You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS.

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 our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are the world's largest ophthalmic medical services group, providing full-population, full life-cycle eye health services in response to the broad and evolving demand for eye care globally. While consolidating our strong market position in China, we continue to deepen our global strategic footprint. As of December 31, 2025, we had established an ophthalmic medical services network spanning Asia, Europe and North America, with 842 ophthalmic medical centers in total, including 663 in Chinese Mainland, 151 in Europe, 18 in Southeast Asia, nine in Hong Kong, and one in the United States. During the Track Record Period, revenue generated from our overseas operations increased steadily, accounting for 11.4%, 12.5% and 13.7% of our total revenue in 2023, 2024 and 2025, respectively, and has become an increasingly important growth driver for our Group.

On October 30, 2009, our Company completed the A-Share Listing, marking the beginning of a new chapter in our growth. Since then, we have provided ophthalmic medical services across 113 million outpatient visits. In 2025, our annual outpatient visits reached 18.89 million and our annual surgical volume exceeded 1.68 million procedures. Our scale is matched by sustained revenue growth. Our revenue increased by 3.0% from RMB20,367.2 million for the year ended December 31, 2023 to RMB20,982.9 million in 2024, and further increased by 6.5% to RMB22,352.6 million in 2025. For the years ended December 31, 2023, 2024 and 2025, our profit for the year amounted to RMB3,656.0 million, RMB3,736.1 million and RMB3,473.2 million, respectively.

BASIS OF PREPARATION

Our historical financial information has been prepared based on the accounting policies which conform with International Financial Reporting Standards ("**IFRS**") Accounting Standards issued by International Accounting Standards Board ("**IASB**"). For the purpose of preparing and presenting our historical financial information for the Track Record Period, we have consistently applied the accounting policies which have come into effect during the Track Record Period, except for the new and amendments to IFRS Accounting Standards that have been issued but are not yet effective. The new and amendments to IFRS Accounting Standards that have been issued but are not yet effective are set out in note 3 to the Accountants' Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by several factors, including the following:

Our Ability to Capture the Growth in the Ophthalmic Medical Services Market and Navigate the Evolving Regulatory Landscape

Our results of operations and long-term growth prospects depend significantly on our ability to capture expanding opportunities within the global and PRC ophthalmic medical services markets. We are deeply rooted in this industry, which has demonstrated robust historical growth and presents substantial future potential. According to CIC, the global ophthalmic medical services market grew from approximately US$130.5 billion in 2020 to approximately US$164.7 billion in 2025, representing a CAGR of approximately 4.8% from 2020 to 2025. Looking ahead, the market is expected to continue expanding, with a projected CAGR of approximately 6.4% from 2026 to 2030 and approximately 6.2% from 2031 to 2035, reaching approximately US$224.4 billion by 2030 and further rising to approximately US$304.5 billion by 2035. The ophthalmic market in China is experiencing a similar upward trajectory, providing a highly favorable macro environment for our continued expansion. According to CIC, the market expanded from RMB106.7 billion in 2020 to RMB156.1 billion in 2025, representing a CAGR of 7.9%. It is expected to reach RMB225.0 billion by 2030 and RMB348.8 billion by 2035, with CAGRs of 8.1% and 9.2%, respectively.

Furthermore, our financial performance and market capture are influenced by our ability to navigate the evolving regulatory landscape, particularly healthcare reform initiatives in China such as the DRG/DIP payment systems. These evolving landscape in China may necessitate near-term operational refinements. However, we view these policy measures as highly beneficial to our long-term development. By leveraging our standardized network operations and centralized management, we are able to translate DRG/DIP requirements into internal incentive and accountability mechanisms, standardizing treatment protocols, optimizing resource utilization, managing medical costs, and enhancing quality. Furthermore, these dynamics are deeply integrated with our discipline development and operational strategy, enabling us to meet broader patient demands while achieving simultaneous improvements in service efficiency and patient satisfaction.

Our Ability to Expand, Integrate and Mature Our Domestic and Global Medical Center Network

Our results of operations are affected by the scale, coverage, integration and maturation of our medical center network. As of December 31, 2025, we had operated 842 ophthalmic medical centers globally, including 663 in Chinese Mainland, 151 in Europe, 18 in Southeast Asia, nine in Hong Kong and one in the United States. In Chinese Mainland, our network had covered all of the 31 provincial-level administrative regions as of the end of 2025. This broad network increases patient accessibility, supports regional brand influence and enables us to serve patients with different levels of clinical need through a tiered diagnosis and treatment model.

Our historical revenue growth and future profitability are fundamentally driven by the successful execution of our network expansion strategy. Domestically, we rely on our proven hierarchical chain operation system to deepen our market penetration, establishing flagship hospitals in provincial capitals while rapidly scaling our footprint into prefecture-level and county-level ophthalmic medical centers. Globally, our strategic acquisitions in Europe, the United States, and Southeast Asia are critical to diversifying our revenue streams and capturing international market share. However, the addition of new ophthalmic medical centers inherently involves a gestation period. Newly established or acquired hospitals require significant upfront capital expenditures and typically incur initial operating losses before reaching break-even. Therefore, our overall financial performance hinges not only at the pace of our expansion but also on our ability to efficiently integrate these new entities into our centralized management, IT, and supply chain systems. Our capacity to standardize clinical protocols, realize economies of scale, and accelerate the maturation process of new hospitals from their initial ramp-up phase to sustained profitability will directly dictate our margin expansion and long-term financial viability.

Our Ability to Enhance Full-Lifecycle Ophthalmic Services, Grow Patient Volume and Strengthen Patient Retention

Our revenue is primarily generated from ophthalmic medical services. Our results of operations are influenced by our ability to deepen patient relationships and strengthen patient retention across our network. We provide full-lifecycle eye health management services covering 14 ophthalmic sub-specialties, designed to address the evolving visual health needs of patients from infancy through old age. This broad clinical coverage enables us to serve patients across multiple life stages and clinical needs, increasing the frequency and duration of patient engagement with our network. We promote full-course disease management, early patient intervention, patient education and closed-loop follow-up to build trust, enhance treatment adherence and encourage repeat visits. Our standardized clinical pathways, intra-city service ecosystem and referral model are designed to facilitate patient retention and cross-referral across our network, supported by cloud-based electronic medical records that enable seamless continuity of care. We also currently offer a highly personalized refractive surgery portfolio — including ICL, SMILE, Precision LASIK, TransPRK, and presbyopia correction — and are continuously upgrading our cataract, optometry, dry eye, retina, glaucoma and pediatric ophthalmology services. A growing base of highly engaged patients with strong retention will solidify our competitive advantage and sustain our long-term business growth. For details, see "Business — Full-Lifecycle Eye Health Management Services".

Our Ability to Execute Digital and AI Ophthalmology Strategy and Convert Data Assets into Clinical and Operational Advantages

Digitalization and AI are critical drivers of our clinical efficiency, operational management, and long-term scalability. Over the past decade, we have built a comprehensive technology architecture and aggregated one of the largest digital ophthalmic datasets in the industry. For details, see "Business — Digital and AI Ophthalmology." Our ability to convert this vast digital infrastructure and data asset pool into higher clinical consistency, cost advantages, and innovative service models will directly impact our long-term competitiveness and cost advantage. Beyond clinical applications, we also leverage AI for outpatient volume forecasting and scheduling optimization, consumable and pharmaceutical inventory prediction, personalized patient journey management, and intelligent customer service. These capabilities improve resource utilization and reduce wastage, driving meaningful gains in operating efficiency at the individual hospital level. However, scaling our data and AI utilization also requires sustained investment in data governance, cybersecurity, and regulatory compliance to mitigate operational risks. For details, see "Business — Information Security and Privacy Protection."

Our Ability to Maintain Medical Quality, Surgical Safety and Standardized Clinical Operations at Scale

Medical quality and safety are fundamental to our long-term growth and financial performance. As we expand globally, our operating results depend heavily on our ability to replicate consistent clinical standards across institutions of different sizes and maturity stages. We achieve this by transforming clinical know-how into executable, traceable standards through integrated systems for talent, technology, quality control, and supply chain management.

We operate a three-tiered digital quality control framework spanning the Group, provincial regions, and hospitals. This system enforces full-process diagnostic and treatment standards, standardized clinical pathways, and graded technical authorizations. To ensure compliance, we embed quality control logic into our AEMR and AHIS systems — such as standardized pre-operative checklists and video recording requirements for key surgical steps — allowing for randomized, cloud-based remote scoring. Furthermore, our centralized adverse event reporting enables rapid root-cause analysis and network-wide SOP updates. Surgical safety, infection control, and complaint management directly influence patient confidence and potential liability exposure, thereby affecting our profitability. While continued quality improvements drive patient loyalty and sustainable expansion, any lapse in safety could materially and adversely affect our brand and operating results. For details, see "Business — Quality and Safety Control."

