The following is the text of a report set out on pages I-1 to I-87, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SINO MEDICAL SCIENCES TECHNOLOGY INC. AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Sino Medical Sciences Technology Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-87, which comprises the consolidated statements of financial position as of 31 December 2023, 2024 and 2025, and the statements of financial position of the Company as of 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the reporting periods then ended (the "**Track Record Period**") and material accounting policy information and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-87 forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated [•] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the **[REDACTED]** of The **[REDACTED]** (the "**[REDACTED]**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's financial position as of 31 December 2023, 2024 and 2025, the Group's consolidated financial position as of 31 December 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 37 to the Historical Financial Information which states that no dividend has been paid or declared by the Company in respect of the Track Record Period.

BDO Limited
Certified Public Accountants

Li Xiang
Practising Certificate no. P08497

Hong Kong
[•]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**") Accounting Standards, which collective term includes all applicable individual IFRS, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("**IASB**"), and were audited by BDO Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("**IAASB**") ("**Underlying Financial Statements**").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	343,258	458,739	525,408
Cost of sales	*7*	(145,638)	(192,641)	(180,897)
Gross profit		197,620	266,098	344,511
Other income	*9*	15,886	21,896	25,982
Share of losses of an associate	*16*	(4,949)	–	–
Other (losses)/gains, net	*10*	(2,370)	10,481	(1,640)
Impairment reversal/(losses)	*11*	1,406	426	(266)
Selling expenses	*7*	(63,199)	(78,954)	(77,525)
General and administrative expenses	*7*	(97,040)	(93,357)	(97,149)
Research and Development expenses	*7*	(114,095)	(140,557)	(122,571)
Operating (loss)/profit		(66,741)	(13,967)	71,342
Finance income	*12*	2,632	2,421	2,150
Finance costs	*12*	(3,748)	(5,612)	(5,046)
Finance costs – net	*12*	(1,116)	(3,191)	(2,896)
(Loss)/profit before income tax		(67,857)	(17,158)	68,446
Income tax credit/(expense)	*13*	24,457	13,269	(20,980)
(Loss)/profit for the year		(43,400)	(3,889)	47,466
(Loss)/profit for the year attributable to:				
The equity holders of the Company		(39,630)	1,498	47,286
Non-controlling interests		(3,770)	(5,387)	180
		(43,400)	(3,889)	47,466
Other comprehensive income for the year				
Items that may be reclassified subsequently to profit or loss, net of tax:				
Exchange differences on translation of foreign operations		449	(1,087)	(500)
Other comprehensive income for the year, net of tax		449	(1,087)	(500)
Total comprehensive income for the year		(42,951)	(4,976)	46,966
Total comprehensive income for the year attributable to:				
The equity holders of the Company		(39,181)	411	46,786
Non-controlling interests		(3,770)	(5,387)	180
		(42,951)	(4,976)	46,966
(Loss)/earnings per share attributable to the equity holders of the Company (in RMB)				
Basic (loss)/earnings per share for (loss)/profits attributable to the equity holders of the Company (in RMB)	*14*	(0.10)	0.004	0.11
Diluted (loss)/earnings per share for (loss)/profits attributable to the equity holders of the Company (in RMB)	*14*	(0.10)	0.004	0.11

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment ("**PPE**")	*17*	173,506	126,656	86,792
Intangible assets	*19*	386,708	583,493	585,024
Right-of-use assets	*20*	34,679	28,199	24,685
Goodwill	*18*	–	46,217	46,217
Investment in an associate	*16*	14,003	–	–
Deferred tax assets	*21*	105,325	111,881	85,589
Prepayments and other receivables	*24*	127,423	723	977
Total non-current assets		841,644	897,169	829,284
Current assets				
Cash and cash equivalents	*26*	188,640	291,675	396,406
Trade receivables	*25*	8,936	7,474	25,145
Prepayments and other receivables	*24*	28,381	14,731	10,044
Inventories	*22*	118,220	89,506	88,790
Total current assets		344,177	403,386	520,385
Total assets		1,185,821	1,300,555	1,349,669
Current liabilities				
Borrowings	*27*	54,314	57,610	103,293
Lease liabilities	*20*	14,957	11,511	11,404
Trade payables	*28*	20,121	13,940	23,201
Contract liabilities	*6(b)*	1,116	1,874	1,595
Income tax payables		–	19	13
Other payables and accruals	*29*	60,764	107,064	194,244
Provisions	*30*	1,461	–	–
Total current liabilities		152,733	192,018	333,750
Net current assets		191,444	211,368	186,635
Total assets less current liabilities		1,033,088	1,108,537	1,015,919
Non-current liabilities				
Borrowings	*27*	50,300	54,800	–
Lease liabilities	*20*	24,920	18,988	14,833
Other payables and accruals	*29*	55,000	82,200	–
Deferred income	*31*	20,999	13,320	5,702
Deferred tax liabilities	*21*	20,218	40,889	35,557
Total non-current liabilities		171,437	210,197	56,092
Total liabilities		324,170	402,215	389,842
Net assets		861,651	898,340	959,827

	Notes	As of 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Capital and reserves				
Share capital	*34*	410,000	413,456	416,048
Other reserves	*35*	644,687	686,661	705,125
Accumulated losses		(234,729)	(233,231)	(193,528)
Capital and reserves attributable to the equity holders of the Company		819,958	866,886	927,645
Non-controlling interests		41,693	31,454	32,182
Total equity		861,651	898,340	959,827

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Investment in subsidiaries	*15*	457,149	586,638	612,562
Intangible assets	*19*	307,663	322,432	337,833
Property, plant and equipment ("**PPE**")	*17*	85,425	67,054	49,651
Right-of-use assets	*20*	25,026	18,744	8,182
Deferred tax assets	*21*	50,554	55,756	40,868
Prepayments and other receivables	*24*	127,188	580	718
Total non-current assets		1,053,005	1,051,204	1,049,814
Current assets				
Cash and cash equivalents	*26*	119,085	212,116	338,341
Trade receivables	*25*	90,813	66,122	21,583
Prepayments and other receivables	*24*	7,981	8,400	3,856
Inventories	*22*	68,421	60,230	60,743
Total current assets		286,300	346,868	424,523
Total assets		1,339,305	1,398,072	1,474,337
Current liabilities				
Trade payables	*28*	17,386	11,375	19,515
Contract liabilities	*6(b)*	962	901	984
Borrowings	*27*	39,299	42,595	83,377
Lease liabilities	*20*	8,736	6,024	5,053
Other payables and accruals	*29*	35,840	73,511	162,439
Total current liabilities		102,223	134,406	271,368
Net current assets		184,077	212,462	153,155
Total assets less current liabilities		1,237,082	1,263,666	1,202,969
Non-current liabilities				
Lease liabilities	*20*	21,192	15,169	5,238
Borrowings	*27*	50,300	54,800	–
Deferred income	*31*	2,066	1,367	972
Deferred tax liabilities	*21*	9,286	7,511	5,784
Other payables and accruals	*29*	55,000	82,200	–
Total non-current liabilities		137,844	161,047	11,994
Total liabilities		240,067	295,453	283,362
Net assets		1,099,238	1,102,619	1,190,975
Capital and reserves				
Share capital	*34*	410,000	413,456	416,048
Other reserves	*35*	552,500	567,691	585,203
Retained earnings		136,738	121,472	189,724
Total equity		1,099,238	1,102,619	1,190,975

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company					
	Share capital	Other reserves	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	410,000	632,184	(195,099)	847,085	40,399	887,484
Comprehensive income						
Loss for the year	–	–	(39,630)	(39,630)	(3,770)	(43,400)
Other comprehensive income	–	449	–	449	–	449
Total comprehensive income for the year	–	449	(39,630)	(39,181)	(3,770)	(42,951)
Transactions with owners						
Transactions with non-controlling interests *(Note 35)*	–	5,016	–	5,016	4,484	9,500
Share-based compensation expenses *(Note 36)*	–	7,038	–	7,038	580	7,618
Total transactions with owners in their capacity as owners for the year	–	12,054	–	12,054	5,064	17,118
As of 31 December 2023	410,000	644,687	(234,729)	819,958	41,693	861,651

	Attributable to the equity holders of the Company					
	Share capital	Other reserves	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2024	410,000	644,687	(234,729)	819,958	41,693	861,651
Comprehensive income						
Profit/(loss) for the year	–	–	1,498	1,498	(5,387)	(3,889)
Other comprehensive income	–	(1,087)	–	(1,087)	–	(1,087)
Total comprehensive income for the year	–	(1,087)	1,498	411	(5,387)	(4,976)
Transactions with owners						
Share-based compensation expenses *(Note 36)*	–	3,171	–	3,171	97	3,268
Issuance of shares	3,456	11,923	–	15,379	–	15,379
Acquisition *(Note 38)*	–	–	–	–	20,513	20,513
Transactions with non-controlling interests *(Note 35)*	–	27,967	–	27,967	(25,462)	2,505
Total transactions with owners in their capacity as owners for the year	3,456	43,061	–	46,517	(4,852)	41,665
As of 31 December 2024	413,456	686,661	(233,231)	866,886	31,454	898,340

	Attributable to the equity holders of the Company					
	Share capital	Other reserves	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2025	413,456	686,661	(233,231)	866,886	31,454	898,340
Comprehensive income						
Profit for the year	–	–	47,286	47,286	180	47,466
Other comprehensive income	–	(500)	–	(500)	–	(500)
Total comprehensive income for the year	–	(500)	47,286	46,786	180	46,966
Transactions with owners						
Share-based compensation expenses *(Note 36)*	–	949	–	949	38	987
Issuance of shares	2,592	8,942	–	11,534	–	11,534
Profit appropriations to statutory reserve	–	7,583	(7,583)	–	–	–
Transactions with non-controlling interests *(Note 35)*	–	1,490	–	1,490	510	2,000
Total transactions with owners in their capacity as owners for the year	2,592	18,964	(7,583)	13,973	548	14,521
As of 31 December 2025	416,048	705,125	(193,528)	927,645	32,182	959,827

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	32	54,228	128,846	159,750
Interest received		2,632	2,421	2,150
Income taxes paid		(20)	(27)	(26)
		56,840	131,240	161,874
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of financial assets at fair value through profit or loss ("**FVTPL**")		57,000	17,000	–
Investment gains from financial assets at FVTPL		292	73	–
Proceeds from disposal of property, plant and equipment, intangible assets and other non current assets		1,390	833	34
Purchase of PPE, intangible assets and other non current assets		(67,669)	(70,017)	(45,800)
Investments in financial assets at FVTPL		(57,000)	(17,000)	–
Payment for acquisition of a subsidiary		(127,054)	(20,353)	–
Net cash used in investing activities		(193,041)	(89,464)	(45,766)
CASH FLOWS FROM FINANCING ACTIVITIES				
Investments from non-controlling interests		9,500	2,505	2,000
Issuance of shares		–	15,379	11,534
Borrowing from related parties		55,000	60,480	32,914
Borrowing from bank loans		104,500	81,000	67,400
Repayment of bank loans		(35,500)	(73,200)	(76,500)
Repayment of bank loans interests		(2,006)	(4,110)	(4,195)
Repayment of borrowings from related parties		–	–	(29,880)
Lease payments		(9,178)	(20,586)	(13,015)
Net cash generated from/(used in) financing activities		122,316	61,468	(9,742)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(13,885)	103,244	106,366
Cash and cash equivalents as of the beginning of the year		203,423	188,640	291,675
Effect of foreign exchange rate changes, net		(898)	(209)	(1,635)
CASH AND CASH EQUIVALENTS AS OF THE END OF THE YEAR		188,640	291,675	396,406

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Sino Medical Sciences Technology Inc. (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") on 21 September 2007. The Company's registered office and the principal places of business activities are located at 2nd Floor, Zone B, TEDA Biomedical R&D Building, No.5 Fourth Avenue, Tianjin Development Area, Tianjin, PRC. The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in research, production and sales of interventional medical devices.

