important to recognise that our valuation has been prepared against the fluid backdrop outlined above and the local economic environment. Moreover, investor behaviour can change quickly during such periods of volatility. As such, the conclusions set out in this report are only valid at the valuation date and we would recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ (as defined in the RICS Valuation — Global Standards).

LIMITATION OF LIABILITY

Savills Valuation and Professional Services (China) Limited has not prepared, reviewed or authorised any other information contained in this document and does not accept any responsibility for the contents of this document other than the valuation report prepared by it and incorporated herein.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi (“**RMB**”).

We enclose herewith our valuation report.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services (China) Limited

Jim Wong
MRICS CIREA
Head & Managing Director

Note: Mr. Jim Wong is a professional surveyor, a RICS Registered Valuer, a PRC Registered Real Estate Appraiser, and a member of CIREA who has over 25 years’ experience in valuation of properties in the PRC.

Encl.

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PROPERTY VALUATION REPORT

VALUATION REPORT

Property held by the Group for owner-occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2026
An industrial complex located at No.999 Zunxian Road, High-tech Zone, Zibo City, Shandong Province, PRC (the “Property”)	The Property comprises five parcels of land with a total site area of approximately 194,045.00 sq.m., upon which an industrial complex is proposed to be developed (the “Development”). The Development is situated along Zunxian Road in High-tech Zone of Zibo City. Developments in the vicinity are dominated by various industrial buildings. It is approximately 5 kilometers away from Zibo North Railway Station and about 93 kilometers from Jinan Yaoqiang International Airport. According to the information provided by the Group, the Property comprises completed portion and vacant site portion. The Completed Portion As advised by the Group, the completed portion of the Property comprises four parcels of land with a total site area of approximately 170,881.00 sq.m., on which 12 buildings with a total gross floor area (“GFA”) of approximately 101,395.41 sq.m., together with ancillary structures, have been erected. This portion of the Property was completed in various stages between 2005 and 2025. The buildings mainly comprise workshops, offices, warehouses, dormitory block, and canteen. The ancillary structures primarily include internal roads, boundary walls, parking areas, bicycle sheds, water tanks, and other related site facilities. The land use rights of this portion of the Property have been granted for terms of 50 years for industrial use, expiring on 22 November 2048 and 23 November 2071, respectively. The Vacant Site Portion As advised by the Group, this portion of the Property comprises a parcel of land with a site area of approximately 23,164.00 sq.m. It will develop into workshops with a proposed GFA of 8,300 sq.m. The land use rights of this portion of the Property have been granted for a term of 50 years for industrial use, expiring on 4 January 2074.	The Completed Portion As at the Valuation Date, it was occupied by the Group for production, office, staff quarters and ancillary uses. The Vacant Site Portion As at the Valuation Date, it was a vacant site.	RMB354,100,000 (Renminbi Three Hundred Fifty Four Million and One Hundred Thousand)

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Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Zigaoxin 01 2023 021 dated 6 December 2023, the land use rights of the vacant site of the Property with a site area of approximately 23,164.00 sq.m., has been granted to Shandong Ande Healthcare Apparatus Co., Ltd. (“Ande Healthcare”) for a term of 50 years for industrial use at a total land grant fee of RMB11,030,000.
- Pursuant to eleven Real Estate Ownership Certificates, the land use rights of five parcels of land of the Property with a total site area of approximately 194,045.00 sq. m. and building ownership of the Property with a total gross floor area of approximately 101,395.41 sq.m. have been granted to Ande Healthcare for industrial use. Details of the said Certificates are listed as follows:

No.	Certificate No.	Land Use Right Expiry Date	Site Area (sq.m.)	GFA (sq.m.)
1	Lu (2022) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0007480			9,980.01
2	Lu (2022) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0007481	22 November 2048	47,061.00	7,143.24
3	Lu (2022) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0007482			4,731.21
4	Lu (2022) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0006154			5,192.25
5	Lu (2022) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0006159	22 November 2048	44,936.00	625.37
6	Lu (2022) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0005991			11,691.08
7	Lu (2022) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0006030			4,612.55
8	Lu (2025) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0008391			5,299.23
9	Lu (2022) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0005988	22 November 2048	35,515.00	30,921.37
10	Lu (2024) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0004800	23 November 2071	43,369.00	21,199.10
11	Lu (2024) Zi Bo Gao Xin Qu Bu Dong Chan Quan Di No. 0000314	4 January 2074	23,164.00	
Total			194,045.00	101,395.41

- Pursuant to the Construction Work Commencement Permit No. 370301202603030101 dated 3 March 2026, the Vacant Site Portion will be developed into workshops with proposed GFA of about 8,300 sq.m. The construction contract period is from 15 March 2026 to 25 March 2028 and the permit requires the Group to commence the construction works within 3 months, otherwise re-application is required. As informed by the Group, no construction works were carried out on the Property and no construction expenses have been incurred as at the Valuation Date. As at the Valuation Date, we assessed this portion of the Property as vacant land.

- The breakdown of market value of the Property is as follows:

Portion	Market value as at the Valuation Date
The Completed Portion	RMB342,700,000
The Vacant Site Portion	RMB11,400,000
Total	RMB354,100,000

- We have been provided with a legal opinion on the title to the Property issued by the Group’s PRC legal advisor, which contains, *inter alia*, the following information:
 - Ande Healthcare is the legal owner of the Property and is entitled to occupy, use, lease and dispose of the Property; and
 - The Property is not subject to mortgage, seizure, any other encumbrances and limitation of the property rights.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix contains a summary of the principal provisions of the Articles of Association. As the principal objective of this Appendix is to provide potential [REDACTED] with an overview of the Articles of Association, it may not contain all the information that is important to potential [REDACTED].

SHARES AND REGISTERED CAPITAL

The Company’s shares are in the form of stock.

The issuance of the Company’s shares follows the principles of openness, fairness, and justice. Each share of the same category shall have equal rights.

Shares of the same category issued at the same time shall have the same issuance conditions and price. Each share shall be paid for at the same price by the subscriber.

INCREASE, REDUCTION, REPURCHASE, AND TRANSFER OF SHARES

Increase and Reduction of Shares

The Company may increase its capital by the following methods in accordance with the needs of its operation and development, in compliance with the provisions of laws, regulations, and the securities regulatory rules of the Company’s stock listing place, and upon resolutions passed by the Shareholders’ meeting:

- (i) Issuing shares to non-specific entity;
- (ii) Issuing shares to specific entities;
- (iii) Allotting bonus shares to existing shareholders;
- (iv) Converting capital reserve funds into share capital;
- (v) Other methods approved by laws, administrative regulations, and approved by the securities regulatory authorities where the Company’s shares are listed.

The Company may reduce its registered capital. The reduction of the Company’s registered capital shall be carried out in accordance with the procedures stipulated by the PRC Company Law, the Hong Kong Listing Rules, the provisions of laws, regulations, and the securities regulatory rules of the Company’s stock listing place and other relevant regulations and the Articles of Association.

Repurchase of Shares

The company shall not repurchase its shares. However, the following circumstances shall be excluded:

- (i) To reduce the Company’s registered capital;
- (ii) To merge with another company that holds shares in the Company;
- (iii) To use the shares for employee stock ownership plans or equity incentives;
- (iv) To repurchase shares from a shareholder who votes against any resolution adopted at the Shareholders’ Meeting on the merger or division of the Company requesting the Company to purchase the shares held by such Shareholder;
- (v) To use the shares for converting corporate bonds issued by the Company into shares;
- (vi) If necessary to protect the Company’s value and the rights and interests of shareholders;
- (vii) Other circumstances permitted by laws, administrative regulations, departmental rules and regulations, and the securities regulatory rules of the Company’s stock listing place.

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SUMMARY OF ARTICLES OF ASSOCIATION

The Company may repurchase its own shares through public centralized trading or other methods recognized by laws, administrative regulations, the Hong Kong Listing Rules, or the securities regulatory rules of the Company’s stock listing place, and shall comply with the provisions of applicable laws, administrative regulations, departmental rules and regulations, the securities regulatory rules of the Company’s stock listing place, and the China Securities Regulatory Commission (CSRC) (if necessary).

The Company shall repurchase its own shares through public centralized trading under the circumstances specified in item (iii), (v), and (vi) above.

The Company shall repurchase its own shares upon a resolution of the Shareholders’ meeting under the circumstances specified in items (i) and (ii) above. The Company shall repurchase its own shares upon an resolution of the Board of Directors attended by no less than two-thirds directors of the Board under the circumstances specified in items (iii), (v), and (vi) above, provided that it complies with the authorization by the Articles of Association or the Shareholder’s meeting.

