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Application Proof of

NINGBO SANXING MEDICAL ELECTRIC CO., LTD.

寧波三星醫療電氣股份有限公司

(the “Company”)

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

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NINGBO SANXING MEDICAL ELECTRIC CO., LTD. 寧波三星醫療電氣股份有限公司

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

[REDACTED]

Number of [REDACTED] in the : [REDACTED] H Shares (subject to the
[REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus
brokerage of 1.0%, SFC transaction levy of
0.0027%, AFRC transaction levy of
0.00015% and Stock Exchange trading fee
of 0.00565% (payable in full on
[REDACTED] in Hong Kong dollars and
subject to refund)
Nominal Value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

*Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED]*



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

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

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

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

OVERVIEW

Who We Are

We are a globally leading provider of comprehensive smart power distribution and utilization equipment and solutions, and the largest chain rehabilitation hospital group in China. According to Frost & Sullivan, we ranked seventh globally and first in China by smart power distribution and utilization equipment and solutions revenue in 2025, with a global market share of 1.9% and a China market share of 5.0%. In 2025, our smart meters ranked first worldwide by shipment volume for the sixth consecutive year since 2020, with a global market share of 10.1% in 2025. We are the largest chain rehabilitation hospital group in China, providing differentiated rehabilitation medical services anchored by critical illness rehabilitation, with neurological and functional rehabilitation as our core competencies and elderly rehabilitation as our foundation. According to Frost & Sullivan, we ranked first among chain rehabilitation hospital groups in China by number of rehabilitation hospitals in 2025, with 25 operating rehabilitation hospitals and a market share of 2.8%.

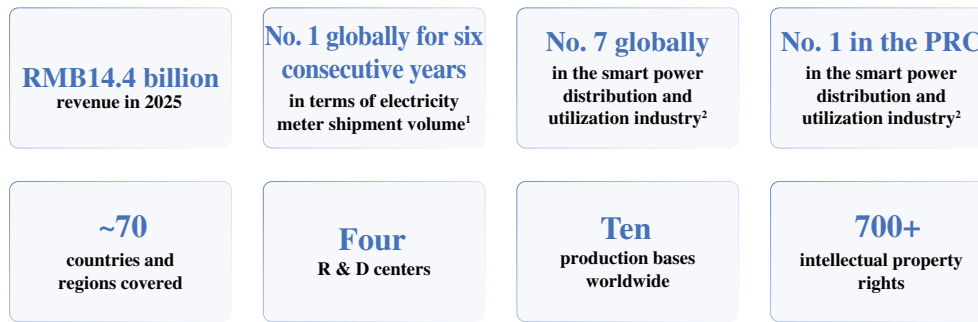
We are committed to becoming a globally leading provider of power grid equipment and solutions and a leading medical services group in China. Guided by our mission to support the national “dual carbon” strategy and advance public health, we aim to build an enterprise group defined by product leadership, a global footprint and best-in-class service delivery.

During the Track Record Period, our smart power distribution and utilization segment delivered steady and sustained growth, forming the cornerstone of our financial performance. Our medical services segment underscores our commitment to social responsibility and long-term value creation. This dual-principal business structure effectively diversifies operational risks and enhances the overall resilience of our Group.

In particular, we are among the few industry players focusing on comprehensive offerings across both smart power distribution and utilization equipment and solutions, a competitive differentiator that sets us apart from single-segment peers. In our smart power distribution and utilization segment, nearly four decades of deep industry expertise have enabled us to build a comprehensive and differentiated product matrix spanning three core business lines: smart power utilization equipment and solutions, smart power distribution equipment and solutions, and new energy products. As of December 31, 2025, we had ten production bases globally, comprising nine established in China, Brazil, Indonesia, Poland, Germany, Mexico and Kenya, and one under construction in Brazil, together with over 40 sales centers worldwide, reflecting our commitment to continued global capacity expansion. Our operations span approximately 70 countries and regions, including 20 European countries, making us one of the Chinese power grid equipment companies with the broadest market presence in Europe according to Frost & Sullivan.

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The diagram below sets forth certain key indicators illustrating our industry standing:



Notes:

- (1) According to Frost & Sullivan, our Group ranked No. 1 globally in terms of smart electricity meter shipment volume for six consecutive years from 2020 to 2025.
- (2) According to Frost & Sullivan, our Group ranked No. 7 globally and No. 1 in the PRC in terms of revenue generated from smart power distribution and utilization equipment and solutions in 2025.

In the medical services sector, we were among the earliest entrants into China’s private rehabilitation hospital market, establishing first-mover advantage and economies of scale in chain rehabilitation hospitals operations. Our integrated platform for medical practice, education and research cultivates a robust pipeline of leading medical professionals, reinforcing our market-leading position.

Our History

Since our establishment, we have forged ahead for nearly four decades, expanding from our roots in power distribution and utilization to medical services, establishing a leading position in both industries. During our foundation and deepening phase from 1986 to 2007, we pioneered entry into the power meter industry and developed China’s first all-plastic electricity meter housing. We also established the “Sanxing” brand and rose to become the leading player in China’s electricity meter industry. Following our listing on the main board of the Shanghai Stock Exchange in 2011, we started to provide medical services since 2015, formally adopting a dual-principal business model of “smart power distribution and utilization equipment and solutions + medical services.” Since 2015, we officially launched our international strategy by gradually establishing production bases in Brazil, Indonesia, Poland, Germany, and Mexico, while further expanding our product portfolio into new energy products in 2022. We began expanding into the overseas power distribution business since 2023. As of December 31, 2025, our medical service segment has grown to include 38 hospitals, including 32 rehabilitation hospitals. Among these, eight hospitals, including seven rehabilitation hospitals, were under construction or in preparatory stages. For details, see “Business — Overview — Our Development History.”

Our Product Matrix and Services

In our smart power distribution and utilization segment, nearly four decades of deep industry expertise have enabled us to build a comprehensive and differentiated product matrix spanning three core business lines: smart power utilization equipment and solutions, smart power distribution equipment and solutions, and new energy products. Together, these lines cover the full spectrum of power usage scenarios — from the generation side (“source”) and grid side (“grid”) to the utilization side (“load”) and energy storage side (“storage”) — addressing the increasingly integrated needs of the modern power industry.

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Note: For revenue classification purposes, within the generation side category, clean energy power conversion equipment are classified under our smart power distribution equipment and solutions, and grid-tied inverters are classified under our new energy products; all products within the grid side category are classified under our smart power distribution equipment and solutions; within the load side category, EV chargers are classified under our new energy products, while all other products in the load side category are classified under our smart power utilization equipment and solutions; all products within the storage side category are classified under our new energy products.

Smart Power Utilization Equipment and Solutions

Our smart power utilization equipment and solutions center on smart meters and extend across gateway meters, smart terminals, and system integration solutions including AMI/MDM platforms. We lead the iteration and upgrade of domestic technical standards, successfully promoting domestically-produced high-end gateway meters and resolving key metering technology bottlenecks. Our new-generation smart meters and energy controllers comply with 2024/2025 standards of the two large national-level grid groups, delivering wider measurement range, enhanced stability and greater intelligence for demanding new energy scenarios. In overseas markets, we have deployed multiple AMI solutions, including next-generation AI-powered smart grid offerings based on Wi-SUN/PLC/4G protocols, supporting functionalities including collection rates, line loss control, anti-theft protection, intelligent operation and management and real-time grid data analytics. In Europe, our metering products feature high reliability, long-life design, high security levels (Suite 2) and real-time power quality monitoring capable of detecting harmonics, flicker and RVC. As general contractor, we partnered with a leading global system supplier and a major European telecom operator to deploy an AMI project of approximately one million units in Sweden, implementing quad-mode communication solution with KPIs exceeding 97% at 15 minutes and 99.7% at 24 hours, representing industry-leading performance.

Smart Power Distribution Equipment and Solutions

Our smart power distribution equipment and solutions comprehensively cover principal distribution equipment at 35kV and below, comprising a complete product matrix encompassing transformers, PV/wind power box-type substations, energy storage all-in-one unit, ring main units/eco-gas switchgear, and switchgear. Our proprietary energy-efficient transformers achieve noise indicators that surpass national standards, representing domestically leading manufacturing benchmarks. Our gas-insulated switchgear is recognized as a first-of-its-kind product in China. Our products are also highly competitive in global high-end markets: our oil-immersed transformers outperform EU EN standards across multiple

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key parameters including no-load loss, load loss and top-oil temperature rise, earning strong recognition from overseas customers. In March 2026, we won a Dutch power distribution grid project exceeding EUR100 million, ranking first in tender evaluation, demonstrating the competitiveness of our distribution products in international markets.