In the opinion of the directors of the Company, the ultimate controlling shareholder of the Company is Dr. Sun Jianhua and the intermediate holding company of the Company is Tianjin Weixin Yangguang Enterprise Management Consulting Co., Ltd.. (天津偉信陽光企業管理諮詢有限公司), a private limited liability company incorporated in the PRC.

The detailed information of the Company's major subsidiaries was disclosed in Note 15.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS, International Accounting Standards and Interpretations issued by IASB. In addition, the Historical Financial Information also complies with the applicable disclosures requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, consistently throughout the Track Record Period, unless otherwise stated.

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets, which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The Historical Financial Information has been prepared based on the consolidated financial statements of the Group. Inter-company transactions, balances and unrealized gains/losses on transactions between group companies are eliminated on consolidation.

New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not effective for the Track Record Period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions except that the new IFRS 18 as set out below will affect the presentation and disclosure of consolidated financial statements.

The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts-referencing nature-dependent electricity[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

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

3 Effective date not yet determined.

The Group has already commenced an assessment of the impact of these new and amended IFRS Accounting Standards, certain of which are relevant to the Group's operations. According to the preliminary assessment made by management, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Material accounting policy information

2.2.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2.2.2 Investments in associates

An associate is an entity over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

When there is objective evidence that the investment in an associate is impaired, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

The Company's investments in associates are accounted for in the financial statements using the equity method.

2.2.3 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the equity holders of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as of acquisition date. If, after re-assessment, the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

2.2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.6 Foreign currency translation

(a) Functional and presentation currency

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company and its subsidiaries.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within "Other (losses)/gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

2.2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Other than construction in progress, depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimate useful lives as follows:

Machinery and equipment	10 years
Vehicles	5 years
Office equipment	3-5 years
Electronic equipment	3-5 years
Other equipment	3-5 years
Leasehold improvements	2-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses)/gains, net" in the consolidated statements of profit or loss and other comprehensive income.

Construction in progress represents unfinished construction under construction, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

2.2.8 Intangible assets

(a) Software, Patent rights, Non-patented technology, CE certificate and Certificate of registration

Acquired intangible assets are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives. The Group amortizes software copyright, software and trademark with a limited useful life using the straight-line method over the following periods:

Software	3-10 years or over the licensed period
Patents	5 or 10 years
Non-patented technology	10 years
CE certificate	Over the validity period of the certificate
Certificate of registration	Over the validity period of the certificate

When determining the useful life, the management of the Group has taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

(b) Development expenditure

The Group incurs significant costs and efforts on Research and Development activities. Research expenditure is recognized as an expense as incurred. Costs incurred on Research and Development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the Research and Development project so that it will be available for use or sale;
- management intends to complete the Research and Development project and use or sell it;
- there is an ability to use or sell the Research and Development project;
- it can be demonstrated how the Research and Development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the Research and Development project are available; and
- the expenditure attributable to the Research and Development project during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset.

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period.

2.2.9 Goodwill

Goodwill is measured as described in Note 2.2.4. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2.2.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.2.11 Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at financial assets at fair value through other comprehensive income ("**FVTOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the assets. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in "Finance income" using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "Other (losses)/gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Other (losses)/gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other (losses)/gains, net" and impairment expenses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.

- FVTPL: Assets that do not meet the criteria for amortized cost or financial assets at FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in "Other (losses)/gains, net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in "Other (losses)/gains, net" in the consolidated statements of profit or loss and other comprehensive income as applicable.

(d) Impairment

The Group performs impairment assessment under ECL model on financial assets which are measured at amortized cost and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed collectively or individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Financial liabilities

(a) Classification and measurement of financial liabilities

The Group's financial liabilities include trade payables, other payables and accruals, borrowings, lease liabilities.

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

(b) Subsequent measurement

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

Financial liabilities at amortized costs

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

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

2.2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost mainly comprises good-in-transit, raw materials, work in progress and finished goods. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2.13 Trade receivables

Trade receivables are amounts due from customers for the products and services rendered in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 25 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's credit risk management.

2.2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.2.15 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after each reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.2.16 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of profit or loss and other comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after each reporting period.

2.2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.2.18 Revenue recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

1) Sales of products

Revenue generated from sales of products is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the products.

Contract fulfilment costs

Contract fulfilment costs are the costs to fulfil a contract with a customer which are not capitalized as inventory (Note 2.2.12), property, plant and equipment (Note 2.2.7) or intangible assets (Note 2.2.8).

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labor, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Contract fulfilment costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortization of contract fulfilment costs is charged to profit or loss when the revenue to which the asset relates is recognized.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 (see Note 3.1(b)). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

2.2.19 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are recognized as deferred revenue in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2.2.20 Finance income

Interest income is presented as the finance income where it is mainly earned from financial assets held for cash management purposes, see Note 12 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and other allowances that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) Pension obligations

Employees of the Group are covered by government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(c) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

2.2.22 Share-based payment

The Company operates restricted share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of share options (Note 36) is determined using Black-Scholes Option Pricing Model. Further details of which are given in Note 36 to the Historical Financial Information.

The fair value of awarded share options granted to employees under the restricted share incentive schemes is recognized as an employee benefits expense over the relevant service period, being the vesting period of the share options, and the credit is recognized in equity in the employee share-based compensation reserve. The fair value of the share options is measured at the grant date. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such shares are reversed effective at the date of the forfeiture.

The grant of share-based payments by the Company to the employees of the subsidiaries are treated as a capital contribution to subsidiaries in the separate financial statements of the Company. The fair value of employee services received, determined by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding adjustment to equity in the separate financial statements of the Company.

2.2.23 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.2.24 (Loss)/earnings per share

(i) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing:

- the profit attributable the equity holders of the Company, and
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share adjusts the figures used in the determination of basic (loss)/profit per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, mainly market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group's businesses are principally conducted in RMB, USD, EUR, THB and other foreign currencies.

The Group regularly monitors its foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk. The Group continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks. The

Group may enter into forward foreign exchange contracts or currency swap contracts to hedge against exchange rate risks. For each reporting period, the Group did not enter into any forward foreign exchange contracts or currency swap contracts.

The exchange rate risks mainly arise from financial assets and financial liabilities denominated in USD, EUR, THB and other foreign currencies. The amounts of financial assets and financial liabilities denominated in foreign currency converted into RMB are presented as follows:

	USD	EUR	THB	Other Foreign Currencies
	'000	*'000*	*'000*	*'000*
As of 31 December 2023				
Cash and cash equivalents	9,805	3,292	–	358
Trade receivables	1,439	1,715	833	–
Prepayments and other receivables	71	9,673	–	–
Trade payables	2,114	1,757	–	–
Other payables and accruals	1,393	2,069	–	51
	7,808	10,854	833	307
As of 31 December 2024				
Cash and cash equivalents	18,250	8,945	–	577
Trade receivables	748	552	2,756	–
Prepayments and other receivables	431	1,479	–	–
Trade payables	468	44	–	–
Other payables and accruals	1,632	2,753	76	–
	17,329	8,179	2,680	577
As of 31 December 2025				
Cash and cash equivalents	19,248	3,783	–	455
Trade receivables	4,610	769	3,576	–
Prepayments and other receivables	422	908	–	–
Trade payables	705	675	–	–
Other payables and accruals	4,340	3,979	84	–
	19,235	806	3,492	455

As of 31 December 2023, 2024 and 2025, if the exchange rate of RMB against USD were higher/ lower by 5%, the profit before income tax of Group would have been approximately RMB0.39 million, RMB0.87 million and RMB0.96 million lower/higher respectively.

As of 31 December 2023, 2024 and 2025, if the exchange rate of RMB against EUR were higher/ lower by 5%, the profit before income tax of Group would have been approximately RMB0.54 million, RMB0.41 million and RMB0.04 million lower/higher respectively.

As of 31 December 2023, 2024 and 2025, if the exchange rate of RMB against THB were higher/ lower by 5%, the profit before income tax of Group would have been approximately RMB0.04 million, RMB0.13 million and RMB0.18 million lower/higher respectively.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from borrowings and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 27. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for each reporting period.

As of 31 December 2023, 2024 and 2025, the Group was not exposed to significant interest rate risk. The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate risk.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade receivables and other receivables. The carrying amount of each class of the above assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of assets.

(i) Credit risk of cash and cash equivalents

To manage this risk, the Group's subsidiaries only make transactions with state-owned banks or reputable commercial banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The credit losses are assessed to be immaterial.

(ii) Credit risk of trade receivables

The Group applies the simplified approach in calculating ECLs for trade receivables.

Certain customers of the Group which have outstanding trade receivable due to the Group with gross carrying amount of RMB66,475, RMB42,100 and RMB42,100, respectively, as of 31 December 2023, 2024 and 2025, was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As of 31 December 2023, 2024 and 2025, allowance for expected credit losses of RMB66,475, RMB42,100 and RMB42,100, respectively, was made on the trade receivables due from the customer.

For the remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging of customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The following table sets forth an aging analysis (based on revenue recognition date) of the gross trade receivables and the related loss allowances at the respective reporting dates:

	As of 31 December 2023		
	Gross amount	**Loss allowance**	**Expected loss rate**
	RMB'000	*RMB'000*	%
Assessed based on grouping			
Within 6 months	6,864	34	0.50
Over 6 months but within 1 year	583	29	5.00
1 to 2 years	147	15	10.00
2 to 3 years	589	177	30.00
3 to 5 years	2,015	1,007	50.00
Over 5 years	531	531	100.00
Assessed individually	66	66	100.00
	10,795	1,859	

	As of 31 December 2024		
	Gross amount	**Loss allowance**	**Expected loss rate**
	RMB'000	*RMB'000*	%
Assessed based on grouping			
Within 6 months	6,014	30	0.50
Over 6 months but within 1 year	423	21	5.00
1 to 2 years	330	33	10.00
2 to 3 years	142	42	30.00
3 to 5 years	1,383	692	50.00
Over 5 years	360	360	100.00
Assessed individually	42	42	100.00
	8,694	1,220	

	As of 31 December 2025		
	Gross amount	**Loss allowance**	**Expected loss rate**
	RMB'000	*RMB'000*	*%*
Assessed based on grouping			
Within 6 months	24,338	122	0.50
Over 6 months but within 1 year	569	28	5.00
2 to 3 years	115	34	30.00
3 to 5 years	615	308	50.00
Over 5 years	954	954	100.00
Assessed individually	42	42	100.00
	26,633	1,488	

In view of the credit risk of the debtors, historical payment pattern and forward-looking information, the Group considers the expected credit risk for trade receivables within 6 months is 0.5%. There is no significant changes in expected loss rate throughout the Track Record Period as there is no significant changes in credit rating of the debtors, historical payment pattern and forward-looking information during the Track Record Period.

The movements in provision for impairment of trade receivables are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Loss allowance			
At beginning of the year	3,377	1,859	1,220
(Reversal)/provision for trade receivables	(1,406)	(428)	268
Written off	(115)	(211)	–
Exchange difference	3	–	–
At end of the year	1,859	1,220	1,488

(iii) Credit risk of other receivables

Other receivables mainly comprise deposits, amounts due from tax refund, tax recoverable and others.