After the Company repurchases its own shares in accordance with the above provisions, provided that it complies with the applicable securities regulatory rules of the place where the Company’s shares are listed, it shall cancel the repurchased shares within 10 days from the date of repurchase under the circumstances specified in item (i) above; it shall transfer or cancel the repurchased shares within 6 months under the circumstances specified in items (ii) and (iv) above; and under the circumstances specified in items (iii), (v), and (vi) above, the total number of its own shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, including shares that have been repurchased but not yet canceled, and shall be transferred or canceled within three years, except as permitted by applicable laws, regulations, and the securities regulatory rules of the Company’s stock listing place.

If the applicable laws, regulations, securities regulatory rules of the place where the Company’s shares are listed have other provisions regarding the repurchase of the Company’s shares, including but not limited to disclosure duty of share repurchase, the Company shall comply with such provisions.

Transfer of Shares

The Company’s shares shall be transferred in accordance with the law. Shares issued before the Company’s public offering and listing shall not be transferred within one year from the date the Company’s shares are listed and traded on the stock exchange.

Directors and senior management members of the Company shall report to the Company the shares they hold in the Company and any changes therein. During the term of office as defined at the time of their election, they shall not transfer more than 25% of the total number of shares they hold in the Company each year. The shares they hold in the Company shall not be transferred within one year from the date the Company’s shares are listed and traded. The aforesaid personnel shall not transfer the shares they hold in the Company within six months after their resignation.

If laws, administrative regulations, or securities regulatory rules of the place where the Company’s shares are listed have other provisions on the transfer restrictions of the Company’s shares, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS’ MEETING

General Provisions on Shareholders

The Company shall establish a register of shareholders. The register of shareholders is sufficient evidence of shareholders’ ownership of the Company’s shares.

Shareholders shall enjoy rights and bear obligations according to the types of shares they hold; shareholders holding the same type of shares shall enjoy equal rights and bear the same obligations.

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Shareholders of the Company shall enjoy the following rights:

- (i) The right to speak and vote at the General Meeting, unless required to abstain from voting on specific matters as stipulated by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (ii) To receive dividends and other forms of benefit distribution in accordance with the number of shares held;
- (iii) To request, convene, preside over, attend or appoint a shareholder proxy to attend the General Meeting of Shareholders in accordance with the law, to speak at the General Meeting of Shareholders, and to exercise corresponding voting rights, unless an individual shareholder is required to abstain from voting on specific matters under the securities regulatory rules of the listing place or applicable laws and regulations;
- (iv) Supervise the company’s operations and make recommendations or inquiries;
- (v) Transfer, gift or pledge the shares held by them in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the place where the company’s shares are listed, or the company’s Articles of Association;
- (vi) To inspect and copy the Articles of Association, the register of shareholders, the minutes of the General Meeting of Shareholders, the resolutions of the meetings of the Board of Directors, and the financial and accounting reports. Shareholders who meet the prescribed requirements may inspect the company’s accounting books and accounting vouchers;
- (vii) Upon the termination or liquidation of the company, to participate in the distribution of the company’s residual assets according to the proportion of shares held;
- (viii) Shareholders who dissent from the resolution of the General Meeting of Shareholders regarding the company’s merger or division, and request the company to purchase their shares;
- (ix) Other rights granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the place where the company’s shares are listed, or the company’s Articles of Association.

If the procedures for convening a General Meeting of Shareholders or a meeting of the Board of Directors violate laws, administrative regulations, or these Articles of Association, or if the voting method violates laws, administrative regulations, or these Articles of Association, or if the content of a resolution violates these Articles of Association, shareholders shall have the right to request the People’s Court to revoke such resolution within sixty (60) days from the date the resolution is made. However, this shall not apply if the procedures for convening the General Meeting of Shareholders or the meeting of the Board of Directors or the voting method involve only minor defects and have no material effect on the resolution.

Shareholders of the Company shall bear the following obligations:

- (i) To comply with laws, administrative regulations and the Articles of Association;
- (ii) To pay for the share subscription price according to the shares they subscribe for and the method of subscription;
- (iii) Not to withdraw their capital except in circumstances stipulated by laws and regulations;
- (iv) Not to abuse shareholder rights to damage the interests of the Company or other shareholders; not to abuse the Company’s independent legal person status and shareholders’ limited liability to damage the interests of the Company’s creditors;

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

- (v) Other obligations stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and causes severe harms to the interests of the Company’s creditors shall assume joint and several liability for the Company’s debts.

Controlling Shareholders and Actual Controllers

The Company’s controlling shareholders and actual controllers shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, the regulatory agencies and the stock exchange where the Company’s shares are listed and shall safeguard the interests of the Company.

The Company’s controlling shareholders and actual controllers shall comply with the following provisions:

- (i) To exercise shareholder rights according to law and not to abuse control rights or use affiliated relationships to damage the legitimate rights and interests of the Company or other shareholders;
- (ii) To strictly fulfill the public statements and commitments made and not to change or exempt them;
- (iii) To strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure, and promptly inform the Company of major events that have occurred or are about to occur;
- (iv) Not to occupy funds from the Company in any way;
- (v) Not to force, instruct, or require the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (vi) Not to use the Company’s undisclosed major information to seek benefits, not to disclose the Company’s undisclosed major information in any way, and not to engage in illegal activities such as insider trading, short-swing trading, market manipulation, etc.;
- (vii) Not to damage the legitimate rights and interests of the Company and other shareholders through unfair transactions with connected persons, profit distribution, asset restructuring, external investment, etc.;
- (viii) To ensure the Company’s asset integrity, personnel independence, financial independence, institutional independence, and business independence, and not to affect the Company’s independence in any way;
- (ix) Other provisions stipulated by laws, administrative regulations, the CSRC, the stock exchange, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

If the Company’s controlling shareholders or actual controllers do not serve as Directors of the Company but actually execute the Company’s affairs, the provisions of the Articles of Association on Directors’ duties of loyalty and diligence shall apply.

If the Company’s controlling shareholders or actual controllers instruct Directors or senior management members to engage in activities that may damage the interests of the Company or shareholders, they shall bear joint and several liability with such Directors or senior management members.

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General Provisions on Shareholders’ Meeting

The Shareholders’ meeting is the Company’s authority and shall exercise the following powers according to law:

- (i) To elect and replace Directors and decide on matters connected to Directors’ remuneration;
- (ii) To examine and approve the Board of Directors’ report;
- (iii) To examine and approve the Company’s profit distribution plan and loss recovery plan;
- (iv) To make resolutions on the Company’s increase or decrease of registered capital;
- (v) To make resolutions on the issuance of corporate bonds or other securities;
- (vi) To make resolutions on the Company’s merger, division, dissolution, liquidation, or change of corporate form;
- (vii) To amend the Articles of Association;
- (viii) To make resolutions on the appointment and dismissal of accounting firms auditing the Company;
- (ix) To examine and approve the guarantee matters stipulated in Article 48 of the Articles of Association;
- (x) To examine and approve matters connected to the Company’s purchase or sale of major assets exceeding 30% of the Company’s total assets as of the latest audited financial statements within one year;
- (xi) Examine and approve the change in the use of proceeds from the offering;
- (xii) Examine on the Equity Incentive Plan and the Employee Stock Ownership Plan;
- (xiii) Examine on other matters that shall be decided by the General Meeting of Shareholders as stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the company’s shares are listed, or the Articles of Association ;
- (xiv) Examine on the repurchase of the company’s shares under the circumstances stipulated in these Articles of Association

The following external guarantee of the Company must be reviewed and approved by the Shareholders’ meeting:

- (i) Any guarantee provided after the total external guarantees of the Company and its controlled subsidiaries exceed 50% of the Company’s net assets as of the latest audited financial statements;
- (ii) Any guarantee provided after the total external guarantees of the Company exceed 30% of the Company’s total assets as of the latest audited financial statements;
- (iii) Any guarantee provided within one year with a guarantee amount exceeding 30% of the Company’s latest audited total assets;
- (iv) Any guarantee provided to a guarantee object with a debt-to-asset ratio exceeding 70%;
- (v) Any single guarantee with an amount exceeding 10% of the Company’s net assets as of the latest audited financial statements;

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

- (vi) Any guarantee provided to the shareholders, actual controllers, and their connected parties (the definition of which refers to the Hong Kong Listing Rules);
- (vii) Other guarantee circumstances that shall be deliberated and approved by the general meeting of shareholders as stipulated by laws, administrative regulations, rules, normative documents, the *Hong Kong Listing Rules*, other securities regulatory rules of the place where the company's shares are listed, and the Articles of Association.

The Shareholders' meeting is classified into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be held once every fiscal year within six months after the end of the previous fiscal year.