New Energy Products

Our new energy product business encompasses PV grid-tied inverter, hybrid inverter, residential energy storage battery, rack-mounted battery energy storage system and EV charger, forming an integrated “charging-inverter-storage” new energy product matrix. Our inverter product line covers 3-330kW PV grid-tied inverters and 3.6-50K hybrid inverters for residential, commercial, industrial and utility-scale applications, supported by a proprietary AI-powered diagnostics platform. Our energy storage solutions range from 5-16kWh residential systems to 5MWh large-scale DC storage cabins, with independently developed BMS and EMS for intelligent energy management. Our charging pile products span 7kW to 640kW, including DC chargers supporting national, European and U.S. standards.

Medical Services Segment

In medical services, we strategically cover key regions including the Yangtze River Delta and the Pearl River Delta, with a network of 38 hospitals, including 32 rehabilitation hospitals, as of December 31, 2025. Among these, eight hospitals, including seven rehabilitation hospitals, were under construction or in preparatory stages. Years of dedicated engagement have built a trusted healthcare brand with widespread recognition and strong patient loyalty, underpinned by clinical specialization, standardized care pathways and a highly committed medical team.

Our Financial Performance

During the Track Record Period, our business and financial performance delivered steady and sustained growth. Revenue grew from RMB11,462.5 million in 2023 to RMB14,600.5 million in 2024, and remained relatively stable at RMB14,360.8 million in 2025. Our net profit amounted to RMB1,920.8 million in 2023, RMB2,273.2 million in 2024, and RMB1,248.8 million in 2025.

Overseas business has emerged as one of the primary engines driving our financial performance growth, with the proportion of overseas revenue rising continuously and the contribution of the smart power distribution business growing significantly. Our revenue from overseas operations increased from RMB1,960.6 million in 2023 to RMB2,780.8 million in 2025, with a CAGR of 19.1%. Our localized operations in core markets including Europe, the Middle East and Latin America continued to deepen, with particularly strong performance in the European market. We achieved first-order breakthroughs for power distribution business in multiple new countries including Hungary, Romania and Slovakia in 2025, and the Netherlands in the first half of 2026, demonstrating the robust momentum and replicability of overseas expansion strategy.

OUR COMPETITIVE STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth: (i) four decades of deep engagement in the power industry, establishing a global leading position; (ii) long-standing, trusted relationships with leading customers; (iii) industry-leading R&D innovation and research capabilities; (iv) a leading global operating network and diversified sales channels; (v) intelligent and green manufacturing capabilities with industry-leading automation and certification; and (vi) an entrepreneurial management team with deep experience and a high-caliber talent pipeline. For details, see “Business — Our Competitive Strengths.”

SUMMARY

OUR STRATEGIES

We aim to further grow our business by pursuing the following strategies: (i) deepening localized operations worldwide; (ii) increasing R&D investment to achieve new business breakthroughs; (iii) strengthening full source-grid-load-storage value chain coverage; (iv) accelerating digital and intelligent transformation; and (v) strengthening talent development and organizational reform. For details, see “Business — Our Strategies.”

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers for our smart power distribution and utilization business primarily consisted of two large national-level grid groups and the top five power generation groups and their subsidiaries, and regional power companies. We also catered to customers in emerging industries, such as new energy central state-owned enterprises, data centers and energy storage companies. During the Track Record Period, our customers of the medical services business segment primarily consisted of patients. Our largest customers for our medical services business in each year during the Track Record Period contributed to around or less than 0.05% of our total revenue in the respective year. For the years ended December 31, 2023, 2024 and 2025, our revenue generated from sales to our five largest customers in each period in aggregate amounted to RMB4,807.3 million, RMB5,466.9 million and RMB5,333.0 million, respectively, representing 41.9%, 37.4% and 37.1% of our total revenue in the corresponding periods.

During the Track Record Period, our suppliers primarily consisted of providers of raw materials and components we mainly use in our manufacturing process. For our smart power distribution and utilization business, these primarily include chips, electronic components, customized parts, structural components, bulk commodities including copper, iron and mineral insulating oil, and other auxiliary materials. We also engage service providers for services such as the collection and provision of market information. In addition, we have suppliers for pharmaceuticals, medical equipment and consumables for our medical services business. For the years ended December 31, 2023, 2024 and 2025, our purchases from our five largest suppliers in each period in aggregate amounted to RMB1,128.1 million, RMB1,058.4 million and RMB1,163.4 million, respectively, representing 14.0%, 11.3% and 13.2% of our total purchases in the corresponding periods.

None of our Directors, their respective associates or any Shareholders who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers or suppliers for each year during the Track Record Period.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

SUMMARY

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	11,462,508	100.0	14,600,478	100.0	14,360,766	100.0
Cost of sales	(7,618,978)	(66.5)	(9,616,445)	(65.9)	(10,470,364)	(72.9)
Gross profit	3,843,530	33.5	4,984,033	34.1	3,890,402	27.1
Other income and gains	475,142	4.1	461,775	3.2	748,710	5.2
Selling and distribution expenses	(841,754)	(7.3)	(1,016,915)	(7.0)	(1,123,240)	(7.8)
Administrative expenses	(868,023)	(7.6)	(979,538)	(6.7)	(897,351)	(6.2)
Impairment losses on goodwill	(8,683)	(0.1)	(13,604)	(0.1)	(355,865)	(2.5)
Research and development expenses	(470,827)	(4.1)	(523,327)	(3.6)	(607,283)	(4.2)
Share of net profits of investments in associates . .	230,272	2.0	194,975	1.3	146,605	1.0
Impairment loss on financial and contract assets	(13,975)	(0.1)	(38,897)	(0.3)	(48,933)	(0.3)
Other expenses	(30,864)	(0.3)	(300,945)	(2.1)	(49,703)	(0.3)
Finance costs	(52,751)	(0.5)	(95,001)	(0.7)	(124,494)	(0.9)
Profit before tax	2,262,067	19.7	2,672,556	18.3	1,578,848	11.0
Income tax expense	(341,263)	(3.0)	(399,319)	(2.7)	(330,002)	(2.3)
Profit for the year	1,920,804	16.8	2,273,237	15.6	1,248,846	8.7
Attributable to:						
Owners of the parent	1,903,702	16.6	2,259,518	15.5	1,273,962	8.9
Non-controlling interests	17,102	0.1	13,719	0.1	(25,116)	(0.2)

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use EBITDA (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We define EBITDA (non-IFRS measure) as profit for the year plus (i) depreciation and amortization, which represents the depreciation of property, plant and equipment, right-of-use assets and investment property and the amortization of intangible assets; (ii) finance costs; and (iii) income tax expenses, minus interest income. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company. We believe that this measure provides useful information to [REDACTED] and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) in accordance with IFRS Accounting Standards for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit for the year	1,920,804	2,273,237	1,248,846
<i>Add:</i>			
Depreciation and amortization	390,479	476,346	541,661
Finance costs	52,751	95,001	124,494

SUMMARY

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Income tax expenses	341,263	399,319	330,002
Less:			
Interest income	46,439	75,791	42,465
EBITDA (non-IFRS measure)	2,658,858	3,168,112	2,202,538

Revenue

During the Track Record Period, we primarily generated revenue from (i) our smart power distribution and utilization business, including the sales of smart power distribution, smart power utilization equipment and solutions and new energy products; and (ii) our medical services business, which primarily consisted of revenue derived from inpatient and outpatient services provided by our hospitals. We also generated revenue from other businesses, such as sales of other accessories, spare parts and related services, and gross rental income from operating leases. The following table sets forth the breakdown of our revenue by types of products and services, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of smart power distribution and utilization products	8,436,344	73.6	11,120,129	76.2	11,162,661	77.7
– smart power distribution equipment and solutions . .	3,932,846	34.3	5,827,984	39.9	6,503,860	45.3
– smart power utilization equipment and solutions . .	4,423,330	38.6	5,173,819	35.4	4,223,444	29.4
– new energy products	80,168	0.7	118,326	0.8	435,357	3.0
Medical services	2,782,527	24.3	3,258,073	22.3	2,975,697	20.7
Others	243,637	2.1	222,276	1.5	222,408	1.6
Total	11,462,508	100.0	14,600,478	100.0	14,360,766	100.0

Chinese Mainland represents our largest individual market, contributing 82.9%, 81.4% and 80.6% of our total revenue in 2023, 2024 and 2025, respectively. Our revenue from overseas sales amounted to RMB1,960.6 million, RMB2,713.5 million and RMB2,780.8 million in 2023, 2024 and 2025, respectively, accounting for 17.1%, 18.6% and 19.4% of our total revenue for the same periods, respectively.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by types of products and services for the years indicated.