Our Ability to Manage Cost Structure, Reduce Procurement Costs and Enhance Operating Efficiency and Economies of Scale

Our results of operations depend on our ability to manage costs and drive operational efficiency amid continuous network expansion and technological upgrades. During the Track Record Period, our cost of sales as a percentage of revenue increased from 49.2% in 2023 to 51.9% in 2024, and further to 52.9% in 2025, while our total operating expenses — primarily comprising selling and marketing, administrative, and research and development expenses — amounted to RMB5,068.1 million, RMB5,572.5 million, and RMB5,763.4 million, respectively, representing 24.9%, 26.6%, and 25.8% of total revenue. To optimize our cost structure, we actively implement measures such as capital expenditure discipline, centralized procurement, digital workflow enhancements, and AI-enabled management tools. Moving forward, as our newly established and acquired hospitals mature and achieve their target operating scale, we expect to realize greater economies of scale by leveraging our standardized network operations and shared resources to serve a growing patient base without a proportionate increase in costs.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated 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. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business operations, external conditions, currently available information, and reasonable expectations of future trends. For matters that are difficult to directly verify through other sources, the aforementioned comprehensive considerations form the basis for management to exercise professional judgment. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Our critical accounting policies and estimates are set forth in detail in note 4 and note 5 to the Accountants' Report set out in Appendix I of this document.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	**20,367,157**	**100.0**	**20,982,894**	**100.0**	**22,352,605**	**100.0**
Cost of sales	(10,021,975)	(49.2)	(10,886,549)	(51.9)	(11,821,512)	(52.9)
Gross profit	**10,345,182**	**50.8**	**10,096,345**	**48.1**	**10,531,093**	**47.1**
Other income, other gains and losses, net	(155,674)	(0.8)	529,797	2.5	155,439	0.7
Selling and marketing expenses	(1,966,310)	(9.7)	(2,151,670)	(10.3)	(2,145,337)	(9.6)
Administrative expenses	(2,768,254)	(13.6)	(3,100,237)	(14.8)	(3,315,548)	(14.8)
Research and development expenses	(333,489)	(1.6)	(320,631)	(1.5)	(302,483)	(1.4)
Impairment loss on receivables	(111,212)	(0.5)	(112,109)	(0.5)	(144,505)	(0.6)
Impairment loss on goodwill	(383,606)	(1.9)	(187,698)	(0.9)	(155,974)	(0.7)
Operating profit	**4,626,637**	**22.7**	**4,753,797**	**22.6**	**4,622,685**	**20.7**
Finance income	119,205	0.6	96,046	0.4	72,167	0.3
Finance costs	(194,823)	(1.0)	(255,561)	(1.2)	(269,717)	(1.2)
Finance costs, net	(75,618)	(0.4)	(159,515)	(0.8)	(197,550)	(0.9)
Profit before tax	**4,551,019**	**22.3**	**4,594,282**	**21.8**	**4,425,135**	**19.8**
Income tax expenses	(895,023)	(4.3)	(858,153)	(4.1)	(951,916)	(4.3)
Profit for the year	**3,655,996**	**17.9**	**3,736,129**	**17.7**	**3,473,219**	**15.5**

Revenue

During the Track Record Period, we primarily generated revenue from our comprehensive ophthalmic medical services, provided through our network of eye hospitals and clinics in China and overseas. Our service offerings primarily include refractive services, optometry services, cataract services, anterior segment ophthalmic services, posterior segment ophthalmic services, and other related medical services. The following table sets forth the breakdown of our revenue by categories of major service offerings, both in absolute amounts and as percentages of total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Medical services						
Refractive services	7,431,313	36.5	7,602,797	36.2	8,383,190	37.5
Optometry services	4,959,855	24.4	5,278,514	25.2	5,787,549	25.9
Cataract services	3,326,966	16.3	3,489,014	16.6	3,478,267	15.6
Anterior segment ophthalmic services	1,791,380	8.8	1,897,935	9.0	2,030,764	9.1
Posterior segment ophthalmic services	1,385,583	6.8	1,499,481	7.1	1,573,036	7.0
Other services[1]	1,417,762	6.9	1,142,322	5.6	1,028,221	4.6
Subtotal	20,312,859	99.7	20,910,063	99.7	22,281,027	99.7
Others[2]	**54,298**	**0.3**	**72,831**	**0.3**	**71,578**	**0.3**
Total	**20,367,157**	**100.0**	**20,982,894**	**100.0**	**22,352,605**	**100.0**

Notes:

(1) Other services primarily include other medical services and sales of medical consumables, medical equipment and pharmaceuticals.

(2) Others mainly consist of rental income from leasing of properties.

The following table sets forth the breakdown of our revenue by geographic location, both in absolute amounts and as percentages of total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland	18,055,061	88.6	18,358,025	87.5	19,295,547	86.3
Europe	1,720,381	8.4	2,030,854	9.7	2,432,936	10.9
Southeast Asia	368,463	1.8	396,150	1.9	432,980	1.9
Others[1]	223,252	1.2	197,865	0.9	191,142	0.9
Total	**20,367,157**	**100.0**	**20,982,894**	**100.0**	**22,352,605**	**100.0**

Note:

(1) Others mainly comprise Hong Kong and the United States.

Cost of Sales

Our cost of sales mainly consisted of (i) costs of medical materials, mainly related to ophthalmic pharmaceuticals and consumables used in the provision of our ophthalmic medical services; (ii) staff costs, primarily representing salaries and bonuses paid to our medical employees; (iii) depreciation and amortization; and (iv) others, primarily including travelling expenses, office expenses and other miscellaneous costs incurred in connection with the ordinary operation of our hospitals and clinics. The following table sets forth the breakdown of our cost of sales by nature, both in absolute amounts and as percentages of total cost of services, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Medical materials	4,605,209	46.0	4,671,004	43.0	5,001,025	42.3
Staff costs	3,313,214	33.1	3,923,417	36.0	4,246,804	35.9
Depreciation and amortization	1,528,042	15.2	1,742,814	16.0	2,031,796	17.2
Others	575,510	5.7	549,314	5.0	541,887	4.6
Total	**10,021,975**	**100.0**	**10,886,549**	**100.0**	**11,821,512**	**100.0**

The following table sets forth the breakdown of our cost of sales by categories of major service offerings, both in absolute amounts and as percentages of total cost of sales, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of sales from medical services						
Refractive services	3,165,985	31.6	3,412,760	31.3	3,771,822	31.9
Optometry services	2,130,265	21.3	2,402,350	22.1	2,782,790	23.5
Cataract services	2,063,671	20.6	2,277,418	20.9	2,313,589	19.6
Anterior segment ophthalmic services	973,111	9.7	1,115,736	10.2	1,211,560	10.2
Posterior segment ophthalmic services	905,148	9.0	1,029,193	9.5	1,139,078	9.6
Other services	764,673	7.6	630,437	5.8	579,958	5.0
Subtotal	10,002,853	99.8	10,867,894	99.8	11,798,797	99.8
Others	**19,122**	**0.2**	**18,655**	**0.2**	**22,715**	**0.2**
Total	**10,021,975**	**100.0**	**10,886,549**	**100.0**	**11,821,512**	**100.0**

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded total gross profits of RMB10,345.2 million, RMB10,096.3 million and RMB10,531.1 million, and gross profit margins of 50.8%, 48.1% and 47.1%, for the years ended December 31, 2023, 2024 and 2025, respectively. The following table sets forth our gross profit and gross profit margin by categories of major service offerings for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Medical services						
Refractive services	4,265,328	57.4	4,190,037	55.1	4,611,368	55.0
Optometry services	2,829,590	57.0	2,876,164	54.5	3,004,759	51.9
Cataract services	1,263,295	38.0	1,211,596	34.7	1,164,678	33.5
Anterior segment ophthalmic services	818,269	45.7	782,199	41.2	819,204	40.3
Posterior segment ophthalmic services	480,435	34.7	470,288	31.4	433,958	27.6
Other services	653,089	46.1	511,885	44.8	448,263	43.6
Subtotal	10,310,006	50.8	10,042,169	48.0	10,482,230	47.0
Others	**35,176**	**64.8**	**54,176**	**74.4**	**48,863**	**68.3**
Total	**10,345,182**	**50.8**	**10,096,345**	**48.1**	**10,531,093**	**47.1**

The following table sets forth our gross profit and gross profit margin by geographic location for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland	9,305,055	51.5	8,899,790	48.5	9,119,754	47.3
Europe	827,657	48.1	995,366	49.0	1,208,437	49.7
Southeast Asia	151,123	41.0	153,012	38.6	157,156	36.3
Others	61,347	27.5	48,177	24.3	45,746	23.9
Total	**10,345,182**	**50.8**	**10,096,345**	**48.1**	**10,531,093**	**47.1**

Other Income

Our other income primarily consisted of (i) government grants, mainly represented one-off incentives provided by local government to support our daily business operations; (ii) investment income from financial assets at FVTPL and debt securities at amortized cost; (iii) income from wealth management products; and (iv) others, primarily comprise refund of handling fees for individual income tax. The following table sets forth a breakdown of our net other income, in absolute amounts and as percentages of total net other income, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Government grants	218,060	81.7	215,578	83.4	75,430	53.0
Investment income from financial assets at FVTPL and debt securities at amortized cost	21,776	8.2	19,006	7.4	34,072	23.9
Income from wealth management products	24,190	9.1	20,440	7.9	28,358	19.9
Others	2,971	1.0	3,366	1.3	4,582	3.2
Total	**266,997**	**100.0**	**258,390**	**100.0**	**142,442**	**100.0**