The management of the Group makes individual assessment on the recoverability of deposits and amounts due from tax refund based on historical settlement records and past experiences. The Group measures credit risk using probability of default, exposure at default and loss given default.

For impairment on deposits and amounts due from tax refund, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition.

On that basis, movements on the Group's provision for impairment of other receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Stage 2			
Provision for impairment			
As of the beginning of the year	–	–	2
Provision/(reversal) for other receivables	–	2	(2)
As of the end of the year	–	2	–

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. Liquidity risk is centrally managed by the finance department of the Group. The finance department ensures that the Group maintains sufficient funding to meet its debt obligations under reasonably foreseeable scenarios by monitoring cash balances, marketable securities, and rolling 12-month cash flow forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at each year end to the contractual maturity date for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is immaterial.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2023						
Trade payables *(Note 28)*	20,121	–	–	–	20,121	20,121
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) *(Note 29)*	29,971	4,400	50,600	–	84,971	84,971
Borrowings (including interest accrual up to maturity) *(Note 27)*	56,514	6,372	21,844	29,489	114,219	104,614
Lease liabilities *(Note 20)*	16,363	10,407	16,159	–	42,929	39,877

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2024						
Trade payables *(Note 28)*	13,940	–	–	–	13,940	13,940
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) *(Note 29)*	68,756	82,200	–	–	150,956	150,956
Borrowings (including interest accrual up to maturity) *(Note 27)*	59,421	7,131	32,602	20,602	119,756	112,410
Lease liabilities *(Note 20)*	12,621	10,904	8,958	–	32,483	30,499
As of 31 December 2025						
Trade payables *(Note 28)*	23,201	–	–	–	23,201	23,201
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) *(Note 29)*	151,868	–	–	–	151,868	151,868
Borrowings (including interest accrual up to maturity) *(Note 27)*	103,421	–	–	–	103,421	103,293
Lease liabilities *(Note 20)*	12,154	8,266	7,313	–	27,733	26,237

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the share capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares or repurchase the Company's shares.

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the Historical Financial Information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under IFRSs.

(i) Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(ii) Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(iii) Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other technique, such as asset based approach, is used to determine fair value for the remaining financial instrument.

There were no changes in valuation techniques during the Track Record Period.

4 CRITICAL ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

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

(a) Inventory provision

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.2.12. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting year.

(b) Provision of ECL for financial assets at amortized cost

The Group calculates ECL for trade and other receivables and cash and cash equivalent under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Details of the key assumptions and inputs used are set out in Note 3.1(b). Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

(c) Impairment of goodwill and other non-financial assets

The Group tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired whether goodwill and development expenditure has suffered any impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined as higher of fair value less costs of disposal and value in use amount. These calculations require use of estimates.

For the purposes of determining the value in use of cash-generating unit or group of cash-generating units, expected cash flows generated by relevant assets are discounted to their present value, which requires significant estimates related to growth rate, gross margin, discount rate and other factors in the cash flow projection. Fair value less costs of disposal is calculated by benchmarking against the price quotation of a comparable model in the second-hand market, adjusting the estimated disposal costs.

(d) Capitalization of development expenditures

As of 31 December 2023, 2024 and 2025, the carrying amount of the Group's development expenditures included in the intangible assets are RMB332 million, RMB393 million, and RMB414 million. The capitalization involved management's judgement in assessing whether technical and commercial feasibility of each project had been achieved for each of the projects. Management will assess the progress of each of the research and development projects and determine whether the criteria are met for capitalization (Note 2.2.8).

5 SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision maker of the Group who reviews the operating results of the Group's business as one operating segment to make strategic decisions and resources allocation.

Revenue from customers contributing over 10% of the total revenue of the Group during the years ended 31 December 2023, 2024 and 2025 is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
Customer A	43.91%	40.12%	34.76%

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers. The geographical location is based on the locations of customers.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	333,020	440,688	496,038
Overseas	10,238	18,051	29,370
	343,258	458,739	525,408

6 REVENUE

(a) Disaggregation of revenue from contracts with customers

Revenue for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Type of revenue:			
Sale of coronary intervention products	159,030	253,155	308,647
Sale of neurovascular intervention products	180,993	204,670	215,524
Others	3,235	914	1,237
	343,258	458,739	525,408
Timing of revenue recognition:			
At a point in time	343,258	458,739	525,408

(b) Contract liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfilment of performance obligations.

The Group

As of 31 December 2023, 2024 and 2025, the Group recognized contract liabilities of RMB1.12 million, RMB1.87 million and RMB1.6 million, respectively.

The following table shows how much of the revenue recognized during the Track Record Period is included in the contract liabilities:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liability balance at the beginning of the year	259	915	1,652

The Company

As of 31 December 2023, 2024 and 2025, the Company recognized contract liabilities of RMB0.96 million, RMB0.9 million and RMB0.98 million, respectively.

The following table shows how much of the revenue recognized during the Track Record Period is included in the contract liabilities:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liability balance at the beginning of the year	171	506	791

Management expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2023, 2024 and 2025 will be recognized as revenue within one year.

7 EXPENSES BY NATURE

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Employee benefits expenses	174,781	197,892	202,395
Share-based compensation expenses	7,618	3,268	987
Provision for impairment losses on inventories	4,612	18,054	3,912
Changes in inventories of finished goods, good-in-transit and work in progress	(14,996)	918	(9,933)
Raw materials and consumables used	57,861	67,186	74,069
Depreciation and amortization	87,024	102,227	93,454
Technical testing service fees	7,874	6,607	7,073
Consulting services and registration inspection fees	23,564	29,527	31,876
Animal experiments	3,896	5,417	918
Clinical trial fees	5,273	6,111	8,009
Traveling expenses	6,875	7,824	6,823
Conference and promotion fees	10,525	11,244	10,308
Business entertainment expenses	3,520	5,040	3,772
Business promotion expenses	1,107	2,555	676
Utilities expenses	10,180	10,114	10,049
Patent maintenance service fees	2,928	2,571	1,610
Other expenses	27,330	28,954	32,144
	419,972	505,509	478,142

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	133,186	150,911	152,369
Share-based compensation expenses *(Note 36)*	7,618	3,268	987
Pension obligations, housing funds, medical insurances and other social insurances	34,516	39,488	41,382
Other employee benefit expenses	7,079	7,493	8,644
	182,399	201,160	203,382

(a) Pension obligations, housing funds, medical insurances and other social insurances

The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group's full time employees in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government and liabilities in respect of benefits schemes are limited to the contribution payable in each year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023, 2024 and 2025, include 1, 1 and nil director, respectively, whose emoluments are disclosed in Note 8(c). Details of the remuneration of the remaining individuals during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	6,457	7,768	9,824
Share-based compensation expenses	1,339	849	259
Pension obligations, housing funds, medical insurances and other social insurances	1,181	1,227	1,383
	8,977	9,844	11,466

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December		
	2023	**2024**	**2025**
Emolument bands			
HK$1,500,001 to HK$2,000,000	1	–	1
HK$2,000,001 to HK$2,500,000	1	1	1
HK$2,500,001 to HK$3,000,000	2	2	2
HK$3,000,001 to HK$3,500,000	–	1	1
	4	4	5

(c) Details of emoluments in respect of the directors and supervisors of the Company

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2023 are as follows:

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Dr. Sun Jianhua	–	883	234	–	–	1,117
Mr. Kang Xiaoran	–	684	500	113	936	2,233
Mr. Huang Kai	–	416	156	152	40	764
Ms. Shen Lihua	–	925	290	113	234	1,562
Ms. Chen Lin	–	757	230	152	234	1,373
Mr. Cai Wenbin	–	793	336	113	234	1,476
Dr. Gao Yan	80	–	–	–	–	80
Dr. Yu Changchun	80	–	–	–	–	80
Dr. Li Rui	80	–	–	–	–	80
	240	4,458	1,746	643	1,678	8,765
Supervisors						
Mr. Li Tianzhu	–	505	92	113	–	710
Ms. Tian Wen	–	181	37	79	–	297
Mr. Liu Haitao	–	430	136	152	–	718
	–	1,116	265	344	–	1,725

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2024 are as follows:

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Dr. Sun Jianhua	–	1,208	234	–	–	1,442
Mr. Kang Xiaoran	–	1,194	300	118	665	2,277
Mr. Huang Kai	–	416	104	160	29	709
Ms. Shen Lihua	–	926	290	117	166	1,499
Ms. Chen Lin	–	758	215	160	166	1,299
Mr. Cai Wenbin	–	793	208	117	166	1,284
Dr. Ma Yuanju *(Note (c) (i))*	45	–	–	–	–	45
Dr. Gao Yan	80	–	–	–	–	80
Dr. Li Rui	80	–	–	–	–	80
	205	5,295	1,351	672	1,192	8,715
Supervisors						
Dr. Yu Changchun *(Note (c) (ii))*	80	–	–	–	–	80
Mr. Li Tianzhu *(Note (c) (iii))*	–	506	102	117	–	725
Mr. Liu Haitao	–	430	82	160	–	672
Ms. Tian Wen	–	183	54	82	–	319
	80	1,119	238	359	–	1,796

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2025 are as follows:

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Dr. Sun Jianhua	–	1,070	234	–	–	1,304
Mr. Kang Xiaoran	–	924	500	116	197	1,737
Mr. Huang Kai	–	416	130	164	8	718
Ms. Shen Lihua *(Note (c) (iv))*	–	926	305	123	49	1,403
Ms. Chen Lin *(Note (c) (iv))*	–	758	283	164	49	1,254
Mr. Cai Wenbin *(Note (c) (iv))*	–	792	370	123	49	1,334
Mr. Wang Wei *(Note (c) (iv))*	3	–	–	–	–	3
Dr. Yu Changchun *(Note (c) (iv))*	79	–	–	–	–	79
Dr. Ma Yuanju	80	–	–	–	–	80
Dr. Gao Yan	80	–	–	–	–	80
Dr. Li Rui	80	–	–	–	–	80
	322	4,886	1,822	690	352	8,072
Supervisors						
Ms. Tian Wen	–	183	57	82	–	322
Mr. Liu Haitao	–	430	136	164	–	730
	–	613	193	246	–	1,052

Note:

(i) Dr. Ma Yuanju was appointed as independent non-executive director of the Company on 6 June 2024.

(ii) Dr. Yu Changchun resigned as an independent non-executive director of the Company on 5 June 2024 and was appointed as the chairman of the supervisors of the Company on 6 June 2024.

(iii) Mr. Li Tianzhu resigned as the chairman of the supervisors of the Company on 5 June 2024.

(iv) On 16 December 2025, Ms. Shen Lihua, Ms. Chen Lin and Mr. Cai Wenbin were removed from their positions as directors of the Company and Mr. Wang Wei and Dr. Yu Changchun were appointed as directors of the Company and ceased to be supervisors.

(d) Directors' retirement benefits and termination benefits

No director's retirement or termination benefit subsisted at the end of each year disclosed or at any time during the Track Record Period.

(e) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of each year disclosed or at any time during the Track Record Period.

(f) Information about borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

No borrowings, quasi-borrowings and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time during the Track Record Period.

(g) Directors' material interest in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of each year disclosed or at any time during the Track Record Period.

9 OTHER INCOME

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(Note(a))*	13,384	20,138	24,956
Input value-added tax ("**VAT**") additional deduction	627	989	627
Others	1,875	769	399
	15,886	21,896	25,982

(a) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives to reward the Group's support and contribution for the development of local economies.