SUMMARY

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of smart power distribution and utilization products	2,834,258	33.6	3,785,351	34.0	2,898,381	26.0
– smart power distribution equipment and solutions . .	869,476	22.1	1,445,293	24.8	1,283,702	19.7
– smart power utilization equipment and solutions . .	1,954,727	44.2	2,318,946	44.8	1,583,982	37.5
– new energy products	10,055	12.5	21,112	17.8	30,697	7.1
Medical services	874,051	31.4	1,117,365	34.3	858,043	28.8
Others	135,221	55.5	81,317	36.6	133,978	60.2
Total gross profit/Overall gross profit margin	<u>3,843,530</u>	33.5	<u>4,984,033</u>	34.1	<u>3,890,402</u>	27.1

We recorded total gross profit of RMB3,843.5 million, RMB4,984.0 million and RMB3,890.4 million, and gross profit margins of 33.5%, 34.1% and 27.1%, in 2023, 2024 and 2025, respectively.

Profit for the Year

We recorded a profit of RMB1,920.8 million, RMB2,273.2 million and RMB1,248.8 million in 2023, 2024 and 2025, respectively.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total non-current assets	9,308,210	10,676,777	11,158,643
Total current assets	12,204,811	13,799,709	14,627,921
Total current liabilities	6,852,010	7,819,734	7,786,491
Net current assets	5,352,801	5,979,975	6,841,430
Total assets less current liabilities	14,661,011	16,656,752	18,000,073
Total non-current liabilities	3,507,703	4,382,814	6,224,444
Net assets	11,153,308	12,273,938	11,775,629

Our net current assets increased from RMB5,352.8 million as of December 31, 2023 to RMB5,980.0 million as of December 31, 2024, primarily attributable to an increase in our current assets, mainly as a result of (i) an increase of RMB949.3 million in trade and bills receivables due to the revenue growth in 2024; (ii) an increase of RMB820.5 million in inventories mainly in line with the growth of our business scale; and (iii) an increase of RMB775.9 million in financial assets at FVTPL; partially offset by an increase in our current liabilities, primarily due to (i) an increase of RMB666.6 million in trade and bills payables primarily because of the growth in our procurement volume and stocking up of raw materials for business expansion; and (ii) an increase of RMB294.5 million in other payables and accruals.

SUMMARY

Our net current assets further increased from RMB5,980.0 million as of December 31, 2024 to RMB6,841.4 million as of December 31, 2025, primarily attributable to an increase in our current assets, mainly as a result of (i) an increase of RMB918.7 million in cash and bank balances; and (ii) an increase of RMB225.9 million in inventories; partially offset by a decrease of RMB265.4 million in financial assets at FVTPL; while our current liabilities remained relatively stable, with an increase of RMB369.1 million in trade and bills payables partially offset by a decrease of RMB177.8 million in other payables and accruals.

For details of our fluctuation in key items of our consolidated statements of financial position during the Track Record Period, see “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position.”

Summary of Consolidated Statements of Cash Flow

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

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows generated from operating activities	1,901,307	1,836,184	1,771,421
Net cash flows used in investing activities	(525,787)	(1,887,629)	(696,902)
Net cash flows generated from/(used in) financing activities	1,137,578	(768,325)	(150,780)
Net increase/(decrease) in cash and cash equivalents	2,513,098	(819,770)	923,739
Cash and cash equivalents at beginning of the year	2,530,756	5,042,686	4,140,697
Effect of foreign exchange rate changes, net . . .	(1,168)	(82,219)	(5,049)
Cash and cash equivalents at the end of the year	5,042,686	4,140,697	5,059,387

Key Financial Ratios

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

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	33.5%	34.1%	27.1%
Net profit margin ⁽²⁾	16.8%	15.6%	8.7%
Return on total assets ⁽³⁾	10.2%	9.9%	5.0%

Notes:

- (1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.
- (2) Net profit margin equals profit for the year divided by revenue for the year and multiplied by 100%.
- (3) Return on total assets equals profit for the year divided by average total assets for the year and multiplied by 100%.

SUMMARY

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, including (i) risks relating to our smart power distribution and utilization business and industry; (ii) risks relating to our medical service business and industry; (iii) risks relating to financial, accounting and tax matters; (iv) risks relating to our operations; (v) risks relating to government regulations; and (vi) risks relating to the [REDACTED], which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in the [REDACTED]. Some of the major risks we face include, but are not limited to: (i) we operate in a highly competitive environment, and failure to compete successfully would adversely affect our market position, business and financial results; (ii) any failure to continually sharpen our technologies, develop and refine our products as well as expand our product portfolio could adversely affect our competitive position; (iii) our failure to maintain and expand our sales network directly or through distributors could negatively impact our business, financial condition and results of operations; (iv) our businesses are dependent on various downstream industries. A downturn experienced by any of these industries could adversely affect our business; (v) our growth and profitability are sensitive to the market conditions and fluctuating demand for our products and solutions, and potential adverse development of the supply-demand dynamics may significantly affect the price and market demand of our products and solutions; (vi) we conduct our business in a heavily regulated industry and are subject to extensive regulatory requirements; (vii) if we become subject to additional pricing guidelines on medical services, pharmaceuticals, medical equipment and medical consumables, our revenue may be adversely affected; and (viii) our failure to maintain relationships with public medical insurance authorities or commercial insurance providers on terms similar to those currently in place could have a material adverse effect on our business, results of operations and prospects.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. ZHENG Jianjiang, directly and indirectly through AUX Group, Ningbo Yuanxing and Ningbo Yuanhe, controlled approximately 45.52% of voting rights in our Company (excluding treasury Shares). Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [REDACTED]), Mr. ZHENG Jianjiang, directly and indirectly through AUX Group, Ningbo Yuanxing and Ningbo Yuanhe, will control approximately [REDACTED]% of voting rights in our Company (excluding treasury Shares). Therefore, Mr. ZHENG Jianjiang, Ningbo Yuanxing, Ningbo Yuanhe and AUX Group are and will continue to be a group of Controlling Shareholders of our Company upon the [REDACTED].

For further details about our Controlling Shareholders, please refer to the section headed “Relationship with our Controlling Shareholders” in this document.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

On June 15, 2011, our Company completed the A-Share Listing and our A Shares commenced trading on the Shanghai Stock Exchange (stock code: 601567). Our Directors confirm that, since our listing on the Shanghai Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED]’ attention in relation to our compliance record on the Shanghai Stock Exchange. Based on the public searches on the websites of Shanghai Stock Exchange and CSRC and its Ningbo Office, there are no records of material non-compliance of our Company with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations, therefore, nothing has come to the PRC Legal Advisors’ attention that, during the Track Record Period and as of the Latest Practicable Date, our Company had any instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations in any material respect. Based on the independent due diligence conducted by the Sole Sponsor and the PRC Legal Advisors’ view above, no material matter has come to the Sole Sponsor’s attention that would cause them to disagree with the Directors’ confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

SUMMARY

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are newly issued in the [REDACTED], (ii) the [REDACTED] for the [REDACTED] is not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED]:

	Based on the [REDACTED] of HK\$[REDACTED] per H Share	Based on the [REDACTED] of HK\$[REDACTED] per H Share
[REDACTED] of our H Shares	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of [REDACTED] of our Shares is based on 1,399,454,029 A Shares in issue as of the Latest Practicable Date (excluding 5,755,371 A Shares held as treasury Shares) with an average closing price of RMB16.07 for the five business days immediately preceding the Latest Practicable Date and the [REDACTED] H shares expected to be in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets per H Share is arrived at after the adjustments referred to in the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this document and is calculated based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED] without taking into account any Shares which may be issued upon the exercise of the [REDACTED].
- (3) No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2025, including but not limited to the dividend declaration in May 2026. Had such dividend declaration been taken into consideration, the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the parent per share would have been HK\$[REDACTED] based on an [REDACTED] of HK\$[REDACTED] per share and HK\$[REDACTED] based on an [REDACTED] of HK\$[REDACTED] per share, on the basis that [REDACTED] Shares are expected to be in issue immediately following the completion of the [REDACTED], assuming that the dividend declaration and the [REDACTED] had been completed on December 31, 2025.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document and that the [REDACTED] is not exercised.

We intend to use our [REDACTED] from the [REDACTED] for the following purposes:

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for our worldwide research and development efforts;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for upgrading our intelligent manufacturing system and supply chain management;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for global strategic investments and acquisitions; and
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for working capital and general corporate purposes.

See the section headed “Future Plans and Use of [REDACTED]” in this document for further information relating to our future plans and use of [REDACTED] from the [REDACTED].

SUMMARY

DIVIDENDS

In 2023, 2024 and 2025, we had paid dividends RMB494.4 million, RMB909.8 million and RMB1,924.3 million. The final dividend distribution of RMB202.9 million in respect of 2025 was subsequently approved by the annual general meeting on May 15, 2026. As of the date of this document, we have paid these dividends in full.

After completion of the [REDACTED], our Shareholders will be entitled to receive dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

In April 2025, we announced our Shareholder Return Plan for 2025-2027. Pursuant to this plan, under the premise of ensuring our sustainable operation and long-term development, if the Company is profitable and the accumulated undistributed profits are positive for the year ended December 31, 2025, 2026 or 2027, the dividends will be distributed by the Company in cash in the current and/or subsequent year and the dividends should not be less than 45% of the distributable profits realized for each of the years ended December 31, 2025, 2026 or 2027.