Other Gains and Losses, Net

Our other gains and losses, net primarily consisted of (i) change in fair value of financial assets at FVTPL; (ii) net foreign exchange gains/losses; (iii) gains on disposal of financial assets at FVTPL; (iv) gain on deemed disposal of a subsidiary; (v) gains on disposal of other financial assets; (vi) (losses) gains on disposal of non-current assets; (vii) share of results of associates; (viii) charitable donations; and (ix) others, mainly associated with other miscellaneous non-operating items. The following table sets forth a breakdown of our net other gains and losses, in absolute amounts and as percentages of total net other gains and losses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Change in fair value of financial assets at FVTPL	(79,423)	18.8	334,398	123.2	91,389	703.2
Net foreign exchange gains (losses)	52,412	(12.4)	(10,340)	(3.8)	71,303	548.6
Gains on disposal of financial assets at FVTPL	–	–	164,163	60.5	6,090	46.9
Gain on deemed disposal of a subsidiary	–	–	–	–	3,211	24.7
Gains on disposal of other financial assets	544	(0.1)	9,611	3.5	3,017	23.2
(Losses) gains on disposal of non-current assets	(5,398)	1.3	(2,549)	(0.9)	1,613	12.4
Share of results of associates	–	–	–	–	338	2.6
Charitable donations	(386,650)	91.5	(216,723)	(79.9)	(121,328)	(933.5)
Others	(4,156)	0.9	(7,153)	(2.6)	(42,636)	(328.1)
Total	**(422,671)**	**100.0**	**271,407**	**100.0**	**12,997**	**100.0**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) marketing and promotion expenses, mainly in relation to our health education; (ii) staff costs; (iii) travelling and business development expenses, mainly associated with business development and promotional activities; and (iv) others, primarily including printing expenses and other miscellaneous expenses in relation to our sales and marketing activities. The following table sets forth the breakdown of our selling and marketing expenses, in absolute amounts and as percentages of total selling and marketing expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing and promotion expenses	940,841	47.8	991,301	46.1	966,656	45.1
Staff costs	823,315	41.9	900,053	41.8	927,345	43.2
Travelling and business development expenses	80,886	4.1	95,867	4.5	90,643	4.2
Others	121,268	6.2	164,449	7.6	160,693	7.5
Total	**1,966,310**	**100.0**	**2,151,670**	**100.0**	**2,145,337**	**100.0**

Administrative Expenses

Our administrative expenses primarily consisted of (i) staff costs; (ii) utilities and office expenses; (iii) depreciation and amortization; (iv) repair and maintenance expenses incurred in our ordinary course of operation; (v) travelling and meeting expenses incurred associated with our administrative personnel; and (vi) others, primarily include pre-opening expenses for newly established hospitals, bank and agency fees and other miscellaneous expenses. The following table sets forth the breakdown of our administrative expenses, in absolute amounts and as percentages of total administrative expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff costs	1,434,915	51.8	1,574,196	50.8	1,678,146	50.6
Utilities and office expenses	523,576	18.9	596,709	19.2	673,763	20.3
Depreciation and amortization	311,991	11.3	369,407	11.9	370,225	11.2
Repair and maintenance expenses	230,308	8.3	251,139	8.1	328,759	9.9
Travelling and meeting expenses	116,626	4.2	120,851	3.9	117,918	3.6
Others	150,838	5.5	187,935	6.1	146,737	4.4
Total	**2,768,254**	**100.0**	**3,100,237**	**100.0**	**3,315,548**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consisted of (i) staff costs for our R&D personnel; (ii) R&D material costs; (iii) depreciation and amortization; and (iv) others, primarily including travelling expenses and other miscellaneous R&D expenses. The following table sets forth the breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff costs	218,867	65.6	223,685	69.8	210,129	69.5
R&D material costs	58,142	17.4	50,181	15.7	43,610	14.4
Depreciation and amortization	27,491	8.2	28,205	8.8	27,217	9.0
Others	28,989	8.8	18,560	5.7	21,527	7.1
Total	**333,489**	**100.0**	**320,631**	**100.0**	**302,483**	**100.0**

Impairment Loss on Receivables

Our impairment loss on receivables was mainly due to changes in the loss allowance recognized for our trade receivables and other receivables. We recorded net impairment losses on receivables of RMB111.2 million, RMB112.1 million and RMB144.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Impairment Loss on Goodwill

Our goodwill is tested for impairment annually or more frequently when there is indication that the unit may be impaired by comparing the recoverable amount of each cash-generating unit to which goodwill has been allocated with its carrying amount. An impairment loss is recognized where the recoverable amount of the cash-generating unit is less than the carrying amount. Key assumptions used in the value-in-use calculations included average revenue growth rates within a five-year forecast period, terminal growth rates and pre-tax discount rates, which were determined with reference to past performance of the respective cash-generating units, management's expectations for market development, industry forecasts and unit-specific risk factors. See note 21 to the Accountants' Report set out in Appendix I to this document. We recorded net impairment losses on goodwill of RMB383.6 million, RMB187.7 million and RMB156.0 million for the years ended December 31, 2023, 2024 and 2025, respectively. For further details, see "— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Goodwill."

Net Finance Costs

Our finance income primarily represents interest income. Our finance costs primarily include (i) interest expenses on lease liabilities; and (ii) interest expenses on bank borrowings. The following table sets forth a breakdown of our net finance costs for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Interest income	119,205	96,046	72,167
	119,205	96,046	72,167

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance costs			
Interest expenses on lease liabilities	(191,694)	(225,919)	(235,793)
Interest expenses on bank borrowings	(3,129)	(29,642)	(33,924)
	(194,823)	(255,561)	(269,717)
Total	**(75,618)**	**(159,515)**	**(197,550)**

Income Tax Expenses

For the years ended December 31, 2023, 2024 and 2025, we recorded income tax expenses of RMB895.0 million, RMB858.2 million and RMB951.9 million, respectively. We are subject to varying tax rates in different jurisdictions. For further details, see note 12 to the Accountants' Report set out in Appendix I to this document.

Hong Kong

Since April 1, 2018, our subsidiaries incorporated in Hong Kong have been subject to a two-tiered profits tax regime on their assessable income actually earned in Hong Kong. The first HK$2 million of assessable profits earned by a qualifying group entity is subject to a profits tax rate of 8.25%, with the remaining profits taxed at a rate of 16.5%.

Chinese Mainland

Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in Chinese Mainland shall be computed at the standard rate of 25% on the estimated assessable profits during the Track Record Period. Several of our subsidiaries in Chinese Mainland were recognized as meeting the conditions of high-tech enterprises. Accordingly, they enjoyed a preferential income tax rate of 15% for the Track Record Period. In addition, certain of our medical centers located in western China that are engaged in encouraged industries are entitled to a preferential income tax rate of 15% pursuant to the western development tax incentive policies. Pursuant to the relevant laws and regulations, certain of our subsidiaries were qualified as small and low-profit enterprises. As such, they are eligible to calculate their taxable income at a reduced rate of 25% and are entitled to the preferential tax rate of 20% during the respective periods.

Other jurisdictions

Income tax on profit arising from other jurisdictions, including Singapore, Malaysia, the United Kingdom, Germany, Spain, Austria, Italy and the United States has been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 17% to 32% for the Track Record Period.

Profit for the Year

We recorded a profit of RMB3,656.0 million, RMB3,736.1 million and RMB3,473.2 million for the years ended December 31, 2023, 2024 and 2025, respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue from medical services increased by 6.5% from RMB20,910.1 million in 2024 to RMB22,281.0 million in 2025, with steady growth achieved across both our domestic and overseas operations. Key drivers included:

- Revenue from refractive services continued to grow, driven by an increase in refractive surgical volume and the stabilization and recovery of average revenue per procedure due to (i) the continued shift in our surgical mix toward premium procedures, including SMILE 4.0, Wavelight Plus and SMILE pro; and (ii) our enriched pricing structure, which expanded our patient coverage and supported the recovery in average revenue per procedure.

- Revenue from optometry services increased, driven by (i) higher outpatient visits, as our brand recognition in myopia prevention and control continued to strengthen, as well as ongoing enhancements in standardized service delivery and patient retention across our network; and (ii) growing demand for lenses with myopia control functions, as our health education efforts contributed to rising awareness of myopia prevention and control among adolescents, driving a shift in demand from conventional single-focus lenses toward defocus lenses.

- Revenue from cataract services remained relatively stable from 2024 to 2025. The impact of medical insurance payment reform, which had achieved substantially full national coverage in 2025, exerted pressure on revenue from cataract procedures. This was partially offset by a growing proportion of patients opting for our premium surgical approaches, which supported a recovery in average revenue per procedure.

- Revenue from anterior segment ophthalmic services increased, driven by growing demand for dry eye disease treatment as a result of evolving eye usage habits, as well as the continued adoption of advanced treatment technologies such as intense pulsed light therapy and thermodynamic pulsation.

- Revenue from posterior segment ophthalmic services increased, primarily due to increasing demand for our fundus disease services, particularly vitrectomy and intravitreal injection. This growth was underpinned by our chronic disease management approach, which enhanced patient retention.

Revenue from other services declined slightly due to changes in market demand, while revenue from other businesses remained broadly stable.

Cost of Sales

Our cost of sales increased by 8.6% from RMB10,886.5 million in 2024 to RMB11,821.5 million in 2025, primarily due to (i) an increase of RMB330.0 million in medical materials; (ii) an increase of RMB323.4 million in staff costs, both in line with our continued business growth; and (iii) an increase of RMB289.0 million in depreciation and amortization associated with the expansion of our medical center network.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 4.3% from RMB10,096.3 million in 2024 to RMB10,531.1 million in 2025, primarily driven by revenue growth in our refractive and optometry services.