Under any of the following circumstances, the Company shall convene an extraordinary Shareholders' meeting within two months from the date of occurrence:

- (i) When the number of directors is less than the number stipulated by the PRC Company Law or two-thirds of the number stipulated by the Articles of Association;
- (ii) When the unrecovered losses of the Company amount to one-third of the total share;
- (iii) When shareholder individually or with other shareholders jointly hold no less than 10% of the Company's shares request;
- (iv) When the Board of Directors deems it necessary;
- (v) When the Audit Committee proposes to convene;
- (vi) Other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Convening of Shareholders' Meeting

The Board of Directors shall convene the Shareholders' meeting within the prescribed time limit.

With the consent of more than half of all independent non-executive directors, independent non-executive directors have the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary Shareholders' meeting within 10 days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days as of the board resolution; if the Board of Directors does not agree to convene an extraordinary Shareholders' meeting, it shall explain the reasons.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit the proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary Shareholders' meeting within 10 days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of making the board resolution, and any changes to the original proposal in the notice shall be agreed upon by the Audit Committee. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within 10 days as of receiving the proposal, it shall be deemed that the Board of Directors is unable or unwilling to perform its duties of convening the Shareholders' meeting, and the Audit Committee may convene and preside over the meeting on its own.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

Shareholders who individually or jointly hold no less than 10% of the Company’s total issued share capital (excluding treasury stock) have the right to request the Board of Directors to convene an extraordinary Shareholders’ meeting and shall submit the request in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association, provide written feedback within 10 days after receiving the request, indicating whether it agrees or disagrees to convene the extraordinary Shareholders’ meeting. If the Board of Directors agrees to convene an extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days of making the board resolution, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders. If the Board of Directors does not agree to convene an extraordinary Shareholders’ meeting or fails to provide feedback within 10 days of receiving the request, shareholders who individually or jointly hold no less than 10% of the Company’s total issued share capital (excluding treasury stock) have the right to propose to the Audit Committee to convene an extraordinary Shareholders’ meeting and shall submit the request in writing to the Audit Committee. If the Audit Committee agrees to convene an extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days as of receiving the request, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders. If the Audit Committee fails to issue the notice of the Shareholders’ meeting within the prescribed time limit, it shall be deemed that the Audit Committee does not convene and preside over the Shareholders’ meeting, and shareholders holding no less than 10% of the Company’s total issued share capital separately or jointly for no less than 90 consecutive days may convene and preside over the meeting on their own.

If the Audit Committee or shareholders decide to convene the Shareholders’ meeting on their own, they shall notify the Board of Directors in writing. The shareholding ratio of the convening shareholders shall maintain no less than 10% of the total issued share capital prior to the approval of any resolution at the general meeting.

The necessary expenses for the Shareholders’ meeting convened by the Audit Committee or shareholders on their own shall be borne by the Company.

Proposals and Notices of the Shareholders’ Meeting

The content of the proposals shall fall within the scope of the Shareholders’ meeting’s authority, have clear topics and specific resolution matters, and comply with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, and the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

When the Company convenes a Shareholders’ meeting, the Board of Directors, the Audit Committee, and shareholders holding no less than 1% of the Company’s total issued share capital separately or jointly have the right to submit proposals to the Company.

Shareholders holding no less than 1% of the Company’s total issued share capital separately or jointly may submit temporary proposals in writing to the convener 10 days before the Shareholders’ meeting. The temporary proposals shall have clear topics and specific resolution matters. The convener shall, within 2 days of receiving the proposal, issue a supplementary notice of the Shareholders’ Meeting to inform shareholders of the content of the temporary proposals. The notice shall include the content of the temporary proposals, as well as the name of the shareholder who submitted the temporary proposals and their shareholding ratio. In addition, the convener shall submit the temporary proposals to the Shareholders’ Meeting for review. However, temporary proposals that violate laws, administrative regulations, or the Articles of Association, or do not fall within the scope of the Shareholders’ meeting’s authority, shall be excluded.

Except for the circumstances stipulated in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the Shareholders’ meeting or add new proposals after issuing the notice of the Shareholders’ meeting.

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Proposals not listed in the notice of the Shareholders’ meeting or not in compliance with the Articles of Association shall not be voted on or resolved at the Shareholders’ meeting.

The convener shall notify all shareholders by way of announcement 21 days before the annual Shareholders’ meeting and 15 days before the extraordinary Shareholders’ meeting. For the purpose of calculating the commencement of such time limits, the date of the meeting itself shall not be included, but the date on which the notice is issued shall be included.. In the event that there are any other provisions under applicable laws, regulations, or the rules of the securities regulatory authority of the place where the Company’s shares are listed, the Company shall comply with such provisions.

The notice of the Shareholders’ meeting shall include the following content:

- (i) The time, place, and duration of the meeting;
- (ii) The matters and proposals to be reviewed at the meeting;
- (iii) A clear statement that all shareholders are entitled to attend the Shareholders’ meeting and may appoint a proxy in writing to attend the meeting and vote, and the proxy does not need to be a shareholder of the Company;
- (iv) The record date for shareholders entitled to attend the Shareholders’ meeting;
- (v) The name and telephone number of the standing contact person for the meeting;
- (vi) The time and procedure for voting by network or other means;
- (vii) Other matters stipulated by laws, administrative regulations, departmental rules, the rules of the securities regulatory authority and the stock exchange where the Company’s shares are listed, and this Articles of Association.

Holding of the Shareholders’ Meeting

All shareholders who are registered on the record date as well as their proxies, shall be entitled to attend the shareholders’ meeting, and exercise their voting rights in accordance with the relevant laws, regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Company’s Articles of Association (unless individual shareholders are required to abstain from voting on specific matters in accordance with the securities regulatory rules of the place where the Company’s shares are listed).

Shareholders may attend the shareholders’ meeting in person or appoint a proxy(who need not be a shareholder of the Company) to attend, and vote on their behalf.

An Individual shareholder attending the meeting in person shall present their ID cards or other valid identification documents; if appointing a proxy to attend the meeting, he/she shall present valid ID cards and a power of attorney for the shareholder.

For a corporate shareholder or other institutional shareholder, its legal representative/executive partner or a proxy authorized by the legal representative/executive partner shall attend the meeting and vote at the meeting. If the legal representative/executive partner attends the meeting in person, he/she shall present his/her personal identification card and valid proof of his/her qualification as the legal representative/executive partner; if a proxy attends the meeting, the proxy shall present his/her personal identification card and a written power of attorney duly issued by the legal representative/executive partner of the corporate shareholder/institutional shareholder (except where the shareholder is a recognized clearing house (or its nominee) as defined by the relevant ordinances of Hong Kong from time to time).

The power of attorney for appointing a proxy to attend the Shareholders’ meeting shall specify the following content:

- (i) The name or title of the principal and the category and quantity of shares held;

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- (ii) The name or title of the proxy;
- (iii) The matters to be represented and the scope of authorization, the specific instructions of the shareholder, including instructions on voting for, against, or abstaining on each matter for deliberation included in the agenda of the General Meeting of Shareholders; specific instructions on whether there is voting rights for any temporary proposals that may be included in the agenda of the General Meeting of Shareholders, and if there are voting rights, what specific voting rights shall be exercised;
- (iv) The date of issuance and validity period of the power of attorney;
- (v) The signature (or seal) of the principal. Where the principal is a corporate shareholder or a partnership shareholder, the seal of the shareholder entity shall be affixed. If the overseas corporate shareholder does not have a seal, it may be signed by a legally authorized person.

The power of attorney shall indicate whether the proxy can vote at his or her own will if the shareholder does not give specific instructions.

If the power of attorney for proxy voting is signed by a person authorized by the principal, the authorization letter or other authorization documents shall be notarized. The notarized authorization letter or other authorization documents and the power of attorney for proxy voting shall be kept at the Company’s domicile or another place designated in the notice of the meeting.

If the shareholder is a Recognized Clearing House (or its proxy), the shareholder may authorize one or more persons it deems appropriate to act as its representative at any Shareholders’ meeting or creditors’ meeting; however, if more than one person is authorized, the power of attorney shall specify the number and category of shares involved in the authorization for each authorized person, and the power of attorney shall be signed by an authorized person of the Recognized Clearing House. The authorized person may attend Shareholders’ meeting (without presenting shareholding certificates, notarized authorization and/or further evidence confirming their formal authorization), and shall be entitled to the same statutory rights as those enjoyed by other shareholders (including the right to speak and vote), as if the person were an individual shareholder of the Company.

If the Shareholders’ meeting requires Directors and senior management members to attend the meeting, the Directors and senior management members shall attend and be subject to the interrogation of the shareholder.