[REDACTED] EXPENSES

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

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Development

In the first half of 2026, we continued to solidify our market leadership regarding our smart power distribution and utilization business. As of March 31, 2026, our order backlog reached RMB15.7 billion, providing solid support for future performance growth. Moreover, we continued to expand our global footprint in the first half of 2026 by entering into several contracts with local power bureaus in the Netherlands and Malaysia, separately. These agreements represent an aggregate value of approximately RMB1,107.0 million.

No Material Adverse Change

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

DEFINITIONS

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

“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as set out in Appendix I to this document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company adopted on April 15, 2026 which will become effective on the [REDACTED] and as amended from time to time, a summary of which is set out in Appendix IV to this document
“Audit Committee”	the audit committee of the Board
“AUX Group”	AUX Group Co., Ltd. (奧克斯集團有限公司), a limited liability company established in the PRC on June 23, 2001 which was owned as to 65% by Ningbo Yuanxing and 35% by Ningbo Yuanhe, and one of our Controlling Shareholders
“AUX Smart Technology”	Ningbo AUX Smart Technology Co., Ltd. (寧波奧克斯智能科技股份有限公司), a joint stock company with limited liability established in the PRC on April 18, 2001, and a wholly-owned subsidiary of our Company
“AUX Supply Chain”	Ningbo AUX Supply Chain Management Co., Ltd. (寧波奧克斯供應鏈管理有限公司), a limited liability company established in the PRC on May 22, 2015 and, a wholly-owned subsidiary of our Company
“Board” or “Board of Directors”	the board of Directors of our Company
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“CAGR”	compound annual growth rate

DEFINITIONS

[REDACTED]

“China” or “PRC”	the People’s Republic of China
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Ningbo Sanxing Medical Electric Co., Ltd. (寧波三星醫療電氣股份有限公司), a joint stock company with limited liability established on February 1, 2007, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 601567)
“Company Law” or “PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Compliance Advisor”	Somerley Capital Limited
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, and unless the context requires otherwise, refers to AUX Group, Ningbo Yuanxing, Ningbo Yuanhe and Mr. ZHENG Jianjiang
“CSDC”	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Director(s)” or “our Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“EU”	European Union
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

DEFINITIONS

[REDACTED]

“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and Independent Third Party, which prepared the Frost & Sullivan Report
“Frost & Sullivan Report”	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document

[REDACTED]

“Group,” “our Group,” “our,” “we” or “us”	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“H Share(s)”	overseas [REDACTED] foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be [REDACTED] for and [REDACTED] in HK dollars, and for which an [REDACTED] has been made for [REDACTED] and permission to [REDACTED] on the Stock Exchange

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars,” “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“IFRS”	the International Financial Reporting Standards as issued by the IASB, which comprise the IFRS Accounting Standards, International Accounting Standards, Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee
“Independent Third Party(ies)”	person(s) or company(ies) who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, are not our connected persons

DEFINITIONS

[REDACTED]

“JLL” Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer

[REDACTED]

“Latest Practicable Date” June 5, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[REDACTED]

“Listing Committee” the Listing Committee of the Stock Exchange

[REDACTED]

“Listing Guide” or “Guide for New Listing Applicants” the Guide for New Listing Applicants as published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Listing Rules” or “Hong Kong Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“Major Subsidiaries”	the major subsidiaries of our Company listed in “History and Corporate Structure — Our Major Subsidiaries”
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Mingzhou Healthcare Group”	Ningbo Mingzhou Healthcare Group Co., Ltd. (寧波明州醫療集團有限公司), formerly known as Ningbo AUX Healthcare Group Company Limited (寧波奧克斯醫療集團有限公司) and Ningbo AUX Healthcare Investment Management Company Limited (寧波奧克斯醫療投資管理有限公司), a limited liability company established in the PRC on April 7, 2015 and a wholly-owned subsidiary of our Company
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
“Ningbo Yuanhe”	Ningbo Yuanhe Electrical Technology Co., Ltd. (寧波元和電器科技有限公司), a limited liability company established in the PRC on June 17, 1999 which was owned as to 85% by Mr. ZHENG Jianjiang, 10% by Mr. ZHENG Jiang and 5% by Mr. HE Xiwan, and one of our Controlling Shareholders
“Ningbo Yuanxing”	Ningbo Yuanxing Industrial Investment Co., Ltd. (寧波元興實業投資有限公司), a limited liability company established in the PRC on May 18, 2000 which was owned as to 85% by Mr. ZHENG Jianjiang, 10% by Mr. ZHENG Jiang and 5% by Mr. HE Xiwan, and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

DEFINITIONS

[REDACTED]

“Overseas Listing Trial Measures”	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on February 17, 2023 and took effect on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Legal Advisors”	Jingtian & Gongcheng, the legal advisors to our Company as to the laws of the PRC

[REDACTED]

“document”	this document being issued in connection with the [REDACTED]
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

DEFINITIONS

“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Sanxing Smart Electric”	Ningbo Sanxing Smart Electric Co., Ltd.(寧波三星智能電氣有限公司), a limited liability company established in the PRC on March 1, 2010, and a wholly-owned subsidiary of our Company
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Securities Law” or “PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, [REDACTED] and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Sole Sponsor”	the sole sponsor as named in “Directors and Parties Involved in the [REDACTED]”
[REDACTED]	
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Strategy and ESG Committee”	the strategy and ESG (environment, social and governance) committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three years ended December 31, 2023, 2024 and 2025

DEFINITIONS

[REDACTED]

“United States,” “USA” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars,” “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	value added tax
“%”	per cent

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

In this document the terms “associate(s),” “close associate(s),” “connected person(s),” “core connected person(s),” “connected transaction(s),” “substantial Shareholder(s)” and “treasury Share(s)” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“5G”/“4G”/“3G”	the fifth-generation/fourth-generation/third-generation technology standard for cellular networks in telecommunications
“AC”	alternating current, an electric current whose magnitude and direction vary periodically over time.
“active energy accuracy”	the precision of an electricity meter in measuring active energy (measured in Wh or kWh). Under IEC standards, accuracy classes include: (i) Cl.0.2S and Cl.0.5S, for high-precision metering such as grid gateway and large-consumer billing; (ii) Cl.0.5, for commercial and industrial metering; (iii) Cl.1, for general commercial and residential metering, with a maximum permissible error of $\pm 1.0\%$; and (iv) Cl.2, for general residential metering, with a maximum permissible error of $\pm 2.0\%$. A lower class number indicates higher precision
“AI”	artificial intelligence
“AIoT”	artificial intelligence of things, a combination of AI and IoT
“AMI”	advanced metering infrastructure, an integrated system used in smart grids for remote meter reading, electricity consumption data collection, and grid management
“AS/RS”	automated storage and retrieval systems
“BMS”	battery management system
“CMMI V2.0 Level 5”	the highest maturity level under the CMMI V2.0 framework, a globally recognized model for improving and appraising an organization’s process capability in software development and service delivery
“CNAS”	China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會)
“CRM”	customer relationship management
“CSS”	customer service system
“DC”	direct current, an electric current which flows only in one direction
“DLMS”	device language message specification, an international standard protocol for smart meter data exchange, enabling secure communication between utility devices and central systems

GLOSSARY OF TECHNICAL TERMS

“DRG”	diagnosis-related group, a classification system that groups hospital cases into categories based on diagnosis, treatment, and resource usage
“ECMO”	extracorporeal membrane oxygenation, a life-supporting medical technique that provides both cardiac and respiratory support to patients with severe heart or lung failure
“EMC”	electromagnetic compatibility
“EMS”	energy management system
“EPC”	engineering, procurement and construction, a contractual framework for executing large-scale infrastructure projects
“EU MID”	European Union Measuring Instruments Directive
“EV”	electric vehicle
“G3-PLC”	generation 3 power line communication, an international standard protocol that enables highly reliable, high-speed, long-range communication over existing electrical power grids, widely used for smart meter connectivity
“GFA”	gross floor area
“GMP Certificate”	Certificate of Good Manufacturing Practices for Pharmaceutical Products (藥品生產質量管理認證證書)
“GPRS”	general packet radio service, a packet-based wireless communication service
“GSP Certificate”	the Good Supply Practices for Pharmaceutical Products Certificate (藥品經營質量管理規範認證證書)
“HIS”	hospital information system, an information system using computer hardware and software technology, network communication technology and other modern means, to provide the integrated management of the visitor flows, logistics and financial flows in the hospital and its various departments, and conduct the collection, storage, extraction, transmission, aggregation, processing of the data generated in the various stages of medical activities to form a variety of information, so as to provide a comprehensive automated management of the overall operation of the hospital and a variety of services
“HPLC”	high-speed power line communication
“IAS 17025”	an accreditation granted by the International Accreditation Service to testing and calibration laboratories that meet the rigorous ISO/IEC 17025 standard, ensuring international validity and reliability of test results