Our overall gross profit margin remained relatively stable at 48.1% in 2024 and 47.1% in 2025. The slight decreases in the gross profit margins of certain service lines were primarily attributable to increased cost of sales, including depreciation and amortization, arising from the transfer of construction-in-progress to property, plant and equipment as newly constructed and relocated hospitals commenced operations during the year.

Other Income

Our other income decreased by 44.9% from RMB258.4 million in 2024 to RMB142.4 million in 2025, primarily due to a decrease of RMB140.1 million in government grants, as we received certain one-off government subsidies in 2024 which decreased in 2025. The decrease was partially offset by an increase of RMB15.1 million in investment income from financial assets at FVTPL and debt securities at amortized cost.

Other Gains and Losses, Net

Our other gains and losses, net decreased by 95.2% from other gains of RMB271.4 million in 2024 to other gains of RMB13.0 million in 2025, primarily due to (i) a decrease of RMB243.0 million in change in fair value of financial assets at FVTPL resulting from our equity investments; and (ii) a decrease of RMB158.1 million in gains on disposal of financial assets at FVTPL due to lower realized gains from our investment portfolio. The decrease was partially offset by a decrease of RMB95.4 million in charitable donations and an increase of RMB81.6 million in net foreign exchange gains.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB2,151.7 million in 2024 and RMB2,145.3 million in 2025, respectively.

Administrative Expenses

Our administrative expenses increased by 6.9% from RMB3,100.2 million in 2024 to RMB3,315.5 million in 2025, primarily due to (i) an increase of RMB103.9 million in staff costs driven by our business growth and the expansion of our medical center network; (ii) an increase of RMB77.7 million in repair and maintenance expenses and an increase of RMB77.1 million in utilities and office expenses in line with the expanded operating footprint of our medical center network.

Research and Development Expenses

Our research and development expenses decreased by 5.7% from RMB320.6 million in 2024 to RMB302.5 million in 2025, primarily due to a decrease of RMB13.6 million in staff costs and a decrease of RMB6.6 million in R&D material costs, primarily in line with the progress of our R&D projects.

Impairment Loss on Receivables

We recorded impairment loss on receivables of RMB112.1 million and RMB144.5 million in 2024 and 2025, respectively. This increase was in line with the changes in the aging structure.

Impairment Loss on Goodwill

We recorded impairment loss on goodwill of RMB187.7 million and RMB156.0 million in 2024 and 2025, respectively, which were determined based on our impairment assessment of the relevant cash-generating units. See note 21 to the Accountants' Report set out in Appendix I to this document.

Net Finance Costs

Our net finance costs increased by 23.8% from RMB159.5 million in 2024 to RMB197.6 million in 2025, which was mainly attributable to (i) a decrease of RMB23.8 million in interest income as a result of a decrease in the average interest rate of our bank deposits during the year; (ii) an increase of RMB9.9

million in interest expenses on lease liabilities due to new lease arrangements entered into in connection with the expansion of our medical center network; and (iii) an increase of RMB4.3 million in interest expenses on bank borrowings as we obtained additional bank borrowings to support our business growth.

Income Tax Expenses

We recorded income tax expenses of RMB858.2 million and RMB951.9 million in 2024 and 2025, respectively.

Profit for the Year

For the foregoing reasons, we recorded total profit of RMB3,736.1 million and RMB3,473.2 million for the years ended December 31, 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue from medical services increased by 3.0% from RMB20,312.9 million in 2023 to RMB20,910.1 million in 2024, primarily driven by the continued expansion of our medical center network and enhanced patient satisfaction through the application of advanced technologies. The growth was driven by multiple service lines:

- Revenue from refractive services slightly increased as a result of higher refractive surgery volume, driven by the expansion of our medical center network.

- Revenue from optometry services increased, driven by (i) higher outpatient visits, as our brand recognition in myopia prevention and control continued to strengthen, as well as ongoing enhancements in standardized service delivery and patient retention across our network; and (ii) growing demand for lenses with myopia control functions, as our health education efforts contributed to rising awareness of myopia prevention and control among adolescents, driving a shift in demand from conventional single-focus lenses toward defocus lenses.

- Revenue from cataract services increased as a result of higher surgical volume, driven by the expansion of our medical center network.

- Revenue from anterior segment ophthalmic services increased, driven by growing demand for dry eye disease treatment as a result of evolving eye usage habits, as well as the continued adoption of advanced treatment technologies such as intense pulsed light therapy and thermodynamic pulsation.

- Revenue from posterior segment ophthalmic services increased, primarily due to increasing demand for our retina and vitreous disease services, particularly vitrectomy and intravitreal injection. This growth was underpinned by our chronic disease management approach, which enhanced patient retention.

These gains were partially offset by a decline in revenue from other services, which was primarily driven by changes in market demand.

Cost of Sales

Our cost of sales increased by 8.6% from RMB10,022.0 million for the year ended December 31, 2023 to RMB10,886.5 million in 2024, primarily due to (i) an increase of RMB610.2 million in staff costs and an increase of RMB65.8 million in medical materials, both in line with our continued business growth; and (ii) an increase of RMB214.8 million in depreciation and amortization associated with the expansion of our medical center network, partially offset by a decrease of RMB26.2 million in others as a result of improved operational efficiency, which lowered miscellaneous costs incurred in the ordinary operation of our hospitals and clinics.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit slightly decreased by 2.4% from RMB10,345.2 million for the year ended December 31, 2023 to RMB10,096.3 million in 2024. Our overall gross profit margin slightly decreased from 50.8% for the year ended December 31, 2023 to 48.1% in 2024. In particular, the gross profit margin of our cataract services decreased from 38.0% to 34.7%, the gross profit margin of our anterior segment ophthalmic services decreased from 45.7% to 41.2%, and the gross profit margin of our posterior segment ophthalmic services decreased from 34.7% to 31.4%, primarily reflecting the initial impact of medical insurance payment reform on cataract services and basic eye disease treatments within our anterior and posterior segment ophthalmic services. The gross profit margin of our refractive services decreased from 57.4% to 55.1%, primarily as we proactively adjust the pricing of certain refractive procedures in response to evolving market dynamics, with a view to broadening patient coverage and enhancing the affordability of refractive procedures.

Other Income

Our other income remained relatively stable at RMB267.0 million in 2023 and RMB258.4 million in 2024, respectively.

Other Gains and Losses, Net

We recorded net other losses of RMB422.7 million for the year ended December 31, 2023 and other gains of RMB271.4 million in 2024, primarily due to (i) an increase of RMB413.8 million in change in fair value of financial assets at FVTPL primarily attributable to valuation gains on our equity investments and private fund investments; (ii) a decrease of RMB170.0 million in charitable donations; and (iii) an increase of RMB164.2 million in gains on disposal of financial assets at FVTPL due to higher realized returns from the disposal of certain equity investments; the increase was partially offset by a decrease of RMB62.7 million in net foreign exchange gains.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 9.4% from RMB1,966.3 million for the year ended December 31, 2023 to RMB2,151.7 million in 2024, primarily due to (i) an increase of RMB76.8 million in staff costs related to the expansion of our medical center network; (ii) an increase of RMB50.5 million in marketing and promotion expenses in connection with brand building and patient acquisition activities in line with our business expansion; and (iii) an increase of RMB43.1 million in other expenses in relation to the expansion of our medical network.

Administrative Expenses

Our administrative expenses increased by 12.0% from RMB2,768.3 million for the year ended December 31, 2023 to RMB3,100.2 million in 2024, primarily due to (i) an increase of RMB139.3 million in staff costs driven by our business growth and the expansion of our medical center network; (ii) an increase of RMB73.1 million in utilities and office expenses and an increase of RMB57.4 million in depreciation and amortization, both in line with the expanded operating footprint of our medical center network.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB333.5 million for the year ended December 31, 2023 and RMB320.6 million in 2024, respectively.

Impairment Losses on Receivables

Our impairment losses on receivables remained relatively stable at RMB111.2 million for the year ended December 31, 2023 and RMB112.1 million in 2024, respectively.

Impairment Losses on Goodwill

We recorded net impairment losses on goodwill of RMB383.6 million and RMB187.7 million for the years ended December 31, 2023 and 2024, respectively, which were determined based on our impairment assessment of the relevant cash-generating units. See note 21 to the Accountants' Report set out in Appendix I to this document.

Net Finance Costs

Our net finance costs significantly increased from RMB75.6 million for the year ended December 31, 2023 to RMB159.5 million in 2024, which was mainly attributable to (i) an increase of RMB34.2 million in interest expenses on lease liabilities due to new lease arrangements entered into in connection with the expansion of our medical center network; (ii) an increase of RMB26.5 million in interest expenses on bank borrowings as we obtained additional bank borrowings to support our business growth; and (iii) a decrease of RMB23.2 million in interest income as a result of adjustments to our investment portfolio allocation.

Income Tax Expenses

We recorded income tax expenses of RMB895.0 million and RMB858.2 million for the years ended December 31, 2023 and 2024, respectively.