The Shareholders’ meeting shall be presided over by the chairman of the Board of Directors. If the chairman is unable or unwilling to perform his duties, a Director elected by more than half of the Directors shall preside. The Shareholders’ meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or unwilling to perform his duties, an Audit Committee member elected by more than half of the Audit Committee members shall preside. The Shareholders’ meeting convened by shareholders shall be presided over by the convener or a representative elected by the convener. If the meeting chairperson violates the rules of procedure during the Shareholders’ meeting, making it impossible to continue the meeting, the Shareholders’ meeting may elect a person to act as the meeting chairperson with the consent of more than half of the voting rights held by the shareholders present at the meeting in person, and continue the meeting.

Voting and Resolutions at the Shareholders’ Meeting

Resolutions of the Shareholders’ meeting are classified into ordinary resolutions and special resolutions. An ordinary resolution of the Shareholders’ meeting shall be passed by more than half of the voting rights held by the shareholders present at the meeting. A special resolution of the Shareholders’ meeting shall be passed by no less than two-thirds of the voting rights held by the shareholders present at the meeting.

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The following matters shall be passed by the Shareholders’ meeting as ordinary resolutions:

- (i) The work report of the Board of Directors;
- (ii) The profit distribution plan and loss recovery plan proposed by the Board of Directors;
- (iii) The appointment and dismissal of board members and the Directors’ remuneration and payment methods;
- (iv) The appointment, dismissal or non-renewal of the accounting firm and its remuneration;
- (v) The Company’s Annual Report;
- (vi) Matters other than those which, under the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the company’s shares are listed, or these Articles of Association, must be passed by special resolution.

The following matters shall be passed by the Shareholders’ meeting as special resolutions:

- (i) The increase or reduction of the Company’s registered capital;
- (ii) The division, merger, dissolution, and liquidation (including voluntary liquidation) of the Company and change of the Company’s form;
- (iii) Amendments to the Articles of Association;
- (iv) The Company’s purchase or sale of major assets or provision of guarantees to others at the amount exceeding 30% of the Company’s latest audited total assets within one year;
- (v) Equity incentive plans;
- (vi) Other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association, as well as matters that the Shareholders’ meeting deems to have a significant impact on the Company and require a special resolution.

The Company’s shares held by the Company do not have voting rights, and such shares shall not be counted in the total number of voting shares present at the Shareholders’ meeting.

The Board of Directors, Independent Non-executive Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with the provisions of laws, administrative regulations, or the securities regulatory authority of the place where the company’s shares are listed may publicly solicit shareholders’ voting rights. The solicitation of shareholders’ voting rights shall fully disclose specific voting intentions and other information to the solicited parties. It is prohibited to solicit shareholders’ voting rights in a paid or disguised paid manner. Except as stipulated by law, the company shall not impose a minimum shareholding ratio restriction on the solicitation of voting rights.

If the Hong Kong Listing Rules stipulate that any shareholder must abstain from voting, or restrict voting to only in favor of (or against) other resolutions, then for such matters, if there is any violation of the relevant provisions or restrictions, the votes cast by such shareholders or their representatives shall not be counted.

When the Shareholder’s meeting deliberates on matters concerning Connected Transactions, the connected shareholders may make appropriate statements regarding such Connected Transaction matters, but shall not participate in the voting. The number of voting shares represented by them shall not be counted in the total number of valid votes.

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DIRECTORS AND BOARD OF DIRECTORS

General Provisions on Directors

The Directors of the Company may include executive Directors, non-executive Directors, and independent non-executive Director.

Directors of the Company shall be individuals. A person with any of the following circumstances shall not serve as a Director of the Company:

- (i) Having no capacity for civil conduct or limited capacity for civil conduct;
- (ii) Having been sentenced to a criminal penalty for embezzlement, bribery, infringement of property, misappropriation of property, or disrupting the socialist market economic order, or having had his/her political rights deprived due to a crime, and less than 5 years have elapsed since the expiration of the execution period, or if on probation, less than 2 years have elapsed since the expiration of the probation period;
- (iii) Having served as a director, factory director, or manager of a company or enterprise undergoing bankruptcy liquidation and being personally liable for the bankruptcy of such company or enterprise, and less than 3 years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;
- (iv) Having served as the legal representative of a company or enterprise whose business license has been revoked or has been ordered to close down due to illegal activities and being personally liable, and less than 3 years have elapsed since the revocation of the business license or the order to close down of such company or enterprise;
- (v) A person who has relatively significant individual debts that have not been settled upon maturity and are listed by the people’s court as a defaulter;
- (vi) Having been banned from access to the securities market by the CSRC and the term has not expired;
- (vii) A person who has been publicly determined by the stock exchange as unsuitable to serve as a director or senior management personnel of a company, and the term of such determination has not expired;
- (viii) Other circumstances stipulated by laws, administrative regulations, departmental rules, or the securities regulatory rules of the Company’s stock listing place.

Elections or appointments of Directors that violate the provisions of this section shall be invalid. If a Director becomes subject to any of the circumstances listed in this section during their tenure, the Company shall terminate their position and cease his duties.

Directors shall be elected or replaced by the Shareholders’ meeting and may be removed from their positions by a resolution of the Shareholders’ meeting before the expiration of their term. The term of office for Directors is three years, and upon the expiration of their term, they may be re-elected in accordance with the securities regulatory rules of the place where the Company’s shares are listed.

The term of office of a Director shall be calculated from the date of his/her assumption of office until the expiration of the term of office of the current Board of Directors. If a Director’s term of office expires and a timely re-election is not conducted, the original Director shall continue to perform the duties of a Director in accordance with the provisions of laws, administrative regulations, departmental rules and these Articles of Association until the newly elected Director assumes office.

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A Director may also hold the position of senior management positions, but the total number of Directors who also serve as senior management positions, as well as Directors who are employee representatives, shall not exceed half of the total number of Directors of the Company.

A Director may resign before the expiration of their term. A Director’s resignation shall be submitted to the Company in writing and shall become effective immediately upon receipt by the Company.

If the resignation of a Director results in the number of board members falling below the statutory minimum, or if the resignation of an independent non-executive Director results in the proportion of independent non-executive Directors on the Company’s Board of Directors or Special Committees not complying with the provisions of laws and regulations or the Articles of Association, or if there is a lack of accounting professionals among the independent non-executive Directors, the resigning Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association until the newly elected Directors assume office.

Board of Directors

The Company shall have a Board of Directors, which shall be responsible to the Shareholders’ meeting. The Board of Directors shall be composed of 9 directors, including 3 independent non-executive directors, 1 employee director. There shall be one Chairman of the Board. At all times, the Board of Directors shall have more than one-third independent non-executive directors, and the total number of independent non-executive directors shall not be less than three, at least one of whom shall possess appropriate professional qualifications as required by the relevant regulatory requirements, or appropriate accounting or related financial management expertise as stipulated in the relevant regulatory requirements.

The Board of Directors shall exercise the following powers and duties:

- (i) Convening the Shareholders’ meeting and reporting to the Shareholders’ meeting;
- (ii) Implementing the resolutions of the Shareholders’ meeting;
- (iii) Deciding on the Company’s business plans and investment proposals and to decide on the company’s entry into non-core business operation areas or changes to the existing core business;
- (iv) Formulating the Company’s profit distribution plans and loss recovery plans;
- (v) Formulating plans for the Company’s increase or decrease of registered capital, issuance of bonds or other securities, and listing;
- (vi) Drafting plans for major acquisitions, repurchases of the Company’s shares, mergers, divisions, dissolution, or changes of the Company’s form;
- (vii) Deciding on matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected party transactions, and external donations, within the scope authorized by the Shareholders’ meeting;
- (viii) Deciding on the establishment of the Company’s internal management structure;
- (ix) Deciding on the appointment or dismissal of the General Manager, secretary of the Board, and other senior management members, and determining their remuneration and reward (or punishment); based on the General Manager’s nomination, deciding on the

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appointment or dismissal of deputy Chief General Manager financial officer, and other senior management members, and determining their remuneration and reward (or punishment);

- (x) Formulating the Company’s basic management systems;
- (xi) Drafting amendments to the Articles of Association;
- (xii) Managing the Company’s information disclosure matters;
- (xiii) Proposing to the Shareholders’ meeting the appointment or replacement of the accounting firm auditing the Company;
- (xiv) Listening to the work report of the General Manager and inspect their work;
- (xv) Other powers and duties granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and securities regulatory rules of the place where the Company’s shares are listed, the Articles of Association, or the Shareholders’ meeting.

Matters beyond the scope of such authorization shall be submitted to the Shareholders’ meeting for resolution.

Board meetings are divided into regular meetings and interim meetings. The Board of Directors shall convene at least four meetings each year (once per quarter), which shall be convened by the Chairman of the Board. Notice of a regular meeting of the Board of Directors shall be given to all directors at least 14 days prior to the meeting. Regular meetings of the Board of Directors do not include obtaining Board approval by way of circulating written resolutions.