10 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Fair value changes on financial assets at FVTPL	276	69	–
(Loss)/gain on disposal of/written off property, plant and equipment	(1,545)	201	(74)
Gain on deemed disposals of an associate *(Note(a))*	–	11,126	–
Compensations	(86)	(703)	(493)
Others	–	(21)	(1)
Foreign currency exchange difference	(1,015)	(191)	(1,072)
	(2,370)	10,481	(1,640)

Note:

(a) The gain on deemed disposals of an associate recognized during the year ended 31 December 2024 arose from the acquisition of eLum Technologies Inc. ("**eLum**"), an investment transferred from investment in an associate to a subsidiary. Details are set out in Note 38 to the Historical Financial Information.

11 IMPAIRMENT (REVERSAL)/LOSSES

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Impairment (reversal)/losses under ECL model, net of losses			
Trade receivables	(1,406)	(428)	268
Other receivables	–	2	(2)
	(1,406)	(426)	266

Details of impairment are set out in note 3.1 (b) to the Historical Financial Information.

12 FINANCE COSTS – NET

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from bank deposits *(Note(a))*	2,632	2,421	2,150
Finance costs:			
Interest expenses on bank borrowings	(2,102)	(4,120)	(4,181)
Interest expenses on lease liabilities	(1,646)	(1,492)	(865)
	(3,748)	(5,612)	(5,046)
Finance costs – net	(1,116)	(3,191)	(2,896)

Note:

(a) Interest income represents interest income from cash and cash equivalent, including bank balances which could be withdrawn or transferred on demand.

13 INCOME TAX (CREDIT)/EXPENSE

(a) Income tax (credit)/expense

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax	(8,407)	(1,192)	20
Deferred tax *(Note 21)*	(16,050)	(12,077)	20,960
	(24,457)	(13,269)	20,980

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong

The Group's subsidiary in Hong Kong is subject to Hong Kong profits tax of which the tax rate was 16.5% up to 1 April 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first Hong Kong Dollars ("**HKD**") 2 million and 16.5% for any assessable profits in excess.

Chinese Mainland

In accordance with the Enterprise Income Tax Law ("**EIT Law**"), domestic companies established in Chinese Mainland are subject to Enterprise Income Tax ("**EIT**") at a rate of 25%.

During the Track Record Period, the Company benefits from a preferential tax rate of 15% under the CIT Law as the Company is qualified as high and new technology enterprise.

Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions has been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging within 30% for the Track Record Period.

The income tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the enacted tax rate in the PRC applicable to the Group as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before income tax	(67,857)	(17,158)	68,446
Income tax (credit)/expense computed at the statutory income tax rate	(10,178)	(2,574)	10,267
Tax effect of:			
Effect of different tax rates applicable to subsidiaries	710	(5,084)	8,582
Super Deduction in respect of Research and Development ("**R&D**") expenditures	(12,129)	(3,972)	(2,307)
Over provision of current tax in prior years.	(8,427)	(1,217)	–
Expenses not deductible for taxation purpose	783	922	3,461
Utilization of previously unrecognized tax losses	(18)	43	(372)
Temporary differences or tax losses for which no deferred tax asset/liability was recognized.	4,800	(1,412)	1,329
Others	2	25	20
Income tax (credit)/expense	(24,457)	(13,269)	20,980

(b) Tax losses

The tax losses incurred from the Company's subsidiaries that are not recognized as deferred tax assets will expire from 2024 to 2030 and thereafter. Deductible losses that are not recognized for deferred tax assets will expire as follows:

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Expiry year			
2024	–	N/A	N/A
2025	6,665	–	N/A
2026	19,194	9,723	15,039
2027	19,203	15,525	15,525
2028	13,566	10,741	10,742
2029	4,594	7,597	7,340
2030 and thereafter	15,775	15,141	15,398
Permanently (Overseas)	152,134	291,463	256,119
	231,131	350,190	320,163

14 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share for the years ended 31 December 2023, 2024 and 2025 is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/earnings attributable to the equity holders of the Company (RMB'000)	(39,630)	1,498	47,286
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/ earnings per share (thousand shares)	410,000	412,016	414,968
Basic (loss)/earnings per share (expressed in RMB per share)	(0.10)	0.004	0.11

(b) Diluted (loss)/earnings per share

The 2022 Restricted Share Incentive Scheme granted by the Company has potential dilutive effect on the earnings per share for the years ended 31 December 2024 and 2025. Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential diluted ordinary shares arising from 2022 Restricted Share Incentive Scheme (collectively forming the denominator for computing the diluted (loss)/earnings per share). No conversion of all potential diluted ordinary shares is assumed for the year ended 31 December 2023 as they are anti-dilutive.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/earnings attributable to the equity holders of the Company (RMB'000)	(39,630)	1,498	47,286
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/ earnings per share (thousand shares)	410,000	415,728	417,735
Diluted (loss)/earnings per share (expressed in RMB per share)	(0.10)	0.004	0.11

15 SUBSIDIARIES

(a) Subsidiaries of the Company

During the Track Record Period and as of the date of this report, the Company has equity interests in the following subsidiaries:

Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Issued/Registered Capital As of 31 December 2023, 2024 and 2025	Equity interest attributable to the Company						Principal activities	Place of operation
				As of 31 December 2023		As of 31 December 2024		As of 31 December 2025			
				Direct	Indirect	Direct	Indirect	Direct	Indirect		
				%	%	%	%	%	%		
Beijing Fuji Yangguang Technology Co., Ltd. (北京福基陽光科技有限公司)*(Note(a))*	The PRC limited liability company	4 January 2001	RMB100,000,000 (2024 and 2025: nil)	100	–	N/A	N/A	N/A	N/A	Distribution, Research and Development of medical devices	The PRC
Anhua Hengji (Beijing) Technology Co., Ltd. (安華恒基(北京)科技有限公司)*(Note(a))*	The PRC limited liability company	24 May 2011	RMB11,000,000	100	–	100	–	100	–	Distribution of medical devices	The PRC
SINOMED Neurovita Technology Inc. (賽諾神暢醫療科技有限公司)*(Note(a))*	The PRC limited liability company	18 August 2020	RMB135,416,667	73.85	–	87.75	–	87.59	–	Manufacture, distribution, Research and Development of medical devices	The PRC
Sinomed Cardiovita Technology Inc. (賽諾心暢醫療科技有限公司)*(Note(a))*	The PRC limited liability company	9 October 2020	RMB50,000,000 (2023: RMB62,500,000)	80	–	100	–	100	–	Manufacture, distribution, Research and Development of medical devices	The PRC
SINOMED Hong Kong Limited	Hong Kong limited liability company	8 September 2017	USD29,458,618	100	–	100	–	100	–	Distribution, Research and Development of medical devices and investment holding	Hong Kong
Nova Vascular Inc.	United States of America ("USA") limited liability company	27 September 2017	USD18,200,000 (2023: USD14,000,000 2024: USD15,700,000)	–	100	–	100	–	100	Research and Development of medical devices	USA
SINOMED K. K.	Japan limited liability company	12 December 2017	JPY84,468,463 (2023 and 2024: JPY50,105,163)	–	100	–	100	–	100	Research and Development of medical devices	Japan
AlchiMedics	France limited liability company	17 November 2006	EUR1,803,817	–	100	–	100	–	100	Research and Development of medical devices	France
eLum Technologies, Inc.	USA limited liability company	20 October 2015	USD1,200	N/A	N/A	90.76	–	90.76	–	Research and Development of medical devices	USA

Note:

(a) The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

(b) The statutory financial statements of the PRC subsidiaries of Company have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the years ended 31 December 2023, 2024 and 2025. None of the subsidiaries had issued any debt securities at the end of each of the reporting periods in the Track Record Period.

(b) Investments in subsidiaries

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, at costs			
As of the beginning of the year	434,057	457,149	586,638
Addition *(Note(a))*	29,521	230,167	25,419
Disposal/capital reduction	(10,000)	(102,055)	–
Share-based compensation to subsidiaries	3,571	1,377	505
As of the end of the year	457,149	586,638	612,562
Provisions for impairment	–	–	–
	457,149	586,638	612,562

Note

(a) On 9 January 2024, the Company completed an Equity Transfer Agreement with shareholders of eLum to acquire a total of 72.73% equity interest and obtain substantive control of eLum. Details of the acquisition are set out in Note 38. After the acquisition, SINOMED Neurovita Technology Inc., a partially owned subsidiary of the Company, transferred its equity interest in eLum to the Company and the Company further increased its investment in eLum. The above transactions collectively increase the investment in subsidiaries by RMB208.12 million and the Group's effective interest in eLum became 90.76%.

16 INVESTMENT IN AN ASSOCIATE

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
As of the beginning of the year	18,952	14,003	–
Transfer to a subsidiary *(Note 38)*	–	(14,003)	–
Share of losses	(4,949)	–	–
As of the end of the year	14,003	–	–

The Group had investment in the following associate during the Track Record Period:

Name of associate	Place of incorporation/ establishment and operation	Percentage of ownership interest held by the Group As of 31 December 2023	2024	2025	Principal activity
eLum	USA	13.44%	N/A	N/A	R&D

The Group has the right to appoint a director to eLum and thereby exercising significant influence over it. Accordingly, it is accounted for as an associate. The associate is accounted for using the equity method in the Historical Financial Information.

17 PROPERTY, PLANT AND EQUIPMENT

Group	Machinery and equipment	Vehicles	Office equipment	Electronic equipment	Other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost								
As of 1 January 2023	149,009	1,709	3,106	30,303	98,475	6,071	99,866	388,539
Additions	3,932	–	25	153	4,532	34	478	9,154
Transfer from construction in progress	3,670	–	–	–	176	(3,846)	–	–
Disposal	(3,128)	–	(62)	(1,156)	(574)	(2,137)	–	(7,057)
Others	–	–	–	–	–	(51)	–	(51)
Exchange differences	–	–	(5)	–	–	–	–	(5)
As of 31 December 2023 and 1 January 2024	153,483	1,709	3,064	29,300	102,609	71	100,344	390,580
Additions	475	–	26	474	1,328	72	–	2,375
Acquired through business combinations	–	–	–	–	3,118	–	58	3,176
Disposal	(4,222)	(1,150)	(571)	(22,852)	(1,938)	(71)	–	(30,804)
Exchange differences	–	–	59	–	85	–	–	144
As of 31 December 2024 and 1 January 2025	149,736	559	2,578	6,922	105,202	72	100,402	365,471
Additions	4,792	–	33	324	1,935	146	335	7,565
Disposal	(4,993)	–	(151)	(192)	(433)	–	–	(5,769)
Exchange differences	–	–	16	–	(174)	–	–	(158)
As of 31 December 2025	149,535	559	2,476	7,054	106,530	218	100,737	367,109

	Machinery and equipment	Vehicles	Office equipment	Electronic equipment	Other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation								
As of 1 January 2023	57,940	932	1,345	27,197	45,670	–	34,578	167,662
Provided for the year	11,752	265	437	1,935	15,893	–	23,414	53,696
Disposal	(2,702)	–	(62)	(1,153)	(366)	–	–	(4,283)
Exchange differences	–	–	(1)	–	–	–	–	(1)
As of 31 December 2023 and 1 January 2024	66,990	1,197	1,719	27,979	61,197	–	57,992	217,074
Provided for the year	11,839	247	418	1,173	14,446	–	23,431	51,554
Disposal	(3,783)	(1,001)	(542)	(22,845)	(1,757)	–	–	(29,928)
Exchange differences	–	–	37	–	78	–	–	115
As of 31 December 2024 and 1 January 2025	75,046	443	1,632	6,307	73,964	–	81,423	238,815
Provided for the year	11,727	46	393	372	12,590	–	17,546	42,674
Disposal	(257)	–	(151)	(192)	(388)	–	–	(988)
Exchange differences	–	–	13	–	(197)	–	–	(184)
As of 31 December 2025	86,516	489	1,887	6,487	85,969	–	98,969	280,317
Net book value								
As of 31 December 2023	86,493	512	1,345	1,321	41,412	71	42,352	173,506
As of 31 December 2024	74,690	116	946	615	31,238	72	18,979	126,656
As of 31 December 2025	63,019	70	589	567	20,561	218	1,768	86,792