Profit for the Year

For the foregoing reasons, our profit for the year increased by 2.2% from RMB3,656.0 million for the year ended December 31, 2023 to RMB3,736.1 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected items of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Non-current Assets			
Property, plant and equipment	6,159,321	7,604,658	9,189,353
Right-of-use assets	4,845,493	5,319,254	5,600,629
Investment properties	18,274	17,662	194
Intangible assets	231,151	268,992	314,606
Goodwill	6,532,828	8,447,679	9,486,489
Investments in associates	–	–	109,758
Other financial assets	1,604,450	1,312,525	1,232,529
Deferred tax assets	413,804	523,970	574,455
Prepayments, deposits and other receivables	195,303	94,462	85,462
Total non-current assets	**20,000,624**	**23,589,202**	**26,593,475**
Current Assets			
Inventories	899,686	985,494	980,789
Other financial assets	811,168	726,026	1,055,281
Trade receivables	1,899,196	1,993,032	1,848,939
Prepayments, deposits and other receivables	456,662	572,030	873,209
Income tax recoverable	20,200	25,409	28,965
Cash and bank balances	6,099,083	5,364,114	5,295,332
Total current assets	**10,185,995**	**9,666,105**	**10,082,515**

	As of December 31,		
	2023	2024	2025
		RMB'000	
Current Liabilities			
Trade and bills payables	1,661,525	1,649,989	1,765,025
Accruals and other payables	2,383,051	2,454,548	3,533,162
Contract liabilities	183,433	190,673	209,543
Bank borrowings	958,315	1,479,364	1,545,677
Lease liabilities	660,116	735,617	816,370
Tax payables	164,791	154,434	272,530
Total current liabilities	**6,011,231**	**6,664,625**	**8,142,307**
Net current assets	**4,174,764**	**3,001,480**	**1,940,208**
Total assets less current liabilities	**24,175,388**	**26,590,682**	**28,533,683**
Non-current liabilities			
Accruals and other payables	45,591	86,063	135,511
Bank borrowings	22,178	43,878	139,552
Lease liabilities	3,959,448	4,521,411	4,715,478
Deferred tax liabilities	123,411	127,317	144,781
Total non-current liabilities	**4,150,628**	**4,778,669**	**5,135,322**
Net assets	**20,024,760**	**21,812,013**	**23,398,361**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) medical equipment; (ii) properties and buildings; (iii) leasehold improvements; (iv) construction in progress; (v) office equipment; and (vi) transportation vehicles.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Medical equipment	2,461,551	3,023,601	3,241,166
Properties and buildings	1,095,608	1,813,584	2,932,391
Leasehold improvements	1,374,844	2,057,081	2,294,170
Construction in progress	920,159	335,617	357,847
Office equipment	253,015	316,112	311,225
Transportation vehicles	54,144	58,663	52,554
Total	**6,159,321**	**7,604,658**	**9,189,353**

Our property, plant and equipment increased from RMB6,159.3 million as of December 31, 2023 to RMB7,604.7 million as of December 31, 2024, primarily due to an increase of RMB718.0 million in properties and buildings, an increase of RMB682.3 million in leasehold improvements, an increase of RMB562.0 million in medical equipment and an increase of RMB63.1 million in office equipment primarily attributable to the continued expansion of our medical center network, partially offset by a decrease of RMB584.6 million in construction in progress as a result of the completion and transfer of certain construction projects.

Our property, plant and equipment further increased from RMB7,604.7 million as of December 31, 2024 to RMB9,189.4 million as of December 31, 2025, primarily due to an increase of RMB1,118.8 million in properties and buildings, an increase of RMB237.1 million in leasehold improvements, and an increase of RMB217.6 million in medical equipment because of the continued expansion of our medical center network.

Right-of-Use Assets

Our right-of-use assets consisted of (i) properties and buildings; (ii) land use rights; and (iii) medical equipment.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Properties and buildings	4,246,739	4,716,232	4,880,274
Land use rights	596,971	591,593	713,138
Medical equipment	1,783	11,429	7,217
Total	**4,845,493**	**5,319,254**	**5,600,629**

Our right-of-use assets increased from RMB4,845.5 million as of December 31, 2023 to RMB5,319.3 million as of December 31, 2024, and further increased to RMB5,600.6 million as of December 31, 2025, primarily due to new lease arrangements entered into in connection with the expansion of our medical center network.

Intangible Assets

Our intangible assets primarily included (i) trademarks; (ii) software and others; (iii) digital resource; and (iv) patents. The following table sets forth details of our intangible assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Trademarks	146,846	162,560	176,091
Software and others	84,305	105,463	121,864
Digital resource	–	–	13,935
Patents	–	969	2,716
Total	**231,151**	**268,992**	**314,606**

Our intangible assets increased from RMB231.2 million as of December 31, 2023 to RMB269.0 million as of December 31, 2024, and further increased to RMB314.6 million as of December 31, 2025, primarily due to the recognition of trademarks and software from acquired subsidiaries, as well as the continued procurement of software and systems to support our business expansion and digital transformation.

Goodwill

Our goodwill arose from our acquisition activities, the targets of which are mainly engaged in management and operation of ophthalmology hospitals businesses as well as provision of medical optometry and lens fitting and related services in China and overseas. For details, see note 20 of the Accountants' Report included in Appendix I to this document. We acquired 41, 91 and 44 acquisition targets in 2023, 2024 and 2025, respectively. Our goodwill increased from RMB6,532.8 million as of December 31, 2023 to RMB8,447.7 million as of December 31, 2024, and further increased to RMB9,486.5 million as of December 31, 2025.

Other Financial Assets

Our other financial assets consisted of (i) debt securities at amortized cost; (ii) financial assets at fair value through profit or loss ("**FVTPL**"), primarily comprising wealth management products, asset management products, listed equity investments and unlisted investments in private funds and equity securities; and (iii) financial assets at fair value through other comprehensive income ("**FVTOCI**"), including unlisted equity investments and debt securities in various bonds and money-market funds.

Our other financial assets decreased from RMB2,415.6 million as of December 31, 2023 to RMB2,038.6 million as of December 31, 2024, primarily due to (i) a decrease of RMB242.2 million in financial assets at FVTPL, mainly attributable to the disposal and redemption of certain investments upon maturity; and (ii) a decrease of RMB123.0 million in equity investments designated at FVTOCI, mainly due to the redemption of certain overseas money-market fund investments. Our other financial assets then increased to RMB2,287.8 million as of December 31, 2025, primarily due to (i) an increase of RMB194.7 million in financial assets designated at FVTOCI, mainly attributable to additional investments in overseas money-market funds; and (ii) an increase of RMB60.8 million in financial assets at FVTPL, mainly driven by the increased allocation to wealth management products and asset management products for cash management purposes.

Our other financial assets at FVTPL include our investments in industry merger and acquisition funds focused on the ophthalmic healthcare industry that we co-invested with reputable fund managers that acquire or establish ophthalmic hospitals to meet the growing demand for high-quality eye care services in China (each, an "**Acquisition Fund**") without any control and significant influence. We participate in each Acquisition Fund solely as a limited partner, with our committed capital contribution not exceeding 20% of the total committed capital of the relevant fund. We do not hold any seat on the investment committee of any Acquisition Fund and do not participate in its investment decisions or day-to-day management. As of December 31, 2025, six Acquisition Funds remained in operation, managing a total of 96 acquisition targets. During the Track Record Period, 139 acquisition targets were acquired by us through the Acquisition Funds.

We retain a contractual priority acquisition right over the hospitals controlled by the Acquisition Funds at the fair value of the hospitals, allowing us to selectively acquire hospitals that have demonstrated operational maturity and satisfactory financial performance. While we do not participate in the operational management of these hospitals, we have entered into Management Consulting Services Agreements with the Acquisition Funds and Technical Consulting Services Agreements with the hospitals authorized to use our designated trademarks and the "Aier" trade name (each, a "**Brand-Authorised Hospital**") to assist them in establishing medical quality standards consistent with those of us, providing staff training, technical guidance, and management consulting to help them continuously improve their management capabilities and standard of medical services. Any debts or legal liabilities arising during hospital operations are borne entirely by the hospitals themselves. We have established Administrative Measures for the Licensed Use of Trade Names and Trademarks, which regulate our internal approval process for brand licensing, and the handling of publicity emergencies, and set out detailed procedures for reporting, and disposition when risk events occur at a Brand-Authorised Hospital. We conduct regular and ad hoc inspections of each Brand-Authorised Hospital's compliance with the applicable standards, and if a hospital fails to meet those standards, we have the right to terminate the relevant agreement early. Each Brand-Authorised Hospital is an Independent Third Party, is not a subsidiary of our Company, is not controlled or managed by our Company, and is not consolidated into our financial statements.

Our investment policies and strategies with respect to financial products mainly include: (i) we minimize financial risks by matching the maturities of the portfolio with anticipated operating cash needs, while aiming to generate reasonable investment returns for the benefits of our shareholders; (ii) investment in high-risk products is not allowed; (iii) the proposed investment must not interfere with our business operations or capital expenditures; and (iv) the financial products we invest in are issued by reputable banks and financial institutions. We primarily invest in low-risk and short-to-mid-term financial products issued by major commercial banks and financial institutions. We make investment decisions related to financial products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, the risk control and credit levels of the issuing banks and financial institutions, our working capital needs, and the expected profit or potential loss of the investment.

To monitor and control the investment risks associated with our financial product portfolio, we have adopted a comprehensive set of internal procedures to manage our investment in financial products. With the authorization of the Board, our Group's financial management center is responsible for implementing our cash management policies and investment approval processes. All adjustments to our investment portfolio and new investment instructions are subject to the approval by our vice president of finance. The investment activities of our overseas subsidiaries also strictly comply with applicable local regulatory requirements to ensure the compliant operation of our global investment activities.