The notice for convening an extraordinary meeting of the Board of Directors shall be delivered by personal delivery, mail, facsimile, email, or telephone. The notice period shall be: notice or delivery shall be made no later than three days prior to the convening of the extraordinary meeting of the Board of Directors. However, with the unanimous consent of all Directors, the notice period for convening an interim meeting of the Board of Directors to discuss matters of special urgency shall not be subject to the restrictions set forth in the preceding paragraph.

A board meeting shall require the attendance of more than half of the Directors to be valid. Save otherwise provided by laws, administrative regulations, departmental rules, the articles of association, or the securities regulatory rules of the Company’s stock listing place, resolutions of the Board of Directors shall require the approval of more than half of all Directors. Each Director shall have one vote in board resolutions.

If a Director has a connected relationship with the enterprise or individual involved in a board resolution, the Director shall promptly report in writing to the Board of Directors. The connected Director shall not vote on the resolution or act as a proxy for another Director to vote. The board meeting shall proceed with the attendance of more than half of the non-connected Directors, and resolutions shall require the approval of more than half of the non-connected Directors. If the number of non-connected Directors attending the board meeting is less than three, the matter shall be submitted to the Shareholders’ meeting for resolution.

Meetings of the Board of Directors shall be attended by the directors in person. If a director is unable to attend for any reason, he/she may appoint in writing another director to attend on his/her behalf. An independent non-executive director shall appoint another independent non-executive director to attend on his/her behalf. The power of attorney shall specify the name of the proxy, the matters to be represented, the scope of authorization, and the term of validity, and shall be signed or sealed by the appointing party. A director shall not give or accept a proxy that lacks a voting intention, is a general proxy, or has an unclear scope of authorization. A director attending a

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meeting on behalf of another shall exercise the rights of a director within the scope of authorization. If a director does not attend a meeting of the Board of Directors and does not appoint a representative to attend, he/she shall be deemed to have waived his/her voting rights at that meeting.

Independent non-executive Director

Independent non-executive Director shall diligently perform their duties in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association. They shall play a role in decision-making, checks and balances, and professional consultation within the Board of Directors, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority shareholders.

Independent non-executive Director must maintain independence. The following persons shall not serve as independent non-executive Director:

- (i) Persons employed by the Company or its affiliated enterprises, as well as their spouses, parents, children, and close relatives;
- (ii) Persons who directly or indirectly hold no less than 1% of the Company’s issued shares or are among the top ten shareholders of the Company, as well as their spouses, parents, and children;
- (iii) Persons employed by shareholders who directly or indirectly hold no less than 5% of the Company’s issued shares or are among the top five shareholders of the Company, as well as their spouses, parents, and children;
- (iv) Persons employed by affiliated enterprises of the Company’s Controlling Shareholders or actual controllers, as well as their spouses, parents, and children;
- (v) Persons who have significant business dealings with the Company, its Controlling Shareholders, actual controllers, or their respective subsidiaries, or who are employed by entities that have significant business dealings with the Company, and their controlling shareholders or actual controllers;
- (vi) Persons who provide financial, legal, consulting, or underwriting services to the Company, its Controlling Shareholders, actual controllers, or their respective subsidiaries, including but not limited to project team members, reviewers, signatories, partners, Directors, senior management members, and principal responsible persons of intermediary institutions providing such services;
- (vii) Persons who have had any of the above-mentioned circumstances within the past 12 months;
- (viii) Other persons deemed not independent under laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.

Independent non-executive Director shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall annually evaluate the independence of incumbent independent non-executive Director and issue a special opinion.

The following matters shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all independent non-executive Director:

- (i) Connected party transactions that require disclosure;
- (ii) Other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.

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The Company shall establish a special meeting mechanism composed entirely of independent non-executive Director. Matters such as transactions with connected party to be reviewed by the Board of Directors shall be previously approved by the special meeting of independent non-executive Director. The Company holds special meetings of independent non-executive Director regularly or irregularly. Matters listed in Article 135 and items(i) to (iii) of paragraph 1 of Article 134 under the Articles of Association shall be reviewed by the special meeting of independent non-executive Director. The special meeting of independent non-executive Director may discuss other matters of the Company as needed.

The special meeting of independent non-executive Director shall be convened and presided over by one independent non-executive Director jointly recommended by more than half of the independent non-executive Director. If the convener fails to perform their duties or is unable to do so, two or more independent non-executive Director may convene the meeting and recommend one representative to preside.

Special Committees under the Board

The Company’s Board of Directors shall establish an Audit Committee to exercise the powers of a board of supervisors set out in PRC Company Law.

The Audit Committee shall consist of three members, all of whom shall be non-executive directors or independent non-executive Directors, with more than half thereof being independent non-executive Directors. The convener of the Audit Committee shall be an independent non-executive Director who is a professional in accounting.

The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audits, and internal controls. The following matters shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all Audit Committee members:

- (i) Disclosure of financial accounting reports and financial information in periodic reports, as well as internal control evaluation reports;
- (ii) Appointment or dismissal of the accounting firm auditing the Company;
- (iii) Appointment or dismissal of the Company’s financial officer;
- (iv) Changes in accounting policies, accounting estimates, or corrections of major accounting errors due to reasons other than changes in accounting standards;
- (v) Other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.

The Company has also established the nomination committee, the strategy committee and the remuneration and appraisal committee under the Board of Directors, which shall perform their duties in accordance with the securities regulatory rules of the place where the Company’s shares are listed, the Articles of Association, and the authorization of the Board of Directors. Proposals from the special committees shall be submitted to the Board of Directors for deliberation and decision. The working procedures of the special committees shall be formulated by the Board of Directors.

SENIOR MANAGEMENT PERSONNEL

The Company shall have one General Manager, who shall be appointed or dismissed by the Board of Directors. The Company may have several Deputy Managers, who shall be appointed or dismissed by the Board of Directors.

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The provisions of the Articles of Association regarding the circumstances under which a person may not serve as a Director shall also apply to senior management. The provisions of the Articles of Association regarding the fiduciary duties and diligence obligations of Directors shall also apply to senior management.

The General Manager shall be accountable to the Board of Directors and shall exercise the following powers and duties:

- (i) Presiding over the Company’s production, operation, and management activities, implementing the resolutions of the Board of Directors, and reporting to the Board of Directors;
- (ii) Implementing the Company’s annual business plans and investment proposals;
- (iii) Drafting proposals for the establishment of the Company’s internal management structure;
- (iv) Drafting the Company’s basic management systems;
- (v) Formulating the Company’s specific regulations;
- (vi) Recommend to the Board of Directors the appointment or dismissal of the Company’s Deputy Managers and financial officer;
- (vii) Deciding on the appointment or dismissal of management personnel other than those whose appointment or dismissal is to be decided by the Board of Directors;
- (viii) Approve transactions that do not need to be submitted to the Board of Directors, or shareholders’ meeting for deliberation and approval in accordance with the rules of the stock exchange where the Company is listed, these Articles of Association and other rules of procedure;
- (ix) Other powers and duties granted by the Articles of Association or the Board of Directors.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial and Accounting System

The Company shall establish its financial accounting system in accordance with laws, administrative regulations, the provisions of relevant national authorities, and the rules of the securities regulatory authorities of the place where the Company’s shares are listed.

The Company shall prepare the annual financial and accounting report within four months from the end of each fiscal year, and prepare the interim financial and accounting report within two months from the end of the first six months of each fiscal year.

The aforementioned financial accounting reports shall be prepared and announced in accordance with the provisions of relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the company’s shares are listed. Without violating relevant laws, administrative regulations, and departmental rules, if the company obtains permission or exemption from the securities regulatory authority of the place where its shares are listed regarding the disclosure (including the timing of publication) of performance announcements, interim reports, and annual reports, the company may conduct the relevant disclosure based on such permission or exemption.

The Company shall not establish separate accounting books in addition to the statutory accounting books. The Company’s funds shall not be stored in accounts opened in the name of any individual.

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When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company’s statutory reserve fund. If the cumulative amount of the Company’s statutory reserve fund exceeds 50% of the Company’s registered capital, the Company may cease to make further allocations. If the Company’s statutory reserve fund is insufficient to cover the losses of previous years, the Company shall use the current year’s profits to cover the losses before allocating the statutory reserve fund as stipulated above. After allocating the statutory reserve fund from the after-tax profits, the Company may also allocate a discretionary reserve fund from the after-tax profits upon a resolution of the Shareholders’ meeting.

After covering losses and allocating reserve funds, the remaining after-tax profits shall be distributed according to the proportion of shares held by shareholders. If the Shareholders’ meeting violates the PRC Company Law by distributing profits to shareholders before covering losses and allocating statutory reserve fund, the shareholders must return the profits distributed in violation of the regulations to the Company; if the Company suffers losses as a result, the shareholders and the responsible Directors and senior management shall bear the liability for compensation. The Company’s own shares held by the Company shall not participate in the distribution of profits.