The Company	Machinery and equipment	Vehicles	Office equipment	Electronic equipment	Other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost								
As of 1 January 2023	101,608	559	483	27,873	63,084	6,035	44,943	244,585
Additions	1,829	–	7	67	550	–	202	2,655
Transfer from construction in progress	3,670	–	–	–	176	(3,846)	–	–
Disposal	(3,128)	–	–	(993)	(574)	(2,138)	–	(6,833)
Others	–	–	–	–	–	(51)	–	(51)
As of 31 December 2023 and 1 January 2024	103,979	559	490	26,947	63,236	–	45,145	240,356
Additions	475	–	–	423	912	71	–	1,881
Disposal	(4,222)	–	–	(22,469)	(1,627)	–	–	(28,318)
Others	3,500	–	–	113	7,809	–	–	11,422
As of 31 December 2024 and 1 January 2025	103,732	559	490	5,014	70,330	71	45,145	225,341
Additions	2,724	–	–	263	442	146	335	3,910
Disposal	(1,150)	–	–	(192)	(393)	–	–	(1,735)
As of 31 December 2025	105,306	559	490	5,085	70,379	217	45,480	227,516

	Machinery and equipment	Vehicles	Office equipment	Electronic equipment	Other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation								
As of 1 January 2023	51,144	349	320	25,941	35,801	–	18,605	132,160
Provided for the year	6,965	46	48	1,313	9,493	–	8,967	26,832
Disposal	(2,702)	–	–	(993)	(366)	–	–	(4,061)
As of 31 December 2023 and 1 January 2024	55,407	395	368	26,261	44,928	–	27,572	154,931
Provided for the year	7,154	46	49	653	7,616	–	8,880	24,398
Disposal	(3,783)	–	–	(22,467)	(1,505)	–	–	(27,755)
Others	1,681	–	–	108	4,924	–	–	6,713
As of 31 December 2024 and 1 January 2025	60,459	441	417	4,555	55,963	–	36,452	158,287
Provided for the year	7,152	46	41	253	6,136	–	7,259	20,887
Disposal	(744)	–	–	(192)	(373)	–	–	(1,309)
As of 31 December 2025	66,867	487	458	4,616	61,726	–	43,711	177,865
Net book value								
As of 31 December 2023	48,572	164	122	686	18,308	–	17,573	85,425
As of 31 December 2024	43,273	118	73	459	14,367	71	8,693	67,054
As of 31 December 2025	38,439	72	32	469	8,653	217	1,769	49,651

18 GOODWILL

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As of the beginning of the year	–	–	46,217
Acquisition of subsidiaries *(Note 38)*	–	46,217	–
As of the end of the year	–	46,217	46,217
Impairment			
As of the beginning of the year	–	–	–
Provide for the year	–	–	–
As of the end of the year	–	–	–
Carrying values			
As of the end of the year	–	46,217	46,217

Goodwill is recognized in the acquisition of eLum.

The carrying amount of goodwill attributable to the cash-generating unit ("**CGU**") is as follows:

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
eLum	N/A	46,217	46,217

Goodwill would be tested for impairment annually, at the end of the reporting period. If the carrying amount exceeds its estimated recoverable amount, which is the higher of value in use and fair value less costs of disposal, the difference of which would be recognized in profit or loss immediately.

In addition to goodwill, PPEs, intangible assets and other long-term assets (including allocation of corporate assets) that generate cash flows together with the related goodwill is also included in the CGU for the purpose of impairment assessment. As of 31 December 2024 and 2025, the recoverable amounts of the CGU were mainly determined based on fair value less costs of disposal using the income approach. Key assumptions used in the valuation included growth rate, income distribution rate and pre-tax discount rate, which reflect assumptions that market participants would use when pricing the CGU.

The quarterly growth rates applied in the impairment assessment are as follows:

	As of 31 December		
	2023	**2024**	**2025**
	%	*%*	*%*
eLum	N/A	1.4	1.4

The income distribution rates applied in the impairment assessment are as follows:

	As of 31 December		
	2023	**2024**	**2025**
	%	*%*	*%*
eLum	N/A	0.37-18.83	0.37-19.11

The pre-tax discount rates applied in the impairment assessment are as follows:

	As of 31 December		
	2023	**2024**	**2025**
	%	*%*	*%*
eLum	N/A	16.10	15.10

The income distribution rate and pre-tax discount rate were determined by reference to comparable company analysis.

The recoverable amount of eLum is estimated to exceed its carrying amount as of 31 December 2024 and 31 December 2025 by approximately RMB28.5 million and RMB34.1 million, respectively.

The Group performed the sensitivity analysis based on the assumption that the growth rate, pre-tax discount rate and the income distribution rates have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would have decreased by the following:

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Growth rates			
Income distribution rates decrease by 2% . . .	N/A	21,134	20,665
Pre-tax discount rates increase by 1%.	N/A	21,134	13,776

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount as of 31 December 2024 and 2025, respectively.

19 INTANGIBLE ASSETS

	Software	Patent rights	Non-patented technology	CE certificate	Certificate of registration	Development expenditure	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group								
Cost								
As of 1 January 2023	12,846	116,863	1,642	20,145	63,016	301,629	589	516,730
Additions	161	–	–	–	–	52,000	892	53,053
Transfer	–	–	–	–	21,805	(21,805)	–	–
Disposal	(176)	–	–	–	–	–	–	(176)
Exchange differences	4	1,222	–	–	–	–	–	1,226
As of 31 December 2023 and 1 January 2024	12,835	118,085	1,642	20,145	84,821	331,824	1,481	570,833
Additions	395	100	–	–	–	61,255	1,398	63,148
Transfer	1,777	(3,787)	3,787	–	–	–	(1,777)	–
Acquired through business combinations *(Note 38)* . .	–	172,110	–	–	–	–	–	172,110
Disposal	(886)	–	–	–	–	–	–	(886)
Exchange differences	(70)	(935)	–	–	–	–	–	(1,005)
As of 31 December 2024 and 1 January 2025	14,051	285,573	5,429	20,145	84,821	393,079	1,102	804,200
Additions	333	–	–	–	–	40,056	1,383	41,772
Transfer	2,412	–	–	–	18,710	(18,710)	(2,412)	–
Exchange differences	–	1,987	–	–	–	–	(2)	1,985
As of 31 December 2025 . . .	16,796	287,560	5,429	20,145	103,531	414,425	71	847,957

	Software	Patent rights	Non-patented technology	CE certificate	Certificate of registration	Development expenditure	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amortization								
As of 1 January 2023	9,242	102,574	1,450	17,334	24,322	–	–	154,922
Provided for the year	2,019	988	25	2,811	15,594	–	–	21,437
Disposal	(176)	–	–	–	–	–	–	(176)
Exchange differences	2	827	–	–	–	–	–	829
As of 31 December 2023 and 1 January 2024	11,087	104,389	1,475	20,145	39,916	–	–	177,012
Provided for the year	1,347	19,421	719	–	16,964	–	–	38,451
Disposal	(886)	–	–	–	–	–	–	(886)
Transfer	–	(947)	947	–	–	–	–	–
Exchange differences	(49)	(632)	–	–	–	–	–	(681)
As of 31 December 2024 and 1 January 2025	11,499	122,231	3,141	20,145	56,880	–	–	213,896
Provided for the year	1,408	19,742	404	–	18,685	–	–	40,239
Exchange differences	–	1,345	–	–	–	–	–	1,345
As of 31 December 2025	12,907	143,318	3,545	20,145	75,565	–	–	255,480

	Software	Patent rights	Non-patented technology	CE certificate	Certificate of registration	Development expenditure	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment								
As of 1 January 2023	–	6,718	–	–	–	–	–	6,718
Exchange differences	–	395	–	–	–	–	–	395
As of 31 December 2023 and 1 January 2024	–	7,113	–	–	–	–	–	7,113
Exchange differences	–	(302)	–	–	–	–	–	(302)
As of 31 December 2024 and 1 January 2025	–	6,811	–	–	–	–	–	6,811
Exchange differences	–	642	–	–	–	–	–	642
As of 31 December 2025	–	7,453	–	–	–	–	–	7,453
Net book value								
As of 31 December 2023	1,748	6,583	167	–	44,905	331,824	1,481	386,708
As of 31 December 2024	2,552	156,531	2,288	–	27,941	393,079	1,102	583,493
As of 31 December 2025	3,889	136,789	1,884	–	27,966	414,425	71	585,024

	Software	Patent rights	Non-patented technology	CE certificate	Certificate of registration	Development expenditure	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Company								
Cost								
As of 1 January 2023	11,521	89,110	1,391	20,144	63,016	246,673	–	431,855
Additions	68	–	–	–	–	31,095	578	31,741
Transfer	–	–	–	–	4,229	(4,229)	–	–
Disposal	(176)	–	–	–	–	–	–	(176)
As of 31 December 2023 and 1 January 2024	11,413	89,110	1,391	20,144	67,245	273,539	578	463,420
Additions	260	–	–	–	–	28,043	1,029	29,332
Transfer	578	(637)	637	–	–	–	(578)	–
Disposal	(886)	–	–	–	–	–	–	(886)
As of 31 December 2024 and 1 January 2025	11,365	88,473	2,028	20,144	67,245	301,582	1,029	491,866
Additions	103	–	–	–	–	27,895	1,383	29,381
Transfer	2,412	–	–	–	–	–	(2,412)	–
As of 31 December 2025	13,880	88,473	2,028	20,144	67,245	329,477	–	521,247

	Software	Patent rights	Non-patented technology	CE certificate	Certificate of registration	Development expenditure	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amortization								
As of 1 January 2023	8,682	86,641	1,391	17,333	24,322	–	–	138,369
Provided for the year	1,578	290	–	2,811	12,885	–	–	17,564
Disposal	(176)	–	–	–	–	–	–	(176)
As of 31 December 2023 and 1 January 2024	10,084	86,931	1,391	20,144	37,207	–	–	155,757
Provided for the year	823	227	64	–	13,449	–	–	14,563
Disposal	(886)	–	–	–	–	–	–	(886)
Transfer	–	(159)	159	–	–	–	–	–
As of 31 December 2024 and 1 January 2025	10,021	86,999	1,614	20,144	50,656	–	–	169,434
Provided for the year	1,014	227	64	–	12,675	–	–	13,980
As of 31 December 2025	11,035	87,226	1,678	20,144	63,331	–	–	183,414
Net book value								
As of 31 December 2023	1,329	2,179	–	–	30,038	273,539	578	307,663
As of 31 December 2024	1,344	1,474	414	–	16,589	301,582	1,029	322,432
As of 31 December 2025	2,845	1,247	350	–	3,914	329,477	–	337,833

As development expenditure are not ready for use up to 31 December 2023, 2024 and 2025, the management of the Group performed impairment assessment annually. In the opinion of management of the Company, no impairment loss was recognized in profit or loss during the years ended 31 December 2023, 2024 and 2025.

As of 31 December 2023, 2024 and 2025, the recoverable amount of development expenditure was determined using fair value less cost of disposal. The fair value is calculated by income approach. Revenue related development expenditure is based on product categories.