Upon [**REDACTED**], our investments in financial products will be subject to compliance with Chapter 14 of the Listing Rules.

Prepayments, Deposits and Other Receivables

During the Track Record Period, our prepayments, deposits and other receivables primarily consisted of (i) dividend receivables; (ii) interest receivables; (iii) deposits; (iv) other receivables; (v) VAT recoverable; (vi) prepayment for equipment and engineering work; and (vii) other prepayments. The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Dividend receivables	581	–	–
Interest receivables	–	–	6,183
Deposits	125,875	139,928	152,641
Other receivables	147,514	198,033	422,190
VAT recoverable	97,465	129,752	132,490
Prepayment for equipment and engineering work	144,036	69,686	64,572
Other prepayments	165,369	165,698	237,048
	680,840	703,097	1,015,124
Less: Allowance for expected credit losses	(28,875)	(36,605)	(56,453)
Total	**651,965**	**666,492**	**958,671**
Current	456,662	572,030	873,209
Non-current	195,303	94,462	85,462

Our prepayments, deposits and other receivables remained relatively stable at RMB652.0 million as of December 31, 2023 and RMB666.5 million as of December 31, 2024.

Our prepayments, deposits and other receivables then increased from RMB666.5 million as of December 31, 2024 to RMB958.7 million as of December 31, 2025, in relation to (i) an increase of RMB224.2 million in other receivables primarily attributable to receivables arising from the exit of certain investment projects; and (ii) an increase of RMB71.4 million in other prepayments in relation to increased prepayments for medical consumables and supplies to support our business growth.

As of March 31, 2026, RMB414.2 million, or approximately 43.2% of our prepayments, deposits and other receivables as of December 31, 2025 had been subsequently settled.

Inventories

Our inventories consisted of (i) pharmaceuticals and medical materials and (ii) low value consumables. The following table sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Pharmaceuticals and medical materials	884,758	972,302	969,040
Low value consumables	15,460	13,775	13,486
	900,218	986,077	982,526
Less: Provision for impairment loss	(532)	(583)	(1,737)
Total	**899,686**	**985,494**	**980,789**

Our inventories increased from RMB899.7 million as of December 31, 2023 to RMB985.5 million as of December 31, 2024, primarily due to increased procurement of pharmaceuticals and medical materials to support the expansion of our medical center network and the growing demand for clinical services. Our inventories remained relatively stable at RMB980.8 million as of December 31, 2025.

The following is an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Within 6 months	740,651	794,536	760,798
6 months to 1 year	113,408	110,129	130,224
Over 1 year	45,627	80,829	89,767
Total	**899,686**	**985,494**	**980,789**

The following table sets forth our inventory turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	30	32	30

Note:

(1) Calculated as the average of the beginning and ending balance of inventories for the year divided by the cost of sales for that year and multiplied by 365 days.

Our inventory turnover remained relatively stable at 30 days, 32 days and 30 days for the years ended December 31, 2023, 2024 and 2025, reflecting our operational stability.

As of March 31, 2026, we have utilized approximately RMB623.9 million, or 63.6% of our inventories as of December 31, 2025.

Trade Receivables

Our trade receivables primarily represent amounts due from local medical insurance authorities for the settlement of ophthalmic medical services and amounts due from external hospitals and medical centers for sales of medical consumables and equipment. The following table sets forth details of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Trade receivables	2,169,684	2,297,241	2,171,465
Less: Allowance for expected credit losses	(270,488)	(304,209)	(322,526)
Total	**1,899,196**	**1,993,032**	**1,848,939**

Our trade receivables increased from RMB1,899.2 million as of December 31, 2023 to RMB1,993.0 million as of December 31, 2024, primarily due to the growth in our revenue driven by expansion of our medical center network and the increase in outpatient visits during the year. Our trade receivables then decreased to RMB1,848.9 million as of December 31, 2025, primarily due to strengthened collection efforts on trade receivables, as well as an increase in the allowance for expected credit losses.

The following is an aging analysis of our trade receivables based on the invoice dates as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Within 1 year	1,369,192	1,432,114	1,149,577
1 year to 2 years	339,680	350,604	450,427
2 years to 3 years	131,518	143,659	176,590
3 years to 4 years	39,676	50,555	55,172
4 years to 5 years	19,130	16,100	17,173
Total	**1,899,196**	**1,993,032**	**1,848,939**

During the Track Record Period, the majority of our trade and other receivables were outstanding for less than one year. Our allowance for expected credit losses for trade receivables were RMB270.5 million, RMB304.2 million and RMB322.6 million, respectively.

The following table sets forth our trade receivables turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Trade receivables turnover days[1]	31	34	31

Note:

(1) Calculated as the average of the beginning and ending balance of trade receivables for the year divided by revenue for that year and multiplied by 365 days.

Our trade receivables turnover days remained relatively stable at 31 days, 34 days and 31 days for the years ended December 31, 2023, 2024 and 2025, respectively.

As of March 31, 2026, RMB719.0 million, or 33.1% of our trade receivables as of December 31, 2025 had been subsequently settled.

Cash and Bank Balances

Our cash and bank balances consisted of cash on hand and at banks. Most of our cash and bank balances were denominated in RMB during the Track Record Period.

Our cash and bank balances decreased from RMB6,099.1 million as of December 31, 2023 to RMB5,364.1 million as of December 31, 2024, and further decreased to RMB5,295.3 million as of December 31, 2025, primarily due to our continued investment in medical center network expansion and shareholder distributions.

Trade and Bills Payables

Our trade and bills payables primarily represented amounts due to suppliers for the purchase of goods and services in the ordinary course of business.

Our trade and bills payables remained relatively stable at RMB1,661.5 million as of December 31, 2023 and RMB1,650.0 million as of December 31, 2024, respectively, and further increased to RMB1,765.0 million as of December 31, 2025, primarily in line with our business expansion.

The following is an aging analysis of our trade and bills payables based on the invoice date as of dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousand)		
Trade payables			
Within 1 year	1,498,315	1,487,499	1,581,814
Between 1 and 2 years (including 2 years)	62,708	60,414	75,026
Between 2 and 3 years (including 3 years)	16,882	15,990	15,747
Over 3 years	21,185	17,809	20,214
	1,599,090	1,581,712	1,692,801
Bills payables			
Within 1 year	62,435	68,277	72,224
Total	**1,661,525**	**1,649,989**	**1,765,025**

The following table sets forth our trade and bills payables turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days(1)	57	56	53

Note:

(1) Calculated as the average of the beginning and ending balance of trade and bills payables for the year divided by the cost of sales for that year and multiplied by 365 days.

Our trade and bills payables turnover days remained relatively stable at 57 days and 56 days for the years ended December 31, 2023 and 2024, respectively. Our trade and bills payables turnover days then decreased to 53 days for the year ended December 31, 2025, primarily due to an increase in our cost of sales in line with our continued business growth.

As of March 31, 2026, RMB1,243.5 million, or 70.5% of our trade and bills payables as of December 31, 2025 had been subsequently settled.

Accruals and other payables

Our accruals and other payables consisted of (i) accrued salaries, wages and benefits; (ii) other payables; (iii) dividend payable; (iv) payables for purchases of equipment and construction costs; (v) restricted share repurchase obligation; (vi) other taxes payable; (vii) contingent consideration payable; (viii) other provisions; and (ix) deposit payable.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Accrued salaries, wages and benefits	907,171	1,017,663	1,083,757
Other payables	176,444	316,981	989,922
Dividend payable	2,802	4,400	748,463
Payables for purchases of equipment and construction costs	210,203	390,427	329,005
Restricted share repurchase obligation	986,867	639,609	305,080
Other taxes payable	96,506	69,956	127,883
Contingent consideration payable	–	33,459	29,556
Other provisions	45,591	52,604	51,245
Deposit payable	3,058	15,512	3,762
Total	**2,428,642**	**2,540,611**	**3,668,673**
Current	2,383,051	2,454,548	3,533,162
Non-current	45,591	86,063	135,511

Our accruals and other payables increased from RMB2,428.6 million as of December 31, 2023 to RMB2,540.6 million as of December 31, 2024, primarily due to (i) an increase of RMB180.2 million in payables for purchases of equipment and construction costs in connection with the expansion of our medical center network and the corresponding increase in operating scale; (ii) an increase of RMB140.5 million in other payables related to outstanding consideration payables in connection with our acquisition activity; and (iii) an increase of RMB110.5 million in accrued salaries, wages and benefits attributable to growth in headcount in connection with our medical center network expansion; partially offset by a decrease of RMB347.3 million in restricted share repurchase obligation primarily attributable to the annual vesting of restricted share units and the settlement of repurchase obligations.

Our accruals and other payables further increased to RMB3,668.7 million as of December 31, 2025, primarily due to (i) an increase of RMB744.1 million in dividend payable associated with dividends declared but not yet distributed as of the year end; and (ii) an increase of RMB673.0 million in other payables related to outstanding consideration payables in connection with our acquisition activity, partially offset by a decrease of RMB334.5 million in restricted share repurchase obligation primarily attributable to the annual vesting of restricted share units and the settlement of repurchase obligations.