GLOSSARY OF TECHNICAL TERMS

“IEEE”	the Institute of Electrical and Electronics Engineers, the world’s largest technical professional organization dedicated to advancing technology
“IP66”	a protection rating defined by the International Electrotechnical Commission, indicating that a device is completely dust-tight and protected against strong water jets from any direction
“LTE-M”	long term evolution for machines, a low-power wide-area cellular technology standard designed for IoT devices, offering energy-efficient, deep-penetration, and reliable connectivity for smart meters over existing 4G networks
“MDM”	meter data management
“MDT”	multidisciplinary team, which brings together a group of healthcare professionals from different fields involved in cancer care with the overarching goal of optimizing patient care and treatment efficacy
“MES”	manufacturing execution system, a system that monitors, tracks, and controls manufacturing processes in real-time
“MPPT”	maximum power point tracking
“Medical Insurance Designated Medical Institutions (醫保定點醫療機構)”	healthcare institutions designated by the relevant local medical insurance authority as ones that are eligible for public medical insurance coverage for patients covered by Urban Employee Basic Medical Insurance Program (城鎮職工基本醫保計劃), Urban Resident Basic Medical Insurance Program (城鎮居民基本醫保計劃) and New Rural Cooperative Medical Insurance Program (新型農村合作醫保計劃)
“NB-IoT”	narrowband internet of things, a low-power wide-area cellular technology standard optimized for connecting devices with low data rates, offering exceptional indoor penetration, ultra-low power consumption, and massive connection capacity for smart metering
“PET-CT”	positron emission tomography – computed tomography
“PLC”	a programmable logic controller, a digital computer specifically designed for use in industrial environments, which performs multi-axis servo control, logical operations, sequential control, timing, and counting tasks during the control process
“PLM”	product lifecycle management
“PRIME”	powerline intelligent metering evolution, an open-standard narrowband power line communication protocol that enables highly interoperable and reliable data transmission for smart grid and metering networks over existing electrical wiring
“PV”	photovoltaic

GLOSSARY OF TECHNICAL TERMS

“QMS”	quality management system
“reactive energy accuracy”	the precision of an electricity meter in measuring reactive energy (measured in varh or kvarh). Under IEC 62053-23, accuracy classes for reactive energy meters include: (i) Class 2, with a maximum permissible error of $\pm 2.0\%$, suitable for general industrial and commercial metering; and (ii) Class 3, with a maximum permissible error of $\pm 3.0\%$, suitable for lower precision applications. A lower class number indicates higher precision
“RF”	radio frequency
“RMU”	ring main unit
“RVC”	rapid voltage change, a power quality event defined under the IEC 61000-4-30 standard, referring to a rapid transition of the RMS voltage between two steady-state conditions that is not classified as a voltage dip, swell or interruption
“SaaS”	software as a service, a cloud-based software delivery model in which software is provided to users on a subscription basis and maintained by the service provider
“SAP”	an acronym for Systems, Applications, and Products, a system and software package for enterprise resource planning, used by organizations to connect information from all core areas of the organization and to manage its day-to-day business activities
“SMT”	surface mount technology, a method in which the electrical components are mounted directly onto the surface of a printed circuit board
“SRM”	supplier relationship management, a system that manages interactions and communications with suppliers, and it facilitates the synchronization of procurement plans with suppliers, ensuring timely and efficient delivery of materials in accordance with production needs and strategic objectives
“STS”	static transfer switch, a high-speed, solid-state device used to enable seamless, millisecond-level switching between grid-connected and off-grid modes, ensuring uninterrupted power supply to loads during outages
“Suite 2”	the highest security suite defined under the DLMS/COSEM communication protocol, which adopts Elliptic Curve Cryptography (ECC) for data authentication and encryption in smart metering communications
“U.S. ANSI”	American National Standards Institute

GLOSSARY OF TECHNICAL TERMS

“Wi-SUN”	wireless smart utility network, an open-standard, IPv6-based wireless mesh network technology offering highly reliable, self-healing, and secure long-range connectivity for large-scale smart metering and smart city applications
“WMS”	warehousing management system

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “might,” “ought to,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, business partners, suppliers and other partners;
- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to adequately protect our reputation and brand image, as well as our intellectual property rights;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- our ability to attract and retain qualified personnel;
- competition in the industries and markets in which we operate or into which we intend to expand;
- our proposed use of [REDACTED];
- rapid developments in technology and our ability to successfully keep up with technological advancement;
- changes in currency exchange rates;

FORWARD-LOOKING STATEMENTS

- relevant government policies and regulations relating to industries which we operate in;
- certain statements in this document with respect to trends in prices, operations, margins, overall market trends, and risk management;
- change of volatility in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends;
- various uncertainties described in the “Risk Factors;” and
- other statements in this document that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of the Directors are made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

An [REDACTED] in the [REDACTED] involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to [REDACTED] in the [REDACTED]. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such event, the market price of the [REDACTED] could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

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

RISKS RELATING TO OUR SMART POWER DISTRIBUTION AND UTILIZATION BUSINESS AND INDUSTRY

We operate in a highly competitive environment, and failure to compete successfully would adversely affect our market position, business and financial results.

We face significant competition in our power distribution and utilization business both in China and overseas markets. Competition in the global power distribution and utilization market is based on a number of factors, including product pricing, product features and design, quality, performance, product update, innovation, reputation, compliance with industry standards, distribution and financial incentives, and after-sales services. In addition, the global power distribution and utilization equipment and solutions market is a relatively mature sector characterized by intense price competition, frequent introduction of new products, rapid adoption of technological and product advancements by competitors, and the evolving preferences of end customers. Significant new competitors or increased competition from existing competitors may adversely affect our business, results of operations and financial condition.

Our competitors primarily include large Chinese and multinational power equipment companies as well as specialized manufacturers of smart metering products, power distribution equipment and renewable energy products. We have a variety of local and overseas competitors in each region and we compete with our competitors in a variety of aspects. Furthermore, due to rapid technological advancements, shortened product update cycles and ease of imitation, it is becoming increasingly difficult for us to take advantage of the higher selling prices typically associated with new products and technologies while having to invest more in R&D. Some of our competitors may also be willing to reduce prices and accept lower profit margins to compete with us. In addition, further increase in market concentration of the power distribution and utilization equipment and solutions industry may result in stronger competition for us, and any price competition from time to time may result in declined average selling prices and profit margins, which could adversely affect our business and financial results.

Any failure to continually sharpen our technologies, develop and refine our products as well as expand our product portfolio could adversely affect our competitive position.

The industry in which we operate is characterized by constant technological evolution and product innovations. Our competitive position therefore depends largely on our ability to continually sharpen our technology, develop and refine our products as well as expand our product portfolio. While we endeavor to continue to invest in technology development and product innovation, such efforts require significant financial and management resources, and we may not have sufficient resources to do so. Further, the industry in which we operate and our upstream industries are characterized by evolving technologies and standards, to the extent that we are not able to keep abreast of the technology development or enhance the

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functionality, performance and reliability of our products and solutions in a manner that responds to our customers' evolving needs, we may lose customers and market share, and our competitive position and business prospects could be materially and adversely affected.

In addition, we will continue to expand our product offerings to meet the diversified customer needs from downstream sectors of the industry. Such product portfolio expansion involves a variety of risks and uncertainties in relation to (i) market acceptance, as new products may not be well received in the target market, resulting in lower-than-expected sales and revenue that may adversely affect our financial condition; (ii) competition, as our competitors may introduce similar products, offer more competitive prices, deliver faster technical adjustments, and faster response times for services, leading to intensified competition that makes it difficult for us to gain a foothold in the market; and (iii) production and supply chain, as there may be issues with production or supply chain that may impact the availability of our new products. Failure to effectively manage these risks may lead to material adverse effect on our business, financial condition and results of operations.

We have built a robust sales network, both directly and through distributors. Our failure to maintain and expand our sales network directly or through distributors could negatively impact our business, financial condition and results of operations.

We have established a robust sales network, both directly and through distributors. If we fail to maintain or expand our sales network, our sales revenue will decline and our business, results of operations and prospects may be materially and adversely affected. If our distributors fail to perform or fail to fit our sales and marketing strategy, we may need to adjust the number of our distributors and the footprint they cover. This may affect the width and depth of our sales network which would in turn affect end customers' access to our products. If we fail to renew our agreements with our existing distributors or enter into new agreements on favorable terms or at all, or if they reduce, delay or cancel their orders from us or enter into relationships with our competitors, our revenue and our market share and growth opportunities could suffer, which would negatively impact our business, financial condition, results of operations and cash flows.