The Company’s reserve funds shall be used to cover the Company’s losses, expand the Company’s production and operation, or convert into additional capital. When using reserve funds to cover the Company’s losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses cannot be fully covered, the capital reserve fund may be used in accordance with regulations. When converting the statutory reserve fund into additional registered capital, the remaining statutory reserve fund shall not be less than 25% of the Company’s registered capital before the conversion.

After the resolution on the profit distribution plan is passed at the Company’s general meeting, or after the Board of the Company formulates a specific distribution plan based on the conditions and upper limits for interim dividends approved at the annual general meeting, subject to the provisions of laws, regulations and the securities regulatory rules of the Company’s stock listing place, the Company shall complete the distribution of dividends (or bonus shares) within 2 months.

Internal Audit

The Company shall implement an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, application of audit results, and accountability for internal audit work.

The internal audit department is responsible to the Board of Directors.

Appointment of Accounting Firms

The company shall engage an accounting firm that complies with the provisions of the Securities Law, the Hong Kong Listing Rules, and other laws, regulations, administrative regulations, normative documents, and other securities regulatory rules of the place where the company’s shares are listed to conduct services such as financial statement audits, verification of net assets, and other related consulting services. The term of engagement shall be one year, commencing from the approval by the company’s annual general meeting until the conclusion of the next annual general meeting, and may be renewed.

The engagement or dismissal of an accounting firm by the company shall be submitted to the Board of Directors for deliberation upon approval by more than half of all members of the Audit Committee, and shall be decided by the General Meeting of Shareholders. The Board of Directors shall not appoint an accounting firm before the decision of the General Meeting of Shareholders.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or misreport such materials.

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The remuneration of the accounting firm shall be decided by the Shareholders’ meeting.

When the company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm at least 10 days in advance and must send a circular proposing the dismissal or non-renewal of the accounting firm, together with any written representations from the accounting firm (if any), to the shareholders at least 10 business days before the General Meeting of Shareholders is held. When the General Meeting of Shareholders votes on the dismissal of the accounting firm, the accounting firm shall be allowed to present its views.

If the accounting firm resigns, it shall explain to the Shareholders’ meeting whether there are any improper circumstances in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, and Capital Reduction

The Company’s merger can be in the form of an absorption merger or a consolidation merger. When one company absorbs other companies, it is an absorption merger, and the absorbed companies are dissolved. When two or more companies merge to form a new company, it is a consolidation merger, and all the merging companies are dissolved.

Where the payment for a company merger does not exceed 10% of the Company’s net assets, it may proceed without a Shareholders’ meeting resolution, unless otherwise provided by the Company’s Articles of Association. Where a merger is to be conducted without a shareholders’ meeting resolution in accordance with the provisions mentioned above, it shall be approved by a resolution of the Board of Directors.

For a company merger, the merging parties shall sign a merger agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days from the date of adopting the merger resolution and make an announcement in the National Enterprise Credit Information Publicity System within 30 days. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice, request the Company to pay off its debts or provide corresponding guarantees. In the event that the securities regulatory rules of the place where the Company’s shares are listed provide otherwise, the Company shall also comply with the relevant provisions.

When the Company merges, the credits and debts of the merging parties shall be succeeded by the surviving company after the merger or the newly established company.

When the Company divides, its assets shall be divided accordingly. When the Company divides, it shall prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of the division resolution and make an announcement in the National Enterprise Credit Information Publicity System within 30 days. In the event that the securities regulatory rules of the place where the Company’s shares are listed provide otherwise, the Company shall also comply with the relevant provisions.

The debts of the Company before the division shall be jointly assumed by the companies after the division, unless otherwise agreed in a written agreement between the Company and its creditors before the division.

When the Company needs to reduce its registered capital, it must prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of the Shareholders’ meeting resolution on the capital reduction and make an announcement in the National Enterprise Credit Information Publicity System within 30 days. Creditors may request the Company to settle its debts or provide corresponding guarantees within 30 days from the date of

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receiving the notice or within 45 days from the date of the announcement if they have not received the notice. In the event that the securities regulatory rules of the place where the Company’s shares are listed provide otherwise, the Company shall also comply with the relevant provisions.

When the Company merges or divides, and the registration matters change, it shall apply for a change of registration with the Company registration authority in accordance with the law; when a company is dissolved, it shall apply for cancellation of registration in accordance with the law; when a new company is established, it shall apply for establishment registration in accordance with the law. When the Company increases or reduces its registered capital, it shall apply for a change of registration with the Company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (i) If any event of dissolution under these Articles arises;
- (ii) The Shareholders’ meeting resolves to dissolve the Company;
- (iii) The Company needs to be dissolved due to a merger or division;
- (iv) The Company is legally revoked its business license, ordered to close, or revoked;
- (v) The Company’s operation and management encounter serious difficulties, and its continued existence would cause significant losses to shareholders’ interests, and no other solutions can be found. Shareholders holding 10% or more of the Company’s total voting rights may request the people’s court to dissolve the Company.

When the Company has the dissolution reasons mentioned above, it shall publicize the dissolution reasons through the National Enterprise Credit Information Publicity System within ten days.

If the Company has the circumstances mentioned in items (i) and (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its Articles of Association or through a resolution of the Shareholders’ meeting. To amend the Articles of Association or pass a resolution of the Shareholders’ meeting in accordance with the preceding paragraph, it must be approved by no less than two-thirds of the voting rights held by shareholders present at the Shareholders’ meeting.

If a company is dissolved due to the circumstances mentioned in items (i), (ii), (iv), and (v) above, it shall be liquidated. The Directors are the liquidation obligors and shall establish a liquidation group within 15 days from the date the dissolution reason arises to commence liquidation. The liquidation group shall consist of Directors, unless otherwise stipulated in the Articles of Association or the Shareholders’ meeting resolves to appoint others. If the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or creditors, they shall bear the liability for compensation.

During the liquidation period, the liquidation group shall exercise the following powers and duties:

- (i) Cleaning up the Company’s assets and preparing a balance sheet and a detailed inventory of assets;
- (ii) Notifying and announcing to creditors;
- (iii) Handling the Company’s unfinished business related to the liquidation;
- (iv) Paying off the taxes owed and the taxes incurred during the liquidation process;
- (v) Cleaning up claims and debts;

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

- (vi) Distributing the remaining assets after the Company’s debts are settled;
- (vii) Representing the Company in civil litigation activities.

The liquidation group shall notify creditors within 10 days from the date of its establishment and make an announcement in the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice. In the event that the securities regulatory rules of the place where the Company’s shares are listed provide otherwise, the Company shall also comply with the relevant provisions. When declaring claims, creditors shall explain the relevant matters of the claims and provide supporting materials. The liquidation group shall register the claims.

During the claim declaration period, the liquidation group shall not settle claims with creditors.

After cleaning up the Company’s assets and preparing a balance sheet and a detailed inventory of assets, the liquidation group shall formulate a liquidation plan and submit it to the Shareholders’ meeting or the people’s court for confirmation. After paying off the liquidation expenses, employees’ wages, social insurance fees, and statutory compensation, paying off the taxes owed, and settling the Company’s debts, the remaining assets shall be distributed to shareholders according to the proportion of shares held. During the liquidation period, the Company shall continue to exist but shall not engage in business activities unconnected to the liquidation. The Company’s assets shall not be distributed to shareholders before being settled in accordance with the preceding paragraph.

After cleaning up the Company’s assets and preparing a balance sheet and a detailed inventory of assets, if the liquidation group finds that the Company’s assets are insufficient to settle its debts, it shall apply to the people’s court for bankruptcy liquidation in accordance with the law. After the people’s court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people’s court.

After the Company’s liquidation is completed, the liquidation group shall prepare a liquidation report, submit it to the Shareholders’ meeting or the people’s court for confirmation, and submit it to the Company registration authority to apply for cancellation of the Company’s registration.

If the Company is legally declared bankrupt, it shall implement bankruptcy liquidation in accordance with the relevant enterprise bankruptcy laws.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under the following circumstances:

- (i) After the PRC Company Law or relevant laws, administrative regulations, or the securities regulatory rules of the place where the Company’s shares are listed are amended, the provisions of the Articles of Association conflict with the amended laws, administrative regulations, or securities regulatory rules of the place where the Company’s shares are listed;
- (ii) The Company’s circumstances change and are inconsistent with the matters recorded in the Articles of Association;
- (iii) The Shareholders’ meeting resolves to amend the Articles of Association.