The key parameters used for recoverable amount calculations are as follows:

	As of 31 December		
	2023	2024	2025
	%	%	%
Income approach			
Income distribution rates	1.97-31.3	1.87-31.05	1.92-30.35
Pre-tax discount rates	14.64	15.53	15.77

The Group performed the sensitivity analysis based on the assumption that pre-tax discount rates and the income distribution rates have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would have decreased by the following:

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Income approach			
Income distribution rates decrease by 2%	20,000	21,000	16,400
Pre-tax discount rates increase by 1%	31,400	33,700	26,300

Considering that there was sufficient headroom based on the assessment, the management of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount to exceed its recoverable amount as of 31 December 2023, 2024 and 2025, respectively.

20 LEASES

(a) Amounts recognized in the consolidated statements of financial positions

The consolidated statements of financial positions show the following amounts relating to leases:

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Buildings	34,679	28,199	24,685
Lease liabilities			
– Current	14,957	11,511	11,404
– Non-current	24,920	18,988	14,833
	39,877	30,499	26,237

(b) Amounts recognized in the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income show the following amounts relating to leases:

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of right-of-use assets	11,891	12,222	10,541
Interest expense *(Note 12)*	1,646	1,492	865
Expense relating to short-term leases	236	–	197
Expense relating to low-value assets	34	34	202

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Buildings	25,026	18,744	8,182
Lease liabilities			
– Current	8,736	6,024	5,053
– Non-current	21,192	15,169	5,238
	29,928	21,193	10,291

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of right-of-use assets	5,865	5,798	4,091
Interest expense	1,012	970	465
Expense relating to short-term leases	–	–	22
Expense relating to low-value asset	–	–	4

(c) The Group's leasing activities

The Group leases various buildings for operation. Rental contracts of the leasehold buildings are typically made according to contracts by contracts ranging from 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors.

Movement of right-of-use assets

The Group	Buildings
	RMB'000
Costs	
As of 1 January 2023	48,195
Additions	738
Modification	23,375
Disposals	(542)
Exchange differences	10
As of 31 December 2023 and 1 January 2024	71,776
Additions	2,267
Acquired through business combinations	835
Modification	4,352
Disposals	(6,236)
Exchange differences	56
As of 31 December 2024 and 1 January 2025	73,050
Additions	13,441
Modification	(6,383)
Exchange differences	(135)
As of 31 December 2025	79,973
Depreciation	
As of 1 January 2023	25,743
Provided for the year	11,891
Disposals	(542)
Exchange differences	5
As of 31 December 2023 and 1 January 2024	37,097
Provided for the year	12,222
Disposals	(4,517)
Exchange differences	49
As of 31 December 2024 and 1 January 2025	44,851
Provided for the year	10,541
Exchange differences	(104)
As of 31 December 2025	55,288
Carrying amounts	
As of 31 December 2023	34,679
As of 31 December 2024	28,199
As of 31 December 2025	24,685

The Company	Buildings
	RMB'000
Costs	
As of 1 January 2023	19,395
Additions and modification	23,616
As of 31 December 2023 and 1 January 2024	43,011
Modification	(484)
As of 31 December 2024 and 1 January 2025	42,527
Modification	(6,471)
As of 31 December 2025	36,056
Depreciation	
As of 1 January 2023	12,120
Provided for the year	5,865
As of 31 December 2023 and 1 January 2024	17,985
Provided for the year	5,798
As of 31 December 2024 and 1 January 2025	23,783
Provided for the year	4,091
As of 31 December 2025	27,874
Carrying amounts	
As of 31 December 2023	25,026
As of 31 December 2024	18,744
As of 31 December 2025	8,182

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows.

Buildings	1-5 years

21 DEFERRED TAX ASSETS/(LIABILITIES)

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	110,933	116,446	90,685
Set-off with deferred tax liabilities pursuant to set-off provisions	(5,608)	(4,565)	(5,096)
	105,325	111,881	85,589
Deferred tax liabilities	(25,826)	(45,454)	(40,653)
Set-off with deferred tax assets pursuant to set-off provisions	5,608	4,565	5,096
	(20,218)	(40,889)	(35,557)
	85,107	70,992	50,032

The following is a summary of the deferred tax balances of the Company for financial reporting purposes:

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	54,308	58,568	42,096
Set-off with deferred tax liabilities pursuant to set-off provisions	(3,754)	(2,812)	(1,228)
	50,554	55,756	40,868
Deferred tax liabilities	(13,040)	(10,323)	(7,012)
Set-off with deferred tax assets pursuant to set-off provisions	3,754	2,812	1,228
	(9,286)	(7,511)	(5,784)
	41,268	48,245	35,084

The followings are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the Track Record Period:

The Group	Lease liability	Unutilised tax losses	Impairment allowance	Share-based compensation expenses	Accrued sales rebates payable	Government grants	Unrealized profits on intra-group transactions	Unsettled expenses	Charitable donations	Right-of-use assets	Depreciation of PPE	Fair value appreciation of assets in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023 . .	4,703	81,560	2,190	–	3,614	345	3,317	219	15	(4,183)	(18,481)	–	(4,242)	69,057
Credited/(charged) to profit or loss.	1,480	10,910	(737)	1,172	(1,861)	4,698	(701)	9	–	(1,425)	2,946	–	(441)	16,050
As of 31 December 2023 and 1 January 2024	6,183	92,470	1,453	1,172	1,753	5,043	2,616	228	15	(5,608)	(15,535)	–	(4,683)	85,107
Arising from the acquisition of a subsidiary *(Note 38)*	–	–	–	–	–	–	–	–	–	–	–	(26,192)	–	(26,192)
(Charged)/credited to profit or loss.	(1,034)	6,243	2,345	(230)	436	(1,850)	(381)	(1)	(15)	1,043	3,053	2,951	(483)	12,077
As of 31 December 2024 and 1 January 2025	5,149	98,713	3,798	942	2,189	3,193	2,235	227	–	(4,565)	(12,482)	(23,241)	(5,166)	70,992
As of 31 December 2024 and 1 January 2025	5,149	98,713	3,798	942	2,189	3,193	2,235	227	–	(4,565)	(12,482)	(23,241)	(5,166)	70,992
Credited/(charged) to profit or loss.	353	(22,097)	(727)	(715)	(389)	(1,865)	(320)	(1)	–	(531)	2,905	2,950	(523)	(20,960)
As of 31 December 2025	5,502	76,616	3,071	227	1,800	1,328	1,915	226	–	(5,096)	(9,577)	(20,291)	(5,689)	50,032

The Company	Lease liability	Impairment allowance	Share-based compensation expenses	Unutilised tax losses	Accrued sales rebates payable	Government grants	Charitable donations	Right-of-use assets	Depreciation of PPE	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	1,210	2,359	–	40,494	1,378	231	15	(1,091)	(10,862)	33,734
Credited/(charged) to profit or loss	2,803	(1,921)	607	7,764	(711)	79	–	(2,664)	1,577	7,534
As of 31 December 2023 and 1 January 2024	4,013	438	607	48,258	667	310	15	(3,755)	(9,285)	41,268
(Charged)/credited to profit or loss	(833)	(67)	(123)	5,075	328	(105)	(15)	942	1,775	6,977
As of 31 December 2024 and 1 January 2025	3,180	371	484	53,333	995	205	–	(2,813)	(7,510)	48,245
(Charged)/credited to profit or loss	(1,636)	(289)	(258)	(14,874)	644	(59)	–	1,584	1,727	(13,161)
As of 31 December 2025	1,544	82	226	38,459	1,639	146	–	(1,229)	(5,783)	35,084

22 INVENTORIES

As of 31 December 2023, 2024 and 2025, the inventories held by the Group for sales are shown by category as below:

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	60,378	50,553	43,322
Low-value consumables	2,640	2,562	1,774
Work-in-progress	40,194	36,895	33,184
Finished goods	17,332	12,471	20,318
Goods-in-transit	2,219	1,585	1,327
Less: provision	(4,543)	(14,560)	(11,135)
	118,220	89,506	88,790

During the years ended 31 December 2023, 2024 and 2025, inventories recognized as cost of sales amounted to RMB144.16 million, RMB190.72 million and RMB178.99 million, respectively, and including provision for inventories recognized as cost of sales amounted to RMB4.61 million, RMB18.05 million, RMB3.91 million, respectively.

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	32,359	25,060	23,047
Low-value consumables	810	1,202	589
Work-in-progress	22,805	24,889	21,169
Finished goods	11,642	8,868	14,944
Goods-in-transit	1,685	1,541	1,328
Less: provision	(880)	(1,330)	(334)
	68,421	60,230	60,743

Provision for inventories was recognized for the amount by which the carrying amount of the inventories exceeds its net realizable value and was recorded in "cost of sales" in the consolidated statements of profit or loss and other comprehensive income. Provision for inventories movements for the years ended 31 December 2023, 2024 and 2025 are as below:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
As of the beginning of the year	10,111	4,543	14,560
Provision	4,612	18,054	3,912
Written off	(10,180)	(8,037)	(7,334)
Exchange differences	–	–	(3)
As of the end of the year	4,543	14,560	11,135

23 FINANCIAL INSTRUMENTS BY CATEGORY

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost:			
– Trade receivables *(Note 25)*	8,936	7,474	25,145
– Other receivables (excluded prepayments and VAT recoverable) *(Note 24)*	19,187	12,061	6,806
– Cash and cash equivalents *(Note 26)*	188,640	291,675	396,406
	216,763	311,210	428,357
Financial liabilities			
Financial liabilities at amortized cost:			
– Trade payables *(Note 28)*	20,121	13,940	23,201
– Other payables and accruals (excluding payroll and welfare payables and other taxes payable) *(Note 29)*	84,971	150,956	151,868
– Borrowings *(Note 27)*	104,614	112,410	103,293
– Lease liabilities *(Note 20)*	39,877	30,499	26,237
	249,583	307,805	304,599

24 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments *(Note (a))*	127,054	80	479
Others	369	643	498
	127,423	723	977
Current			
Prepayments	2,466	2,930	2,659
Deposits	18,314	10,589	6,118
Amounts due from tax refund	491	497	182
VAT and other tax recoverable	7,097	383	1,077
Others	13	334	8
	28,381	14,733	10,044
Less: provision for impairment *(Note 3.1(b))*	–	(2)	–
	28,381	14,731	10,044

(a) As of 31 December 2023, the prepayments for the acquisition of equity interest in eLum amounted to RMB127 million.

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments	127,054	80	313
Others	134	500	405
	127,188	580	718
Current			
Prepayments	1,047	1,360	1,346
Deposits	6,933	7,039	2,509
Others	1	1	1
	7,981	8,400	3,856
Less: provision for impairment *(Note 3.1(b))*	–	–	–
	7,981	8,400	3,856

25 TRADE RECEIVABLES

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	10,795	8,694	26,633
Less: provision for impairment *(Note 3.1(b))*.	(1,859)	(1,220)	(1,488)
	8,936	7,474	25,145

The Group usually grants a credit period within 0 to 360 days to its customers, depending on the specific payment terms in each contract. The aging analysis and ECL of trade receivables are described in note 3.1 (b).

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	92,851	67,266	21,792
Less: provision for impairment *(Note 3.1(b))*.	(2,038)	(1,144)	(209)
	90,813	66,122	21,583

The Company usually grants a credit period within 0 to 360 days to its customers, depending on the specific payment terms in each contract. The aging analysis and ECL of trade receivables are described in note 3.1 (b).