Moreover, our ability to manage the activities of our distributors is relatively limited. We mainly rely on our distribution agreements, policies and measures we have in place to monitor and govern our relationships with distributors, including their compliance with laws, rules, regulations and our policies and implementation of anti-trust, anti-corruption and anti-bribery measures. If our distributors fail to adequately promote our products, or fail to provide proper training to their staff, thereby affecting the quality of services they provide, our reputation and brand image may be damaged.

We cannot assure you that our distributors will comply with our distributor agreements and policies. In addition, we cannot assure you that we can independently audit or verify the sales performance and other financial information made available to us. As such, we may not have a true picture of the sales performance of our distributors and whether or not they have complied with our distributor agreements, policies or the demand that our customers have for our product offerings. Given our limited ability to monitor the sales performance of our distributors and the sub-distributors they may sell to, we cannot assure you that they will not make decisions or take actions that are not in our best interests, thereby harming our business and reputation.

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Our businesses are dependent on various downstream industries. A downturn experienced by any of these industries could adversely affect our business.

Our business operations are interconnected with a variety of downstream industries, such as power grid construction, new energy construction, new energy vehicle charging, new-type power systems, and energy storage. The overall performance of these industries plays a critical role in shaping our business outlook. Changes in regulatory frameworks, environmental standards, and government incentives within these industries could constrain our growth. A slowdown or stagnation in the growth of these industries may limit our potential for expansion and adversely affect our operations and financial results. In addition, due to our extensive operations across both China and international markets, we are subject to significant complexities arising from different market conditions and may need to change or adapt our business focuses from time to time, especially in response to the new rules and policies regarding the end markets for our products and solutions. However, we may not be able to do so in a timely and efficient manner. Any new legislation or adverse changes in requirements relating to our downstream industries could have an impact on our business, financial condition and results of operations.

Our growth and profitability are sensitive to the market conditions and fluctuating demand for our products and solutions, and potential adverse development of the supply-demand dynamics may significantly affect the pricing and market demand for our products and solutions.

Demand for our products typically hinges on the level of general economic activity and the market conditions of the power distribution and utilization equipment and solutions industry, which are subject to a number of factors beyond our control, including changes in the macroeconomic condition of countries and areas in which we operate, changes in the competitive landscape, government regulations and changes in supply and demand for our products, among others.

If the market demand for our products does not grow to the extent as we expect, or if the power distribution and utilization industry does not develop in a manner that further drive the demand for our products, our future growth and profitability could be materially and adversely affected. Further, our future growth and profitability could be affected by our ability to identify and anticipate the needs of our customers and develop products and services that meet their demands. If we are unable to accurately anticipate customer demands for our products and adopt appropriate business strategies accordingly, our business, financial condition and results of operations could be materially and adversely affected.

Our products may experience quality problems from time to time that can result in harm to our reputation. Product-related liability, product recall costs, and significant return or exchange could also adversely affect our business and financial performance.

We may face the risk of significant monetary exposure to claims if we fail to implement and maintain our quality control steps and our products do not perform as expected or contain design and/or manufacturing defects or malfunctions. If our products are defective, the sale of such products could expose us to product liability claims relating to personal injury or property damage and may require product recalls or other actions. Third parties who are subject to such injury or damage may bring claims or legal proceedings against us. Certain product liability claims may be the result of defects from components and parts purchased from our suppliers. Attempting to enforce our rights against such suppliers may be expensive, time-consuming and ultimately futile. Such suppliers may not be able to indemnify us for the losses resulting from such defects and product liability claims in full or at all. Further, our insurance coverage might be insufficient to fully cover all damages sought and the claiming process might be prolonged. As a result, any material product liability claims or litigation could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation. Further, a product liability claim could generate substantial negative publicity about our products and brands, which would have a material adverse effect on our business prospects and financial condition.

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We only allow our distributors to return products due to product quality issues, which is in line with customary industry practice. However, we may be required by law to adopt new or amend existing return and exchange policies from time to time. Should we be the ultimate responsible party for the costs and losses associated with return and exchange, our results of operations may be materially and adversely affected. If our return and exchange policy is misused by a significant number of customers, our costs may increase significantly and our results of operations may be adversely affected. If we adopt more customer-friendly return and exchange policies, these policies also subject us to additional costs and expenses, which may negatively affect our results of operations. If we adopt less customer-friendly return and exchange policies to reduce such costs and expenses, our users may be dissatisfied, which may result in loss of existing users or failure to acquire new customers at a desirable pace, which may adversely affect our results of operations.

We derived a substantial portion of revenue from certain major customers during the Track Record Period and the loss of, or a significant reduction in, revenue from such customers could materially and adversely affect our results of operations.

During the Track Record Period, a substantial portion of our revenue was generated from a limited number of customers. In 2023, 2024 and 2025, revenue generated from our five largest customers in each year accounted for 41.9%, 37.4% and 37.1% of our total revenue in each year, respectively, and revenue generated from our largest customer in each year accounted for 27.9%, 20.7% and 18.9% of our total revenue in each year, respectively. Our current concentration on a few major customers exposes us to the risk of substantial revenue fluctuations if such major customers significantly reduce orders or cease business with us. In particular, certain of our major customers maintain supplier qualification and admission systems, under which we are required to obtain and continuously maintain the requisite supplier qualifications and to satisfy their ongoing assessment criteria in order to remain on their approved supplier lists and to participate in their tender or bidding processes. These qualification standards are subject to periodic review and may be revised from time to time, and our qualifications are typically valid only for a specified period and subject to renewal. If we fail to obtain, maintain or renew the necessary supplier qualifications, or otherwise fail to continuously satisfy the applicable admission criteria, we may be suspended, on a short-term or long-term basis, from supplying to, or participating in the bidding processes of, such major customers, be disqualified from bidding, or be removed from their approved supplier lists, any of which could result in a significant reduction in, or loss of, orders from such customers. Reductions, delays or cancellations of purchase orders, price reductions, rejections due to quality concerns, suspension of cooperation or disqualification from bidding, loss of one or more major customers without timely replacement, or delayed payments by major customers could each materially and adversely affect our business, financial condition and results of operations.

Any disruption in the supply of raw materials and components or significant increase in their prices will negatively affect our business.

Raw materials and components are the largest component of our total cost of sales. We mainly rely on third-party suppliers for the timely supply of raw materials and components to carry out our production plans as scheduled. The prices of these materials and components containing those materials are susceptible to significant fluctuations due to supply and demand trends in the commodities markets, transportation costs, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. In addition, any natural or man-made disasters or other unanticipated catastrophic events, including adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism, wars and outbreaks of pandemics could impair the operations of our suppliers and/or disrupt our transportation channels, and impede our ability to manufacture and deliver our products to customers in a timely manner. Although we have entered into hedging transactions to secure the prices for some of the bulk materials required for manufacturing, we remain subject to significant risks of supply shortages and price increases. Our results of operations could be adversely affected if we were unable to obtain adequate supplies of high-quality raw materials or components in a timely manner at reasonable prices or make alternative arrangements for our supplies, or if there were significant increases in the costs of raw materials or components that we could not pass on in full.

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We generally do not have long-term purchase commitments from most of our customers, which may subject us to uncertainty and revenue volatility from period to period.

We generally do not have long-term purchase commitments from our customers. We cannot assure you that order volumes and prices will be consistent with our historical record nor our expectation. Cancellations, reductions or postponements of purchase orders by a major customer or by a group of customers could adversely affect our business, financial condition and results of operations. The absence of long-term purchase commitments with pre-determined prices may also mean our selling prices are subject to fluctuations. In addition, we make significant decisions, including determining the levels of orders that we will seek and accept, production schedules, raw material procurement commitments and other resource requirements, based on our estimates of customer requirements. The nature of our customers’ commitments and the possibility of rapid changes in customers’ demands for their products restrict our ability to accurately estimate future customer requirements. Occasionally, customers may require rapid increases in product delivery, which can strain our resources. We may not be able to increase our production volume or even manufacturing capacity at any given time to meet our customers’ demands. On the other hand, a reduction in customer demand may negatively impact our financial condition, results of operations and prospects.

We may not be able to manage the pricing of our products as a result of any decrease in our bargaining power or changes in market conditions.

We price our products based on a framework considering the prevailing competitive landscape, product cost, development expenses, and reasonable margin. Our ability to set favorable prices at our desired margins and to accurately estimate costs, among other factors, has a significant impact on our profitability. We cannot assure you that we will be able to maintain our pricing or bargaining power or that our gross profit margin will not be affected by market conditions or other factors. In the event that we are faced with higher pricing pressure due to intensified competition from other manufacturers, continued decrease in prices to our customers in the end market or any other reasons, or if we otherwise lose bargaining power due to weaker demand for our products, we may need to reduce the prices and lower the margins of our products. Moreover, we may not be able to accurately estimate our costs or pass on all or part of any increase in our costs of production, in particular the costs of raw materials and components, to our customers. As a result, our results of operations and profitability could be materially and adversely affected.