If the amendment of the Articles of Association passed by a resolution of the Shareholders’ meeting requires approval by the competent authority, it shall be submitted to the competent authority for approval ; if it involves company registration matters, the change of registration shall be processed in accordance with the law.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders’ meeting on the amendment of the Articles of Association and the approval opinions of the competent authority.

If the amendment of the Articles of Association involves information required to be disclosed by laws, regulations, or the securities regulatory rules of the place where the Company’s shares are listed, it shall be announced in accordance with regulations.

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FURTHER INFORMATION ABOUT OUR GROUP

Establishment of our Company

Our Company was established as a limited liability company under the laws of the PRC on January 23, 2003, and was converted into a joint stock limited company under the laws of the PRC on June 1, 2022. Our Company’s registered office is located at Zunxian Road No. 999 High-tech Zone, Zibo City, Shandong Province, PRC.

Our Company has established a place of business in Hong Kong at 31/F, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on March 24, 2026. Ms. Ye Jiahong has been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

Changes in the Share Capital of our Company

Save as disclosed in “History, Development and Corporate Structure”, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in “History, Development and Corporate Structure — Our Subsidiaries” and Note 1 to the Accountants’ Report as set out in Appendix I to this document.

There has been no alteration in the registered capital of our subsidiaries within two years immediately preceding the date of this document.

Resolutions of the Shareholders

Pursuant to a general meeting held on May 6, 2026, the Shareholders resolved that, among others:

- (a) the [REDACTED] by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares being [REDACTED] on the Stock Exchange;
- (b) the number of H Shares to be [REDACTED] shall not be more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED] (without taking into account of any H Shares which may be [REDACTED] upon the exercise of the [REDACTED]), and the [REDACTED] in respect of not more than [REDACTED]% of the number of H Shares initially available under the [REDACTED] be granted;
- (c) subjects to the CSRC’s approval, upon completion of the [REDACTED], 33,907,256 Unlisted Shares in aggregate held by 11 Shareholders will be converted into H Shares on a one-for-one basis;
- (d) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association which shall become effective on the [REDACTED], and authorization to the Board to amend the Articles of Association to the extent necessary in accordance with laws, regulations and regulatory rules and requirements from relevant government bodies or regulatory authorities and for the purpose of the [REDACTED]; and
- (e) authorization of the Board or its authorized individual(s) to handle all matters relating, among other things, to the [REDACTED], the [REDACTED] and the [REDACTED] of H Shares on the Stock Exchange.

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FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

We [have] entered into the following contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

- (a) the Hong Kong [REDACTED].

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Registration number	Registered owner	Place of registration	Classification	Expiry date
1.		11318881	The Company	PRC	44	January 6, 2034
2.		11318630	The Company	PRC	44	January 6, 2034
3.		11318579	The Company	PRC	10	January 6, 2034
4.		11318585	The Company	PRC	10	January 6, 2034
5.		29934448	The Company	PRC	10	April 20, 2029
6.		29922756	The Company	PRC	10	January 27, 2029
7.		29922742	The Company	PRC	10	January 27, 2029
8.		59256874	The Company	PRC	10	May 13, 2032
9.		59588388	The Company	PRC	10	March 13, 2032
10.		60149437	The Company	PRC	10	April 13, 2032
11.		60722603	The Company	PRC	5	May 13, 2032
12.		60717223	The Company	PRC	5	May 13, 2032
13.		60717213	The Company	PRC	5	May 20, 2032
14.		60740904	The Company	PRC	5	May 13, 2032
15.		65570363	The Company	PRC	5	April 13, 2033

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No.	Trademark	Registration number	Registered owner	Place of registration	Classification	Expiry date
16.		65577058	The Company	PRC	44	December 20, 2032
17.	Andermed	66163708	The Company	PRC	17	January 13, 2033
18.	Andermed	66182178	The Company	PRC	9	May 20, 2033
19.	Andermed	66170091	The Company	PRC	5	April 6, 2033
20.	Andermed	66167412	The Company	PRC	16	March 13, 2033
21.	Andermed	66178517	The Company	PRC	35	March 13, 2033
22.	安得学苑	69303183	The Company	PRC	41	September 13, 2033
23.		73371672	The Company	PRC	10	February 13, 2034
24.	Andermed	1909251	The Company	Indonesia United Arab Emirates Mexico Japan Chile Qatar Colombia	10	December 16, 2035
25.	Andermed	018725822	The Company	European Union	10	June 30, 2032
26.		7132525	The Company	United States	10	August 8, 2033
27.		018726249	The Company	European Union	10	June 30, 2032
28.		7161434	The Company	United States	10	September 12, 2033
29.		927464209	The Company	Brazil	10	November 14, 2033
30.		018726244	The Company	European Union	10	June 30, 2032

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STATUTORY AND GENERAL INFORMATION

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
1.	Device for Preventing Catheter Blood Backflow	The Company	ZL202210348225.0	PRC	Invention	July 7, 2023
2.	Integrated Catheter Device Combining Catheter, Guidewire and Puncture Needle	The Company	ZL202210811570.3	PRC	Invention	November 22, 2022
3.	Medium- to Long-Term Indwelling Peripheral Venous Catheter Assembly	The Company	ZL202211244011.5	PRC	Invention	June 17, 2025
4.	Self-Venting Anti-Air-Bubble Infusion Set	The Company	ZL201110432748.5	PRC	Invention	June 26, 2013
5.	Automatic Air-Venting Infusion Set	The Company	ZL201510306582.0	PRC	Invention	January 1, 2019
6.	Closed System Fluid Transfer Device and Method Thereof	The Company	ZL201610626961.2	PRC	Invention	December 14, 2018
7.	Eine Abdichtung bewirkende Fluidtransfervorrichtung und ein eine Abdichtung bewirkendes Fluidtransferverfahren	The Company	DE 11 2017 003 170 B4	Germany	Invention	June 15, 2023
8.	Water- and Bacteria-Resistant Skin Protectant and Preparation Method Thereof	The Company	ZL202310354797.4	PRC	Invention	July 7, 2023
9.	Fixed-Dose Auto-Disable Syringe	The Company	ZL202110413516.9	PRC	Invention	July 26, 2024
10.	Injection Device with Fixed-Dose Auto-Disable Function	The Company	ZL202110496130.9	PRC	Invention	July 26, 2024
11.	Positive Pressure Elastic Valve and Needle-Free Connector	The Company	ZL201822132535.0	PRC	Utility Model	March 20, 2020
12.	Piston for Rapid Air Venting of Blood Gas Syringe and Rapid-Venting Blood Gas Syringe	The Company	ZL202122323597.1	PRC	Utility Model	May 27, 2022
13.	Needle-Stick Prevention Device for Huber Needles Used in Implantable Ports	The Company	ZL202220682669.3	PRC	Utility Model	August 19, 2022
14.	Safety PIVC with Anti-Reflux Function	The Company	ZL202222267277.3	PRC	Utility Model	April 25, 2023
15.	Winged Safety PIVC with Needle-Stick Prevention Feature	The Company	ZL202222268164.5	PRC	Utility Model	June 27, 2023
16.	Tear-Away Introducer Dilator Device	The Company	ZL202222258493.1	PRC	Utility Model	December 2, 2022
17.	Safety Implantable Port	The Company	ZL202521386646.8	PRC	Utility Model	September 5, 2025
18.	PIVC for Dialysis	The Company	ZL202522730895.0	PRC	Utility Model	January 30, 2026
19.	Disinfection Device for Infusion Connectors	The Company	ZL201620311736.5	PRC	Utility Model	March 15, 2017
20.	Device for Preventing Catheter Blood Backflow	The Company	ZL202220771679.4	PRC	Utility Model	November 11, 2022
21.	Novel Balloon Inflation Pressure Pump with Protective Device	The Company	ZL202322477176.3	PRC	Utility Model	July 30, 2024
22.	Microcatheter with Anti-Reflux Device	The Company	ZL202520633863.6	PRC	Utility Model	May 23, 2025

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Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we considered to be material to our business:

<u>No.</u>	<u>Domain name</u>	<u>Owner</u>	<u>Expiry date</u>
1.	andemed.com	The Company	December, 2030
2.	andehealthcare.com	The Company	September, 2026
3.	安得医疗.cn	The Company	June, 2027
4.	安得医疗.网址	The Company	June, 2027
5.	安得医疗.net	The Company	June, 2027
6.	安得医疗.com	The Company	June, 2027

FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Particulars of Directors’ Service Contracts

We [have] entered into a service contract or a letter of appointment with each of the Directors in respect of, among others, (i) term of service, (ii) termination, (iii) compliance with the relevant laws and regulations and (iv) observance of the Articles of Association. The service contracts and letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of the Group.

Remuneration of Directors

Save as disclosed in “Directors and Senior Management — Remuneration of Directors and Senior Management” and Note 9 to the Accountants’ Report set out in Appendix I to this document, for the three financial years ended December 31, 2023, 2024 and 2025, none of our Directors received other remunerations or benefits in kind from us.