26 CASH AND CASH EQUIVALENTS

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Cash and cash equivalents *(Note(a))*.	188,640	291,675	396,406

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Cash and cash equivalents *(Note(a))*	119,085	212,116	338,341

Note:

(a) As of 31 December 2023, 2024 and 2025, there are no restricted deposits.

27 BORROWINGS

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Secured bank loans			
– Guaranteed loans	50,300	54,800	–
Current			
Secured bank loans			
– Guaranteed loans	29,289	42,595	83,377
Unsecured bank loans	25,025	15,015	19,916
	54,314	57,610	103,293
	104,614	112,410	103,293

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Secured bank loans			
– Guaranteed loans	50,300	54,800	–
Current			
Secured bank loans			
– Guaranteed loans	29,289	42,595	83,377
Unsecured bank loans	10,010	–	–
	39,299	42,595	83,377
	89,599	97,395	83,377

(a) The range of effective interest rates of the Group's borrowings per annum is set out as follows:

	As of 31 December		
	2023	2024	2025
Secured bank loans			
– Guaranteed loans	3.3% to 3.8%	2.8% to 3.8%	2.6% to 3.8%
Unsecured bank loans	3.2% to 3.4%	3.2%	2.6% to 2.7%

(b) Total current and non-current bank loan were scheduled to repay as follows:

The Group

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	54,314	57,610	103,293
Over l year but within 2 years	4,500	5,500	–
Over 2 years but within 5 years	17,500	29,000	–
Over 5 years	28,300	20,300	–
	104,614	112,410	103,293

The Company

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	39,299	42,595	83,377
Over l year but within 2 years	4,500	5,500	–
Over 2 years but within 5 years	17,500	29,000	–
Over 5 years	28,300	20,300	–
	89,599	97,395	83,377

28 TRADE PAYABLES

As of 31 December 2023, 2024, and 2025, the aging analysis of the trade payables based on transaction date is as follows:

The Group

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	20,121	13,940	23,201

As of 31 December 2023, 2024 and 2025, the aging analysis of trade payables is as follows:

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	19,828	13,620	22,881
1 to 2 years	–	26	–
2 to 3 years	3	–	26
Over 3 years	290	294	294
	20,121	13,940	23,201

The carrying amounts of trade payables are considered approximately to their fair values.

The Company

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	17,386	11,375	19,515

As of 31 December 2023, 2024 and 2025, the aging analysis of trade payables is as follows:

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	17,383	11,372	19,511
1 to 2 years	–	–	–
2 to 3 years	3	–	–
Over 3 years	–	3	4
	17,386	11,375	19,515

29 OTHER PAYABLES AND ACCRUALS

The Group

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Amount due to a related party *(Note(a))*	55,000	82,200	–
Current			
Payroll and welfare payables	27,421	29,320	33,968
Payables for expenses	27,904	33,133	32,393
Payables for deposit	649	679	359
Other tax payables	3,372	8,988	8,408
Payments for long-term asset purchases	1,223	531	542
Amounts due to the related parties *(Note(a))*	–	33,280	118,458
Others	195	1,133	116
	60,764	107,064	194,244
	115,764	189,264	194,244

The Company

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Amount due to the related parties *(Note(a))*	55,000	82,200	–
Current			
Payroll and welfare payables	14,976	18,474	21,324
Payables for expenses	15,159	14,391	18,640
Payables for deposit	649	365	167
Other tax payables	2,575	6,173	5,315
Payments for long-term asset purchases	655	331	337
Amounts due to subsidiaries	1,690	428	1,640
Amounts due to the related parties *(Note(a))*	–	33,280	114,940
Others	136	69	76
	35,840	73,511	162,439
	90,840	155,711	162,439

Note:

(a) Details of the payables are disclosed in Note 33 to the Historical Financial Information.

30 PROVISIONS

The Group

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Estimated tax payable, penalties and surcharges	1,461	–	–

31 DEFERRED INCOME

The Group

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	1,995	20,999	13,320
Addition	25,380	3,312	1,110
Credited to profit or loss	(6,376)	(10,991)	(8,728)
	20,999	13,320	5,702

The Company

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	1,538	2,066	1,367
Addition	1,000	150	1,110
Credited to profit or loss	(472)	(849)	(1,505)
	2,066	1,367	972

Note:

(a) Deferred income mainly comprises incentives provided by local authorities. There are no unfulfilled obligations for the recognized income at the end of reporting date for each of the Track Report Period.

32 CASH FLOW INFORMATION

(a) Cash generated from operations

The reconciliation from (loss)/profit before tax to cash generated from operations is as follows:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before tax		(67,857)	(17,158)	68,446
Adjustments for:				
Impairment (reversal)/loss recognised on trade and other receivables	*11*	(1,406)	(426)	266
Impairment loss on inventory	*7*	4,612	18,054	3,912
Depreciation of property, plant and equipment	*7*	53,696	51,554	42,674
Depreciation of right-of-use assets	*7*	11,891	12,222	10,541
Amortization of intangible assets	*7*	21,437	38,451	40,239
Loss/(gain) on disposal of/written off property, plant and equipment and right-of-use assets	*10*	1,545	(201)	74
Finance costs – net	*12*	1,116	3,191	2,896
Foreign currency exchange loss		779	188	1,635
Share of results of an associate		4,949	–	–
Gain on deemed disposals of an associate	*10*	–	(11,126)	–
Fair value changes on financial assets at FVTPL	*10*	(276)	(69)	–
Share-based compensation expenses	*36*	7,618	3,268	987
Operating cash flow before movements in working capital		38,104	97,948	171,670
(Increase)/decrease in inventories		(25,176)	10,660	(3,204)
Decrease/(increase) in trade receivables		12,863	2,101	(17,939)
Decrease in prepayments and other receivables		6,332	8,538	1,659
Increase in trade payables, other payables and accruals		4,290	16,724	15,467
Increase/(decrease) in contract liabilities		325	758	(279)
Increase/(decrease) in income tax payables		–	19	(6)
Increase/(decrease) in deferred income		19,004	(7,679)	(7,618)
Decrease in provisions		(1,514)	(223)	–
Cash generated from operations		54,228	128,846	159,750

(b) Reconciliation of liabilities from financing activities

	Lease liabilities	Borrowings from bank loans	Borrowings from related parties	Total
	(Note 20)	*(Note 27)*	*(Note 29)*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	22,773	35,539	–	58,312
Cash flows	(9,178)	66,994	55,000	112,816
Interest expenses	1,646	2,102	–	3,748
New leases	738	–	–	738
Modification	23,375	–	–	23,375
Others	523	(21)	–	502
As of 31 December 2023 and 1 January 2024	39,877	104,614	55,000	199,491
Cash flows	(20,586)	3,690	60,480	43,584
Interest expenses	1,492	4,120	–	5,612
New leases	2,267	–	–	2,267
Modification	4,352	–	–	4,352
Disposals	(1,943)	–	–	(1,943)
Acquisition of a subsidiary *(Note 38)*	946	–	–	946
Others	4,094	(14)	–	4,080
As of 31 December 2024 and 1 January 2025	30,499	112,410	115,480	258,389
Cash flows	(13,015)	(13,295)	3,034	(23,276)
New leases	13,441	–	–	13,441
Modification	(6,410)	–	–	(6,410)
Interest expenses	865	4,181	–	5,046
Others	857	(3)	(56)	798
As of 31 December 2025	26,237	103,293	118,458	247,988

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related party during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Name and relationship of related parties

Name of related parties	Relationship with the Group
Dr. Sun Jianhua (孫箭華)	Ultimate controlling shareholder
Tianjin Weixin Yangguang Enterprise Management Consulting Co. Ltd. (天津偉信陽光企業管理諮詢有限公司)	Controlling shareholder
Well Sun Holdings Limited	Controlled by ultimate controlling shareholder
Tianjin Yangguang Jiye Enterprise Management Partnership (Limited Partnership) (天津陽光基業企業管理合夥企業(有限合夥))	Controlled by one of the senior management member
Tianjin Yangguang Jiaye Enterprise Management Partnership (Limited Partnership)(天津陽光嘉業企業管理合夥企業(有限合夥))	Controlled by one of the directors
Tianjin Yangguang Baoye Enterprise Management Partnership (Limited Partnership)(天津陽光寶業企業管理合夥企業(有限合夥))	Controlled by one of the directors
Tianjin Yangguang Rongye Enterprise Management Partnership (Limited Partnership)(天津陽光榮業企業管理合夥企業(有限合夥))	Controlled by one of the directors
eLum *(Note)*	An associate

Note:

eLum became a subsidiary of the Company starting from 9 January 2024.

(b) Transactions with related parties

(i) Purchase of materials and services from the related parties

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
eLum	1,248	–	–

(ii) VAT on interest expense to related parties

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tianjin Yangguang Baoye Enterprise Management Partnership (Limited Partnership)(天津陽光寶業企業管理合夥企業(有限合夥))	–	–	8
Tianjin Yangguang Jiye Enterprise Management Partnership (Limited Partnership)(天津陽光基業企業管理合夥企業(有限合夥))	–	–	5
Tianjin Weixin Yangguang Enterprise Management Consulting Co., Ltd.(天津偉信陽光企業管理諮詢有限公司)	–	–	35

(c) Related guarantees

The Company as the guaranteed party:

	As of 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guarantors			
Dr. Sun Jianhua(孫箭華)	28,530	19,017	28,525
Tianjin Weixin Yangguang Enterprise Management Consulting Co., Ltd.(天津偉信陽光企業管理諮詢有限公司)	–	19,017	–
SINOMED Neurovita Technology Inc., Dr. Sun Jianhua, Tianjin Weixin Yangguang Enterprise Management Consulting Co., Ltd.(賽諾神暢醫療科技有限公司、孫箭華、天津偉信陽光企業管理諮詢有限公司)	51,059	59,361	54,852

(d) Year end balances with related parties

Amounts due to related parties

	As of 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other payables – non current			
Tianjin Weixin Yangguang Enterprise Management Consulting Co., Ltd.(天津偉信陽光企業管理諮詢有限公司)	55,000	82,200	–
Other payables – current			
Tianjin Weixin Yangguang Enterprise Management Consulting Co., Ltd.(天津偉信陽光企業管理諮詢有限公司)	–	23,400	114,940
Tianjin Yangguang Jiaye Enterprise Management Partnership (Limited Partnership)(天津陽光嘉業企業管理合夥企業(有限合夥))	–	2,550	–
Tianjin Yangguang Rongye Enterprise Management Partnership (Limited Partnership)(天津陽光榮業企業管理合夥企業(有限合夥))	–	860	–
Tianjin Yangguang Baoye Enterprise Management Partnership (Limited Partnership)(天津陽光寶業企業管理合夥企業(有限合夥))	–	3,790	–
Tianjin Yangguang Jiye Enterprise Management Partnership (Limited Partnership)(天津陽光基業企業管理合夥企業(有限合夥))	–	2,680	–
Well Sun Holdings Limited	–	–	3,518

The amounts due to related parties represent borrowings from related parties. On 6 September 2023, the Company's Board approved the entering into an interest-free loan facility of up to RMB100 million from its controlling shareholder, Tianjin Weixin Yangguang Enterprise Management Consulting Co., Ltd., to support its daily operations and overseas business expansion. The loan is interest-free, has an initial term of one year, and is automatically renewable for successive one-year periods without limitation. No collateral is required from the Company.

(e) Key management personnel compensation

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Key management personnel compensation	9,087	9,445	8,972

34 SHARE CAPITAL

Share capital is generated from founders' and investors' capital injection. The excess of total consideration raised over the nominal value of share capital was credited to the Company's share premium (Note 35).