We primarily obtain orders from our customers through bidding process. Due to the intensified industry competition, we may fail to obtain sufficient orders, which may lead to shrink of our business income.

We primarily rely on competitive bidding as the main channel for securing our orders. In a highly competitive market environment, we face intense competition from numerous domestic and overseas competitors with varying strengths. Such competition naturally introduces significant uncertainty to our bidding success rate, and there is no assurance that we will be able to secure a sufficient number of orders through bidding in the future. To enhance our chances of winning bids, we may need to adopt a competitive pricing strategy, which could involve reducing our quotation prices appropriately. Such price reductions may directly compress our profit margins. If the reduction in product or service prices exceeds the cost-saving space we can achieve, our profit margin will be adversely affected, thereby having a negative impact on our overall profitability.

If our third-party service providers fail to provide reliable or standardized services, our business, financial condition and results of operations may be adversely affected, and our reputation may be harmed.

We engage third-party service providers for services such as logistics and transportation. We do not control these third parties and they may face operational disruptions due to equipment failures, IT outages, labor shortages or disputes, commercial disagreements, regulatory non-compliance, natural disasters or other issues. In addition, we may not be able to identify substitute third-party service providers on terms

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that are commercially acceptable to us, or at all. Any failure of our third-party service providers to provide reliable, efficient and high-quality services may result in disruptions to the supply and distribution of our products. Such disruptions could adversely affect our business operations, financial condition, and results of operations, and may also harm our reputation in the market.

Our manufacturing operations are subject to various risks that could lead to delays or disruptions.

Due to the nature of production activities, our production operations may be subject to risks such as capacity constraints, equipment and systems failures and delays in construction and upgrades of facilities. The occurrence of any of these events would lead to production curtailments or shutdowns, resulting in delays in product delivery and thus customer dissatisfaction. Deviations in the manufacturing process, disruptions in the supply of utilities or defects in key materials can interrupt production. Failure to achieve a consistent and acceptable production yield and maintain low scrap rate in turn could result in higher production costs and lower profits. From time to time, we may experience lower production yield during the ramp-up stage of production plants. This often occurs during the introduction of new products, the installation of new equipment or the implementation of new production technologies.

We may fail to maintain optimal utilization of our production bases and to expand our production capacity in a cost-effective manner in both China and overseas.

Our continued success is attributable to our ability to manufacture products in a cost-effective manner, which in turn depends on our ability to accurately forecast customer demand and maintain optimal utilization of our production bases, as well as to effectively expand our production capacity to achieve economies of scale and enhance production efficiency. Our ability in optimizing our production capacity, however, is subject to risks and uncertainties which are beyond our control, including fluctuations in market demand for our products, rise in cost of establishment of production plants, and delays in construction schedule. Failure in mitigating such risks may incur additional production costs and lead to an increase in our operation costs. In addition, our expansion in production capacity requires substantial capital investments and time costs, which may affect our liquidity and hinder our ability to deliver products in a timely manner.

We conduct operations worldwide and are exposed to legal, regulatory, political, economic, commercial and other risks in each country in which we operate.

As of December 31, 2025, our products were sold to approximately 70 countries and areas. As a result of our global footprint, we are subject to legal, regulatory, political, economic, commercial and other risks associated with cross-border business, including: (i) fluctuations in foreign currency exchange rates; (ii) increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing and distribution presence; (iii) difficulty in providing efficient customer service and support in markets abroad; (iv) risks associated with dealing with regulatory regimes, regulatory bodies and government policies with which we might be unfamiliar, in order to obtain overseas permits, licenses and approvals necessary to manufacture or import, market and sell products in or to overseas regions; (v) high costs relating to compliance with the commercial and legal requirements of overseas markets, including those relating to labor, environmental and industry specific regulations; (vi) risks associated with local unions and employment disputes, including allegations of discrimination, harassment, violation of collective bargaining agreements, wrongful termination, among others; (vii) difficulty in obtaining or enforcing intellectual property rights; (viii) strict foreign exchange regulation and cash repatriation regulations; (ix) unanticipated changes in prevailing economic conditions and regulatory requirements; (x) political instability and civil unrest, cultural and religious conflicts, and acts of terrorism; (xi) risks associated with compliance with local tax laws and regulations including but not limited to timely filing of tax returns, tax payment, and disputes or disagreements with local tax authorities with respect to matters including but not limited to calculation of tax liabilities and preferential tax treatments; (xii) risks associated with disputes with local tax authorities on the judgement of transfer pricing arising out of our intragroup transactions, which may result in reallocation or adjustment of our taxable income and a different tax amount payable; (xiii) difficulties in enforcing agreements and collecting overdue receivables through local legal systems; (xiv) trade barriers such as export

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requirements, sanctions, tariffs and other restrictions and expenses; and (xv) risks associated with antitrust and competition laws in the jurisdictions in which we operate, including regulatory scrutiny, investigations, civil lawsuits and criminal proceedings relating to anti-competitive behaviors, which may result in fines, civil or criminal liabilities, or changes to our business operations, and the introduction, interpretation, or enforcement of new or existing antitrust or competition laws by regulatory authorities or private parties. Our overall success as a global business depends, in part, on our ability to succeed in managing such risks. The risks and their potential impact on us or our business partners vary from country to country and are difficult to predict with any degree of accuracy.

As part of our future plans, we intend to set up new production bases in South America, Europe and the Middle East and other appropriate locations. Although these regions are not entirely new operating areas for us, as we already have established sales networks and business activities there, building new production bases may nonetheless expose us to additional risks. These include significant capital expenditures and ongoing operating expenses, as well as the possibility of project delays or cost overruns. We may also face strong competition from both local and international manufacturers in these markets, which could require greater investment in marketing and distribution. In addition, the economic and regulatory environments in South America, Europe and the Middle East and other locations differ from our existing markets, and changes in local policies, tariffs, or approval processes may impact the viability and profitability of our planned operations. In particular, certain countries may impose or strengthen local manufacturing requirements that mandate a minimum proportion of products to be manufactured or assembled domestically as a condition for market access, participation in public tenders or eligibility for preferential treatment, and our failure to meet such requirements could place us at a competitive disadvantage.

We have operations in a large number of jurisdictions. Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, the Export Administration Regulation (the “**EAR**”) regulates U.S. export control, and the Bureau of Industry and Security (the “**BIS**”) of the Department of Commerce administers the EAR. The U.S. export control regime regulates the export, transfer or disclosure of U.S. products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end-use of a specific export or transfer. U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments, and persons targeted by U.S. sanctions. European Union sanctions also have similar regime to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. We take precautions to prevent our products from being provided to any target of these sanctions. However, we cannot assure you that our products would not be provided to those targets through independent distributors despite such precautions. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. While our Directors are of the view that our current business activities should not give rise to material risks under applicable international sanctions and export controls, and that our products are not subject to the EAR’s jurisdiction, the aforementioned trade restrictions are subject to frequent changes and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

In addition, economic sanctions programs do and will continue to restrict our ability to engage in business dealings with certain sanctioned countries or regions. Sanctions programs moreover evolve over time and it is difficult for us to predict the interpretation, implementation or enforcement of governmental policies or sanctions with respect to our activities, currently or in the future or whether U.S. sanctions in particular will expand in ways that impair and restrict our business. Our policies, procedures and controls may not be able to react timely or comprehensively to such changes. There is no assurance that our activities in any particular country or region will not result in negative media attention or reputational damage.

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In recent years, there have been heightened complexity in international relations. Such tensions could reduce levels of international trade, investment, technological exchange, and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers’ business, prospects, financial condition, and results of operations.

Changes in international trade policies and tariffs may adversely impact our business and operating results.

Our imports and exports may be adversely affected by trade barriers, including tariffs, quotas, anti-dumping measures, and countervailing duties imposed on goods that include our products exported to overseas markets. International market conditions and the regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties, and tariffs of the jurisdictions in which we operate, or the perception that these changes could occur, could adversely affect our financial condition and results of operations.

Significant political, trade, or regulatory developments in the jurisdictions in which we operate are difficult to predict and may have a material adverse effect on us. In particular, our business may be impacted by the imposition of tariffs by the U.S. and any resulting countermeasures in the countries in which we operate. During the course of February and April 2025, the U.S. government implemented tariffs on several major trading partners, including Canada, China, the EU, and Mexico, with a baseline tariff on all countries and additional individualized reciprocal tariffs on countries with which the U.S. has large trade deficits (the “U.S. Reciprocal Tariffs”). In response, China adopted a series of trade measures including raising its tariffs on U.S. goods. Since February 2025, both countries raised reciprocal tariffs on each other’s imported goods to 125%. However, on May 12, 2025, both the U.S. and China modified these tariff measures: the U.S. removed the 125% tariff and temporarily reduced tariffs on Chinese goods to 10% by suspending a 24% duty for 90 days. The PRC government announced the same tariff adjustments, removing the 125% retaliatory tariff and cutting tariffs on U.S. goods from 34% to 10% for the same period. On August 12, 2025, both the U.S. and China announced to extend these tariff measures for another 90 days. On November 1, 2025, the U.S. government announced that the 10% reciprocal tariff will be maintained until November 10, 2026. These tariffs and their scope of application remain subject to further negotiations and adjustments, and they may vary from time to time regarding their interpretation, implementation and administration.