Disclosure of Interests

Interests of the Directors and Chief Executive of our Company

Save as disclosed below, immediately following completion of the [REDACTED] (assuming no exercise of the [REDACTED]) and the conversion of the Unlisted Shares into H Shares, so far as the Directors are aware, none of the Directors or chief executive of our Company will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company and the Stock Exchange, once the H Shares are [REDACTED] on the Stock Exchange.

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Name	Position	Nature of interest	Number and description of Shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant type of Shares ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company ⁽²⁾
Mr. Ji	Executive Director and chairman of the Board	Interest in controlled corporations ⁽³⁾	[REDACTED] Unlisted Shares [REDACTED] H Shares	[REDACTED]% [REDACTED]%	[REDACTED]%
Dr. Patrick Henri Jean Choay	Non-executive Director	Interest in controlled corporation ⁽⁴⁾	[REDACTED] Unlisted Shares [REDACTED] H Shares	[REDACTED]% [REDACTED]%	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] H Shares in issue upon [REDACTED] comprising (i) an aggregate of [REDACTED] H Shares to be converted from the Unlisted Shares and (ii) [REDACTED] H Shares to be [REDACTED] pursuant to the [REDACTED] (without taking into account the H Shares which may be [REDACTED] upon the exercise of the [REDACTED]).
- (3) As of the Latest Practicable Date, Zibo Weilan holds approximately 73.29% of the shares in Shanghai Yirui. Therefore, Zibo Weilan is deemed to be interested in the 27,105,920 Shares in our Company held by Shanghai Yirui under the SFO. Zibo Heyi is the executive general partner of Zibo Weilan, Zibo Zhongce, Zibo Zhongjie, Zibo Zhongcheng, Zibo Zhonghui, Zibo Zhonghe and Zibo Zhong Yue. Therefore, Zibo Heyi is deemed to be interested in the 33,882,400 Shares in our Company held, directly and indirectly, by the aforementioned entities under the SFO.

As of the Latest Practicable Date, Mr. Ji holds 55.00% of the shares in Zibo Heyi and approximately 53.45% of the shares in Shanghai Zhuanjingle. Therefore, Mr. Ji is deemed to be interested in the 40,542,400 Shares in our Company held, directly and indirectly, by Zibo Heyi and Shanghai Zhuanjingle under the SFO.
- (4) As of the Latest Practicable Date, Dr. Patrick Henri Jean Choay holds approximately 89.34% of the shares in Patrick Choay SAS. Therefore, Dr. Patrick Henri Jean Choay is deemed to be interested in the 22,784,600 Shares in our Company held by Patrick Choay SAS under the SFO.

Interests of substantial Shareholders

Save as disclosed in “Substantial Shareholders” in this document, the Directors are not aware of any other person (other than the Directors or chief executive of our Company) who will, immediately following the completion of the [REDACTED] (assuming no exercise of the [REDACTED]) and the conversion of the Unlisted Shares into H Shares, have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of the Group.

2025 Stock Incentive Plan

The following is a summary of the principal terms of the 2025 Stock Incentive Plan adopted by our Company in January 2026, which is not subject to Chapter 17 of the Listing Rules as it does not involve any further grant of Awards (as defined below) by the Company after the [REDACTED].

Purpose of the plan

The purpose of the 2025 Stock Incentive Plan is to attract and retain highly qualified personnel, to offer additional incentives to Employees, and to promote the long-term development of the Company.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Awards and Grantees

The award(s) under the 2025 Stock Incentive Plan represent partnership interests in Zibo Zunxin and Zibo Tongxinyuan (“**Award(s)**”), corresponding to the underlying Shares held by such Employee Shareholding Platforms in the Company. The maximum number of Shares underlying to the Awards under the 2025 Stock Incentive Plan that are held by Zibo Zunxin and Zibo Tongxinyuan is 3,333,000 Shares.

The grantee(s) of the 2025 Stock Incentive Plan (“**Grantee(s)**”) are employees of the Company. In the event that a Grantee ceases employment with our Company, such Grantee shall transfer the Awards within 30 days of such cessation.

As of the Latest Practicable Date, our Company had granted all of the Awards under the 2025 Stock Incentive Plan to 59 Grantees corresponding to 3,333,000 underlying Shares, representing [REDACTED]% of the total issued Shares of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised). Among such Awards, (i) Awards corresponding to 229,000 and 54,000 underlying Shares were granted to Mr. Chen Xingang (陳心剛) and Ms. Xu Xuemei (許雪梅), respectively, each of whom is a connected person of the Company, and (ii) the remaining Awards corresponding to 3,050,000 underlying Shares were granted to 57 employees, each of whom is an Independent Third Party.

Lock-up Period

A Grantee shall not, within five years from the date on which such Grantee acquires the partnership interests (“**Lock-up Period**”), sell, transfer or otherwise dispose of the Awards in any manner. In the event that the Company’s Shares are [REDACTED] on any stock exchange prior to the expiration of the Lock-up Period, a Grantee may transfer the Awards with reference to the prevailing [REDACTED] of the underlying Shares. In the absence of such [REDACTED], a Grantee may, upon the expiration of the Lock-up Period, dispose of the Awards at a price determined in accordance with a predetermined formula.

Disclaimers

- (a) None of the Directors nor any of the experts referred to in “Qualifications of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group;
- (b) Save in connection with the [REDACTED], none of the Directors nor any of the experts referred to “Qualifications of Experts” below is (i) materially interested in any contract or arrangement subsisting at the date of this document which is interested legally or beneficially in any shares in any member of the Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and
- (c) None of the Directors or their respective close associates or the Shareholders who to the knowledge of the Directors are interested in more than 5% of our issued share capital has any interest in our top five customers or suppliers during the Track Record Period.

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

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Litigation

As of the Latest Practicable Date, no member of the Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as the Directors are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of the Group.

Sole Sponsor

The Sole Sponsor will receive an aggregate fee of HK\$5.0 million to act as the sponsor to our Company in connection with the [REDACTED].

Preliminary Expense

Our Company did not incur any material preliminary expense.

Promoters

The promoters of our Company are all then 3 shareholders of our Company as of June 1, 2022 before our conversion into a joint stock company with limited liability. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] or the related transactions described in this document.

Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Allbright Law Offices	Qualified legal advisor as to PRC law
Frost & Sullivan	Independent Industry Consultant
Savills Valuation and Professional Services (China) Limited	Property valuer

Consents of Experts

Each of the experts referred to in “Qualification of Experts” above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

APPENDIX VI

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Taxation of Holders of H Shares

The [REDACTED] of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see “Appendix III — Taxation and Foreign Exchange”.

Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as far as applicable.

Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as disclosed in this document, within the two years immediately preceding the date of this document:

- (a) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partially paid other than in cash or otherwise;
- (b) no share or loan capital of our Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company or any of its subsidiary has not issued nor agreed to issue any founder or management or deferred shares;
- (d) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (e) there are no arrangements under which future dividends are waived or agreed to be waived;
- (f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this document;
- (h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to deal in on any stock exchange other than the Stock Exchange is being or is proposed to be sought;
- (i) our Company has no outstanding convertible debt securities or debentures;
- (j) our Company is a joint stock limited company and is subject to the PRC Company Law; and
- (k) the English text of this document shall prevail over its respective Chinese text.

APPENDIX VII

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

1. the written consents referred to in “Appendix VI — Statutory and General Information — Other Information — Consents of Experts”; and
2. a copy of the material contracts referred to in “Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contracts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.andemed.com, for a period of 14 days from the date of this document:

1. the Articles of Association;
2. the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I;
3. the audited consolidated financial statements of our Company for the years ended December 31, 2023, 2024 and 2025;
4. the report prepared by Ernst & Young on the unaudited [REDACTED] financial information of the Group, the text of which is set out in Appendix II;
5. the letter, summary of property value and valuation reports relating to the property interest of our Group prepared by Savills Valuation and Professional Services (China) Limited, the text of which is set out in Appendix IV;
6. the material contract referred to in “Appendix VI — Statutory and General Information — Further Information about Our Business — Summary of Material Contract”;
7. the written consents referred to in “Appendix VI — Statutory and General Information — Other Information — Consents of Experts”;
8. the service contracts referred to in “Appendix VI — Statutory and General Information — Further Information about the Directors and Substantial Shareholders — Particulars of Directors’ Service Contracts”;
9. the PRC legal opinion issued by Allbright Law Offices, the PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of the Group under PRC law;
10. the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview”; and
11. the PRC Company Law, the PRC Securities Law, the Trial Measures and Guidelines for Articles of Association of Listed Companies issued by the CSRC, together with their unofficial English translations.