The Group and Company

	Equivalent nominal value of shares
	RMB'000
As of 1 January 2023, 31 December 2023 and 1 January 2024	410,000
Issuance of shares *(Note 35)*	3,456
As of 31 December 2024 and 1 January 2025	413,456
Issuance of shares *(Note 35)*	2,592
As of 31 December 2025	416,048

35 OTHER RESERVES

The Group	Share premium	Capital reserve	Share-based compensation reserve	Other comprehensive income	Statutory reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	521,273	75,595	–	1,524	33,792	632,184
Comprehensive income						
Other comprehensive income	–	–	–	449	–	449
Total comprehensive income for the year	–	–	–	449	–	449
Transactions with owners						
Transactions with non-controlling interests *(Note (a)(i) and (ii))*	–	5,016	–	–	–	5,016
Share-based compensation expenses	–	–	7,038	–	–	7,038
Total transactions with owners in their capacity as owners for the year	–	5,016	7,038	–	–	12,054
As of 31 December 2023	521,273	80,611	7,038	1,973	33,792	644,687

	Share premium	Capital reserve	Share-based compensation reserve	Other comprehensive income	Statutory reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2024	521,273	80,611	7,038	1,973	33,792	644,687
Comprehensive income						
Other comprehensive income	–	–	–	(1,087)	–	(1,087)
Total comprehensive income for the year	–	–	–	(1,087)	–	(1,087)
Transactions with owners						
Transactions with non-controlling interests *(Note (a)(iii), (iv) and (v))*	–	27,967	–	–	–	27,967
Share-based compensation expenses	–	–	3,171	–	–	3,171
Issuance of shares *(Note (b)(i))*	16,692	–	(4,769)	–	–	11,923
Total transactions with owners in their capacity as owners for the year	16,692	27,967	(1,598)	–	–	43,061
As of 31 December 2024	537,965	108,578	5,440	886	33,792	686,661
As of 1 January 2025	537,965	108,578	5,440	886	33,792	686,661
Comprehensive income						
Other comprehensive income	–	–	–	(500)	–	(500)
Total comprehensive income for the year	–	–	–	(500)	–	(500)
Transactions with owners						
Transactions with non-controlling interests *(Note (a)(vi))*	–	1,490	–	–	–	1,490
Share-based compensation expenses	–	–	949	–	–	949
Issuance of shares *(Note (b)(ii))*	13,038	–	(4,096)	–	–	8,942
Profit appropriations to statutory reserve	–	–	–	–	7,583	7,583
Total transactions with owners in their capacity as owners for the year	13,038	1,490	(3,147)	–	7,583	18,964
As of 31 December 2025	551,003	110,068	2,293	386	41,375	705,125

Notes:

(a) (i) The Company holds 73.85% of the equity interest in SINOMED Neurovita Technology Inc. Non-controlling interests hold a 26.15% of the equity interest in SINOMED Neurovita Technology Inc. Shareholders shall enjoy the rights and interests of SINOMED Neurovita Technology Inc. in accordance with their respective capital subscription percentages. In 2023, non-controlling interests increased its paid-in capital in SINOMED Neurovita Technology Inc. by RMB9,500,000, which increased the reserve by RMB7,015,750 and increased the non-controlling interests by RMB2,484,250.

(ii) The Company holds 80% of the equity interest in Sinomed Cardiovita Technology Inc. Non-controlling interests hold a 20% of the equity interest in Sinomed Cardiovita Technology Inc. Shareholders shall enjoy the rights and interests of Sinomed Cardiovita Technology Inc. in accordance with their respective capital subscription percentages. In 2023, the Company increased its paid-in capital in Sinomed Cardiovita Technology Inc. by RMB10,000,000, which increased the non-controlling interests by RMB2,000,000 and decreased the reserve by RMB2,000,000.

(iii) In 2024, Sinomed Cardiovita Technology Inc. passed the resolution of reduction of its registered capital. Based on the resolution, the Company owned 100% equity interest in Sinomed Cardiovita Technology Inc., which decreased the non-controlling interests by RMB2,331,781 and increased the reserve by RMB2,331,781.

(iv) In 2024, in accordance with the amendment in articles of association of SINOMED Neurovita Technology Inc., the method of distributing profits among shareholders, which was previously based on the proportion of their subscribed capital, was modified to be based on the proportion of their actual paid-in capitals. This decreased the non-controlling interests by RMB23,129,969 and increased the reserve by RMB23,129,969. As of 31 December 2024, the Company holds 87.75% of the equity in SINOMED Neurovita Technology Inc.

(v) In 2024, the Company and the non-controlling interests of eLum increased the investment of eLum, which increased the reserve by RMB2,505,448.

(vi) The Company holds 87.75% of the equity in SINOMED Neurovita Technology Inc. Non-controlling interests hold a 12.25% of the equity in SINOMED Neurovita Technology Inc. In October 2025, non-controlling interests increased its paid-in capital in SINOMED Neurovita Technology Inc. by RMB2,000,000, which diluted the company's interest in subsidiary.

(b) (i) In 2024, certain employees exercised their share options to subscribe for 3,456,000 ordinary shares of the Company and the Company has received the payment of issuance of shares of RMB15,379,200 which increased the share capital by RMB3,456,000 and reserve by RMB11,923,200. The Company recognized the share-based compensation reserves of RMB4,769,200, and converted it to share premium in 2024.

(ii) In 2025, certain employees exercised their share options to subscribe for 2,592,000 ordinary shares of the Company and the Company has received the payment of issuance of shares of RMB11,534,400, which increased the share capital by RMB2,592,000 and reserve by RMB8,942,400. The Company recognized the share-based compensation reserves of RMB4,095,360, and converted it to share premium in 2025.

The Company

	Share premium	Share-based compensation reserve	Statutory reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	511,090	–	33,792	544,882
Transactions with owners				
Share-based compensation expenses	–	7,618	–	7,618
Total transactions with owners in their capacity as owners for the year	–	7,618	–	7,618
As of 31 December 2023	511,090	7,618	33,792	552,500

	Share premium	Share-based compensation reserve	Statutory reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2024	511,090	7,618	33,792	552,500
Transactions with owners				
Share-based compensation expenses	–	3,268	–	3,268
Issuance of shares	16,692	(4,769)	–	11,923
Total transactions with owners in their capacity as owners for the year	16,692	(1,501)	–	15,191
As of 31 December 2024	527,782	6,117	33,792	567,691
As of 1 January 2025	527,782	6,117	33,792	567,691
Transactions with owners				
Share-based compensation expenses	–	987	–	987
Issuance of shares	13,038	(4,096)	–	8,942
Profit appropriations to statutory reserve	–	–	7,583	7,583
Total transactions with owners in their capacity as owners for the year	13,038	(3,109)	7,583	17,512
As of 31 December 2025	540,820	3,008	41,375	585,203

36 EQUITY-SETTLED SHARE-BASED PAYMENT

The Company has adopted a 2022 Restricted Share Incentive Scheme pursuant to a resolution passed in May 2022.

The purpose of the 2022 Restricted Share Incentive Scheme is to recognize the contribution or future contribution of the Eligible Participants (as defined below) for their contribution to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-caliber Eligible Participants in line with the performance goals of the Group.

The Eligible Participants of the 2022 Restricted Share Incentive Scheme include the directors and employees of the Company or any of its subsidiaries.

Under the 2022 Restricted Share Incentive Scheme, the Company granted 15,000,000 share options to 40 Eligible Participants. The exercise price was RMB4.45 per share. For the share options granted in May 2022, the locked periods are 1 year, 2 years and 3 years from the grant date. 30%, 30% and 40% of the share options will be exercisable respectively. According to 2022 Restricted Share Incentive Scheme, the granted share options can be vested 100% when the conditions of vesting meet the specific standard of performance condition and the granted share options can be vested 80% when the conditions of vesting meet the low standard of performance condition, subject to employees' continuous service to the Group. If the conditions of vesting are not met, share options will lapse.

(1) Share-based compensation expenses during the Track Record Period as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2022 Restricted Share Incentive Scheme	7,618	3,268	987
	7,618	3,268	987

(2) The number and fair values of share options granted to the Group's Eligible Participants is summarized as follows:

	First	Second	Third
Number of share options	4,500,000	4,500,000	6,000,000
Fair value (RMB'000)	5,445	6,210	9,480
Fair value per share option (RMB)	1.21	1.38	1.58

The fair values of share options are determined using Black-Scholes Option Pricing Model. The following table lists the inputs to the model used:

Exercise time	Exercise price	Risk free interest rate	Expected volatility
First	4.45	0.2227	1.49%
Second	4.45	0.2227	2.08%
Third	4.45	0.2227	2.71%

The number of share options under 2022 Restricted Share Incentive Scheme granted to the Group's Eligible Participants is summarized as follows:

	Year ended 31 December		
	2023	2024	2025
Outstanding as of the beginning of the year	10,374,000	9,216,000	4,496,000
Vested and exercised	–	(3,456,000)	(2,592,000)
Lapsed	(1,158,000)	(1,264,000)	–
Outstanding as of the end of the year	9,216,000	4,496,000	1,904,000
Exercisable as of the end of the year	–	–	1,904,000

37 DIVIDEND

No dividend was paid or declared by the Company and other companies comprising the Group during the Track Record Period.

38 BUSINESS COMBINATION

On 9 January 2024, the Group completed an Equity Transfer Agreement with shareholders of eLum to acquire further 72.73% equity interest in eLum which was changed from an associate to a 86.17% owned subsidiary of the Company. eLum is primarily engaged in the R&D, manufacturing, and sales of neuro-interventional medical device products.

Consideration transferred	*RMB'000*
Cash paid	149,432

In 2021, the Group made its first equity investment in eLum, purchasing 13.44% of the equity interests for a consideration of USD 4 million. For the year ended 31 December 2023, the Group classified this investment as investment in associate.

In 2024, the Group made its second equity investment in eLum by the purchase of 72.73% of the equity interests of eLum. The acquisition date was 9 January 2024.

The fair value of assets and liabilities recognized as a result of the acquisition are as follows:

	Fair Value
	RMB'000
Cash and cash equivalents	2,025
Prepayments, other receivables, and other assets	467
Right-of-use assets	835
Property, plant and equipment	3,176
Intangible assets	172,110
Trade payables	(135)
Other payables and other liabilities	(3,123)
Lease liabilities	(946)
Deferred tax liabilities	(26,192)
Net identifiable assets acquired	148,217
Goodwill arising on acquisition:	
Consideration	149,432
Equity interest previously held at fair value	25,129
Non-controlling interests	20,513
Exchange difference	(640)
Less: fair value of net identifiable assets acquired	(148,217)
Goodwill arising on acquisition	46,217

The management is of the view that the acquisition of eLum has strengthened the Group's reserve of core technologies in the field of interventional therapy. It promotes the Group's long-term, sustainable, and stable development as well as the effective implementation of its internationalization strategy, thereby further enhancing the Group's core competitiveness and sustainable development capabilities.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

(1) Net cash outflow on acquisition of eLum

	RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration paid (i)	149,432
Add: Balances acquired – cash	(2,025)
Net outflow of cash – investing activities	147,407

For the cash consideration, approximately RMB127 million was paid in 2023 as prepayment and RMB20 million was paid in 2024.

(2) Impact of acquisition on the results of the Group

The acquired business contributed revenue of RMB0.14 million and net loss of RMB14.12 million to the Group for the period from 9 January 2024 to 31 December 2024.

39 SUBSEQUENT EVENTS

No material subsequent events undertaken by or impacted on the Company or the Group subsequent to 31 December 2025 and up the date of this report.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2025 and up to the date of this report.