As of March 31, 2026, RMB2,794.7 million, or 76.2%, of our accruals and other payables as of December 31, 2025 had been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund working capital and other recurring expenses and capital expenditure. Historically, we have financed our operations and other capital requirements primarily through cash generated from our business operations, proceeds from our equity financings, as well as bank borrowings. Our anticipated cash needs primarily include costs associated with our business operation research and development activities. After the [**REDACTED**], we intend to finance our future capital requirements in the same manner, together with the [**REDACTED**] from the [**REDACTED**], after the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operation in the future.

As of March 31, 2026, the latest practicable date for determining our indebtedness, we had cash and bank balances of RMB5,162.6 million.

Net Current Assets

The following table sets forth a summary of our current assets and liabilities as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
		RMB'000		*RMB'000* *(Unaudited)*
Current Assets				
Inventories	899,686	985,494	980,789	1,049,835
Other financial assets	811,168	726,026	1,055,281	1,254,093
Trade receivables	1,899,196	1,993,032	1,848,939	1,963,703
Prepayments, deposits and other receivables	456,662	572,030	873,209	654,477
Income tax recoverable	20,200	25,409	28,965	14,137
Cash and bank balances	6,099,083	5,364,114	5,295,332	5,162,627
Total current assets	**10,185,995**	**9,666,105**	**10,082,515**	**10,098,872**
Current Liabilities				
Trade and bills payables	1,661,525	1,649,989	1,765,025	2,093,373
Accruals and other payables	2,383,051	2,454,548	3,533,162	1,792,535
Contract liabilities	183,433	190,673	209,543	254,477
Bank borrowings	958,315	1,479,364	1,545,677	1,714,292
Lease liabilities	660,116	735,617	816,370	807,404
Tax payables	164,791	154,434	272,530	332,680
Total current liabilities	**6,011,231**	**6,664,625**	**8,142,307**	**6,994,761**
Net current assets	**4,174,764**	**3,001,480**	**1,940,208**	**3,104,111**

Our net current assets decreased from RMB4,174.8 million as of December 31, 2023 to RMB3,001.5 million as of December 31, 2024, primarily attributable to a decrease of RMB519.9 million in our current assets, including a decrease of RMB735.0 million in cash and bank balances related to our continued investment in medical center network expansion and shareholder distributions; partially offset by (i) an increase of RMB115.4 million in prepayments, deposits and other receivables; and (ii) an increase of RMB93.8 million in trade receivables resulting from growth in our revenue driven by expansion of our medical center network and the increase in outpatient visits during the year. The decrease in net current assets was also attributable to an increase of RMB653.4 million in our current liabilities due to (i) an increase of RMB521.0 million in bank borrowings to fund our working capital requirements in connection with business expansion; (ii) an increase of RMB75.5 million in lease liabilities due to new lease arrangements from medical center network expansion and consolidation of lease contracts from businesses acquired during the year; and (iii) an increase of RMB71.5 million in accruals and other payables.

Our net current assets further decreased to RMB1,940.2 million as of December 31, 2025, primarily attributable to an increase of RMB1,477.7 million in our current liabilities, including (i) an increase of RMB1,078.6 million in accruals and other payables; (ii) an increase of RMB118.1 million in tax payables; and (iii) an increase of RMB115.0 million in trade and bills payables. The decrease was partially offset by an increase of RMB416.4 million in our current assets, including (i) an increase of RMB329.3 million in other financial assets and (ii) an increase of RMB301.2 million in prepayments, deposits and other receivables, partially offset by (i) a decrease of RMB144.1 million in trade receivables and (ii) a decrease of RMB68.8 million in cash and bank balances.

Our net current assets then increased from RMB1,940.2 million as of December 31, 2025 to RMB3,104.1 million as of March 31, 2026, primarily attributable to a decrease of RMB1,147.5 million in our current liabilities, including (i) a decrease of RMB1,740.7 million in accruals and other payables, partially offset by (i) an increase of RMB328.4 million in trade and bills payables and (ii) an increase of RMB168.6 million in bank borrowings, as we obtained additional bank borrowings to support our business expansion.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
		RMB'000	
Net cash generated from operating activities	5,871,891	4,881,684	5,972,728
Net cash used in investing activities	(3,304,443)	(2,848,190)	(3,095,924)
Net cash used in financing activities	(2,509,722)	(2,733,875)	(2,951,933)
Net change in cash and cash equivalent	57,726	(700,381)	(75,129)
Cash and cash equivalent at the beginning of the year	5,992,032	6,084,601	5,360,785
Effect of changes in exchange rates	34,843	(23,435)	(5,972)
Cash and cash equivalent at the end of the year	6,084,601	5,360,785	5,279,684

Operating Activities

In 2025, we had net cash generated from operating activities of RMB5,972.7 million, primarily attributable to our profit before tax of RMB4,425.1 million, as adjusted by certain non-cash and non-operating items, primarily including (i) depreciation of property, plant and equipment of RMB1,329.2 million; and (ii) depreciation of right-of-use assets of RMB873.8 million. This amount is further adjusted by changes in working capital, primarily including the changes in trade, bills and other payables of RMB527.7 million. This amount is further adjusted by income tax paid of RMB831.7 million.

In 2024, we had net cash generated from operating activities of RMB4,881.7 million, primarily attributable to our profit before tax of RMB4,594.3 million, as adjusted by certain non-cash and non-operating items, primarily including (i) depreciation of property, plant and equipment of RMB1,157.1 million; and (ii) depreciation of right-of-use assets of RMB764.1 million. This amount is further adjusted by changes in working capital, primarily including changes in trade, bills and other payables of RMB1,521.2 million, partially offset by changes in trade and other receivables of RMB500.1 million. This amount is further adjusted by income tax paid of RMB757.6 million.

In 2023, we had net cash generated from operating activities of RMB5,871.9 million, primarily attributable to our profit before tax of RMB4,551.0 million, as adjusted by certain non-cash and non-operating items, primarily including (i) depreciation of property, plant and equipment of RMB975.2 million; (ii) depreciation of right-of-use assets of RMB669.3 million; and (iii) impairment loss on goodwill of RMB383.6 million, partially offset by interest income of RMB119.2 million. This amount is further adjusted by changes in working capital, primarily including (i) changes in trade, bills and other payables of RMB334.9 million; and (ii) changes in trade and other receivables of RMB115.8 million. This amount is further adjusted by income tax paid of RMB803.2 million.

Investing Activities

In 2025, we had net cash used in investing activities of RMB3,095.9 million, primarily attributable to (i) purchase of financial assets at FVTPL of RMB2,171.9 million; (ii) purchase of property, plant and equipment of RMB1,535.1 million; and (iii) acquisition of subsidiaries, net of cash acquired of RMB1,120.6 million, partially offset by proceeds on disposal of financial assets at FVTPL of RMB1,970.5 million.

In 2024, we had net cash used in investing activities of RMB2,848.2 million, primarily attributable to (i) acquisition of subsidiaries, net of cash acquired of RMB1,966.0 million; (ii) purchase of property, plant and equipment of RMB1,778.2 million; (iii) purchase of financial assets at FVTPL of RMB433.4 million, partially offset by proceeds on disposal of financial assets at FVTPL of RMB1,131.7 million.

In 2023, we had net cash used in investing activities of RMB3,304.4 million, primarily attributable to (i) acquisition of subsidiaries, net of cash acquired of RMB1,586.1 million; and (ii) purchase of property, plant and equipment of RMB1,423.5 million, partially offset by proceeds on disposal of financial assets at FVTPL of RMB1,433.4 million.

Financing Activities

In 2025, we had net cash used in financing activities of RMB2,951.9 million, primarily attributable to (i) dividends paid of RMB1,705.4 million; (ii) repayment of bank borrowings of RMB1,583.3 million; and (iii) repayments of lease liabilities of RMB1,060.4 million, partially offset by new bank borrowings raised of RMB1,636.1 million.

In 2024, we had net cash used in financing activities of RMB2,733.9 million, primarily attributable to (i) dividends paid of RMB1,632.4 million; (ii) repayment of bank borrowings of RMB971.0 million; (iii) repayments of lease liabilities of RMB899.4 million; and (iv) acquisition of partial interest of subsidiaries of RMB783.1 million, partially offset by new bank borrowings raised of RMB1,505.7 million.

In 2023, we had net cash used in financing activities of RMB2,509.7 million, primarily attributable to (i) dividends paid of RMB891.0 million; (ii) repayments of lease liabilities of RMB821.2 million; (iii) repayment of bank borrowings of RMB601.1 million; (iv) repurchase of ordinary shares of RMB570.0 million; and (v) acquisition of partial interest of subsidiaries of RMB562.4 million, partially offset by new bank borrowings raised of RMB863.3 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and March 31, 2026, the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
		RMB'000		*RMB'000* *(Unaudited)*
Current				
Bank borrowings	958,315	1,479,364	1,545,677	1,714,291
Lease liabilities	660,116	735,617	816,370	807,404

	As of December 31,			As of March 31,
	2023	2024	2025	2026
		RMB'000		*RMB'000* *(Unaudited)*
Amounts due to non-controlling interests	8,372	11,510	12,800	12,823
Amounts due to fellow subsidiaries	849	2,764	81,594	99
	1,627,652	**2,229,255**	**2,456,441**	**2,534,617**
Non-current				
Bank borrowings	22,178	43,878	139,552	178,071
Lease liabilities	3,959,448	4,521,411	4,715,478	4,540,309
Amount due to a former shareholder of a subsidiary	–	15,187	12,032	9,717
	3,981,626	**4,580,476**	**4,867,062**	**4,728,097**
Total	**5,609,278**	**6,809,731**	**7,323,503**	**7,262,714**

Our Directors are of the view that there has not been any material change in our indebtedness since March 31, 2026 up to the date of this document.

Bank Borrowings

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Secured bank borrowing	11,664	7,658	87,256	86,141
Unsecured bank borrowing	968,829	1,515,584	1,597,973	1,806,221
Total	**980,493**	**1,523,242**	**1,685,229**	**1,892,362**

The carrying amounts of the bank borrowings, including interest payables, are repayable:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Within one year or on demand	958,315	1,479,364	1,545,677	1,714,291
Within a period of more than one year but not exceeding two years	18,235	11,813	19,881	19,286
Within a period of more than two years but not exceeding five years	1,669	31,269	80,042	123,761
Within a period of more than five years	2,274	796	39,629	35,024
	980,493	1,523,242	1,685,229	1,892,362
Less: Amounts due within one year shown under current liabilities	(958,315)	(1,479,364)	(1,545,677)	(1,714,291)
Amounts due over one year shown under non-current liabilities	22,178	43,878	139,552	178,071

As of December 31, 2023, 2024 and 2025, we had bank borrowings of RMB980.5 million, RMB1,523.2 million and RMB1,685.2 million, respectively. During the Track Record Period, our bank borrowings came from commercial banks and financial institutions bearing effective interest rates in the range of 0.4% to 4.4% per annum. Our bank loans were primarily used to finance our increased working capital requirements driven by our business expansion during the Track Record Period.

A portion of our long-term bank borrowings were secured with pledges on our ownership interests in properties and buildings of certain subsidiaries. As of March 31, 2026, the carrying amount of the pledged assets were amounted to approximately RMB159.2 million.

As of March 31, 2026, we had bank borrowings of RMB1,892.4 million. As of the same date, we had committed unutilized banking facilities of RMB3,061.7 million.

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our lease of office premises and hospital and clinic premises. Under IFRS 16, we recognize lease liabilities with respect to all leases, except for short term leases and leases of low value assets. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our total lease liabilities amounted to RMB4,619.6 million, RMB5,257.0 million, RMB5,531.8 million and RMB5,347.7 million, respectively.

Amounts Due to Non-Controlling Interests

As of December 31, 2023, 2024, 2025 and March 31, 2026, we had amounts due to certain non-controlling interests included in other payables and accruals amounted to approximately RMB8.4 million, 11.5 million, 12.8 million and 12.8 million, respectively, which are non-trade in nature, unsecured and bearing interest rate in the range of nil, 4.15%, 4.06% to 4.15 % and 4.15 %, respectively and are repayable on demand.

Amounts Due to Fellow Subsidiaries

As of December 31, 2025, we had a loan and interest payable to a fellow subsidiary included in other payables and accruals of approximately RMB81.6 million, which is non-trade in nature, unsecured and bearing an annual interest rate of 2.5% and are repayable between February 2026 and December 2026. The loan and interest payable to a fellow subsidiary had been fully settled as of March 31, 2026.

With the exception of the aforementioned RMB81.6 million loan and interest payable as of December 31, 2025, the remaining balances of amounts due to fellow subsidiaries included in other payables and accruals as of December 31, 2023, 2024, 2025 and March 31, 2026 are non-trade in nature, unsecured, interest-free and are repayable on demand.

Amount Due to a Former Shareholder of a Subsidiary

As of December 31, 2024, 2025 and March 31, 2026, we had an amount due to a former shareholder of a subsidiary included in other payables and accruals of approximately RMB15.2 million, RMB12.0 million and RMB9.7 million, respectively, which is non-trade in nature, unsecured and bearing an annual interest rate of 5.0%, 5.0% and 5.0%, respectively and is wholly repayable in June 2027.

Except as disclosed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees, or material contingent liabilities as of March 31, 2026. We had not experienced any difficulty in obtaining bank loans and other borrowings, or default in payment of bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there have been no material change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures comprised of expenditures for the purchase of property, plant and equipment, purchase of intangible assets and payment for development cost. The details of our capital expenditure during the Track Record Period are summarized as follows.

	For the year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Purchases of property, plant and equipment	1,423,476	1,778,235	1,535,088
Purchases of intangible assets	36,233	51,863	48,548
Payments for development costs	–	–	9,945
Total	**1,459,709**	**1,830,098**	**1,593,581**

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain related party transactions. It is the view of our Directors that each of the related party transactions set out in Note 42 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that all material related party transactions during the Track Record Period were conducted on normal commercial terms or on terms no less favorable to our Group than those available from independent third parties, are fair and reasonable and in the interests of our Shareholders as a whole, and would not distort our track record results or make our historical results not reflective of our expectations for our future performance. For details about our related party transactions during the Track Record Period, see note 42 to the Accountants' Report in Appendix I to this document.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years indicated.

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin(1)	50.8%	48.1%	47.1%
Current ratio(2)	1.7	1.5	1.2
Quick ratio(3)	1.5	1.3	1.1
Gearing ratio (4)	33.7%	34.4%	36.2%

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Current ratio is calculated based on total current assets divided by total current liabilities.

(3) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(4) Gearing ratio equals total liabilities divided by total assets multiplied by 100%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including currency risk, interest rate risk and credit risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, including relevant sensitivity analysis, see Note 45 in the Accountants' Report set out in Appendix I of this document.

Market Risk

Currency Risk

Certain financial assets and liabilities are denominated in foreign currency of our respective group entities which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to lease liabilities. We are also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. Our cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on prime rate arising from our borrowings. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range. We currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Other Price Risk

We are exposed to other price risk through our investments in equity securities measured at FVTPL and FVTOCI. We monitor the price risk and will consider hedging the risk exposure should the need arise.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each Track Record Period in relation to each class of recognized financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

Our credit risk exposures are primarily attributable to bank balances, debt instruments at amortized cost, financial assets at FVTPL, financial assets at FVTOCI and trade and other receivables disclosed in the consolidated statements of financial position. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets. We performed impairment assessment for financial assets and other items under ECL model.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of borrowings, if necessary.

DIVIDENDS

In 2023, 2024 and 2025, we declared dividends of RMB717.7 million, RMB1,394.8 million and RMB2,230.8 million, respectively.

After the completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. In principle, we prioritize cash dividends as the profit distribution method if the conditions for cash dividends are met. On the premise of ensuring the full distribution of cash dividends, we can distribute dividends in the form of share equity. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders may approve any declaration of dividends.

According to applicable laws in Chinese Mainland and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous years; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' meeting. Subject to the principles of profit distribution and the premise of ensuring our normal operations and long-term development, when the conditions for cash dividend distribution are satisfied, we shall in principle distribute cash dividends once per year. The profits distributed in cash each year shall be no less than 10% of the distributable profits realized in that year, or alternatively, the cumulative profits distributed in cash over any consecutive three-year period shall be no less than 30% of the average annual distributable profits realized during such three-year period.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration our Group's internal resources, the banking facilities presently available to our Group, and the estimated [**REDACTED**] from the [**REDACTED**], our Group has sufficient working capital for our Group's present requirements for at least the next 12 months commencing from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained earnings of approximately RMB7.6 billion, which are available for distribution to our Shareholders.

PROPERTIES AND VALUATION

In accordance with the requirement of Rule 5.07 of the Listing Rules, Cushman & Wakefield Limited ("**C&W**"), an independent property valuer, has valued our selected property interest as of April 30, 2026. Particulars of our selected property interest are set out in "Appendix III — Property Valuation Report" to this document.

The table below sets out the reconciliation between the net book value of our selected property interest as of December 31, 2025 in the Accountants' Report set out in Appendix I to this document and the market value of our selected property interest as of April 30, 2026, in the Property Valuation Report as set out in Appendix Ill to this document.

	(RMB in thousands)
Net book value of our selected property interest as of December 31, 2025	1,157,831
Capital expenditures	–
Depreciation adjustments	(10,985)
Net book value as of April 30, 2026	1,146,846
Valuation deficit as of April 30, 2026	96,846
Valuation as of April 30,2026 set out in "Appendix III — Property Valuation Report" to this document	1,050,000

[**REDACTED**]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] million (equivalent to approximately RMB[**REDACTED**] million) (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), representing approximately [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] consist of (i) [**REDACTED**] expenses, including [**REDACTED**], of approximately HK$[**REDACTED**] million (equivalent to approximately RMB[**REDACTED**] million), and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**] million (equivalent to approximately RMB[**REDACTED**] million), comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**] million (equivalent to approximately RMB[**REDACTED**] million), and (b) sponsor fee and other fees and expenses of approximately HK$[**REDACTED**] million (equivalent to approximately RMB[**REDACTED**] million). During the Track Record Period, the [**REDACTED**] charged to our consolidated statements of profit or loss were HK$[**REDACTED**] and the issue costs, which were recognized as prepayments and are expected to be deducted from equity upon the [**REDACTED**], were RMB[**REDACTED**] million (HK$[**REDACTED**] million). After the Track Record Period, approximately HK$[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] million is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE LIABILITIES

For details, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as otherwise disclosed in this document, up to the date of this document, there has been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the periods reported on in the Accountants' Report in Appendix I to this document, and there is no event since December 31, 2025 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.