During the Track Record Period, our revenue generated from the U.S. and our supply chain exposure to the U.S. were not significant, and the impacts of the increased tariffs by the U.S. and the countermeasures taken by China on us have been limited as of the Latest Practicable Date. However, we cannot assure you that such impacts will remain limited in the future. Any substantial increases in tariffs or trade restrictions could lead to retaliatory measures by affected countries, potentially disrupting global supply chains. In addition, non-tariff trade barriers, such as potential restrictions on transfer of technology or intellectual property rights, may impair our access to know-how important for product development and innovation. If we are unable to successfully manage the impact and the increased costs resulting from trade barriers, our business, financial condition, and results of operations could be materially and adversely affected.

In addition, as we expand our overseas manufacturing footprint, our products may become subject to evolving rules governing product origins and local content requirements in various jurisdictions. Changes in how authorities determine the country of origin of our products could affect their tariff treatment or market access in certain markets, which could increase our costs and reduce our competitiveness. Furthermore, geopolitical instability in regions where we operate may disrupt global shipping routes and increase freight costs and delivery times for our raw materials and finished products. Any escalation of such conflicts could adversely affect our supply chain, increase our logistics costs and delay our planned capacity expansion in affected regions.

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RISKS RELATING TO OUR MEDICAL SERVICE BUSINESS AND INDUSTRY

We conduct our business in a heavily regulated industry and are subject to extensive regulatory requirements.

We, as a private hospital group, are subject to laws and regulations at the national, regional and local levels in the PRC. Such laws and regulations are mainly relating to but not limited to (i) the quality and use of medical facilities, equipment, supplies and services; (ii) procurement, usage and storage of pharmaceuticals, medical equipment and medical consumables; (iii) the licensing and number of healthcare facilities, hospital beds and medical professionals; (iv) the discharge and disposal of pollutants and medical waste; (v) anti-corruption and anti-bribery; (vi) the confidentiality and safekeeping of patient’s medical records; and (vii) data privacy and protection. For details, see “Regulatory Overview.” Due to the complexity of the regulatory environment, we cannot assure you that subsequent laws and regulations would not render our operations non-compliant or that we would always be in full compliance with applicable laws and regulations. Besides, there can be no assurance that there will not be additional laws or regulations on medical services. In the event that we must remedy any violations, we may be required to modify our business models in a manner that undermines our attractiveness to our customers.

Announced and unannounced inspections by regulators may be carried out periodically at our hospitals depending on applicable regulatory requirements. Any failure to comply with applicable laws or regulations, the receipt of an unsatisfactory rating in an inspection, a determination of regulatory non-compliance, a material administrative penalty or any failure to rectify any material deficiencies cited in an inspection report could, depending on the nature and severity, result in reputational damage, financial losses, judicial and administrative penalties, conditions being placed on our licenses, revocation or suspension of our licenses or downsizing or cessation of existing services. For instance, any irregularities with our fee charging practices, or prescribing activities of our doctors, especially those deemed by competent authorities upon their inspections to have resulted in payments in excess of reimbursable insurance scope subject to evolving implementation policies and interpretations, could lead to administrative penalties such as confiscation of payments collected and/or fines. Any of these consequences could have a material adverse effect on our business, results of operations and prospects.

If we become subject to additional pricing guidelines on medical services, pharmaceuticals, medical equipment and medical consumables, our revenue may be adversely affected.

The PRC government issues policies on the pricing of healthcare services, pharmaceuticals, medical equipment and consumables. As of December 31, 2025, we had 28 hospitals identified as Medical Insurance Designated Medical Institutions (醫保定點醫療機構). In terms of medical service pricing, private for-profit hospitals are generally entitled to set the prices of medical services at their discretion based on their cost structures, market demand and other factors. However, if a medical institution is a Medical Insurance Designated Medical Institution, it may only charge medical fees for certain medical services according to pricing guidelines established by local medical authorities and public medical insurance providers. For details, see “Business — Our Medical Services Business — Pricing” and “Regulatory Overview — Laws and Regulations Related to Our Business in the PRC — Laws and Regulations on Medical Institutions — Laws and Regulations on the Price of Healthcare Services and Medicines.” We cannot predict whether the PRC government will lower price ceilings or change pricing guidelines in the future or whether additional healthcare services, pharmaceuticals, medical equipment or consumables may become subject to pricing regulations, or more stringent insurance reimbursement limits. Any such developments may put pressure on the pricing of our hospitals and could adversely affect our financial condition and results of operations.

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We are facing challenges imposed by the implementation of the DRG payment system, which may adversely affect our business operations, financial performance and prospects.

As of December 31, 2025, our 22 hospitals adopted the DRG system, under which the public medical insurance funds reimburse only the predetermined optimal amount for treating patients in certain disease groups rather than all expenses actually incurred. We may face challenges in controlling costs while maintaining quality care, particularly for complex cases where standardized payment rates may not adequately reflect higher resource utilization.

Moreover, we face risks related to the evolving nature of the DRG system. The relevant authorities may adjust DRG reimbursement standards and grouping methodologies from time to time, potentially reducing reimbursement rates for certain procedures or reclassifying them into lower-reimbursement groups, which may have a negative effect on our revenue and gross profit margin. We estimate reimbursement amounts based on predicted DRG groupings. Any inaccuracies in our predictions may necessitate material adjustments to our financial statements. Furthermore, ongoing compliance with the DRG system requires substantial investments in management systems and staff training, and any future expansion or modification of the system by the PRC government could increase operational complexity and compliance costs, thereby affecting our profitability and growth prospects.

Our failure to maintain relationships with public medical insurance authorities or commercial insurance providers on terms similar to those currently in place could have a material adverse effect on our business, results of operations and prospects.

Our relationship with public medical insurance authorities and commercial insurance providers is important to our success. Public medical insurance authorities and commercial insurance providers usually maintain a list of appropriate providers of certain medical services, which is made available to patients funded by such insurance providers. Patients will not be reimbursed for treatments from hospitals not included in that list. Accordingly, our ability to attract patients who are funded by public medical insurance authorities or commercial insurance providers could be adversely affected if one or more insurance providers for any reason were to: (i) remove our hospitals from their approved list of hospitals; (ii) eliminate coverage of treatment options that we provide; (iii) impose more onerous reimbursement policies; (iv) revoke any applicable direct settlement protocols; (v) change policies in a manner that makes access to our services more difficult or costly to patients; or (vi) otherwise withdraw recognition status of our hospitals. Any of these situations could have a material adverse effect on patients' affordable accessibility to medical services delivered by our hospitals, which could in turn adversely affect our business, results of operations and prospects.

We may not be able to renew our existing agreements with commercial insurance providers on terms comparable to what we have achieved in the past. Any reduction in rates paid or the scope of services covered by commercial insurance providers may reduce patients' accessibility to our hospitals, leading to reduced patient flow or requiring us to lower the prices we charge, either of which could have a material adverse effect on our business, results of operations and prospects. In addition, should any of our agreements with commercial insurance providers be terminated, commercial insurance providers may withdraw recognition of our hospitals from their approved lists of hospitals, resulting in a reduced number of privately insured patients seeking our medical services. Should some or all of our arrangements with commercial insurance providers (including but not limited to arrangements on pricing) fail to be renewed or extended, or are renewed on less favorable terms, or are otherwise adversely modified without alternative arrangements being made on comparable terms, our business, results of operations and prospects could be materially and adversely affected.

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Changes in the PRC’s regulatory regime for the medical services industry, particularly changes in healthcare reform policies, may have a material adverse effect on our business.

In 2009, the PRC government unveiled its healthcare reform plan aiming to ensure that every citizen has access to affordable basic healthcare. Since then, the PRC government has issued policies addressing the affordability, accessibility, and quality of healthcare services, public medical insurance coverage, public hospital reform, and government spending on healthcare. For example, the Several Opinions of the State Council on Promoting the Development of Healthcare Service Industry (《國務院關於促進健康服務業發展的若干意見》), promulgated on September 28, 2013, encourages the private sector to invest in the healthcare service industry by various means. Our business has benefited from such policies and we expect our future growth will continue to be driven by these supportive policies. However, these policies may change significantly or become unfavorable to our business in the future. Future legislative changes may, among other things, limit private investment in healthcare services, change reimbursement rates for healthcare services provided to publicly insured patients, or regulate the treatment fees permitted to be charged. Any such adverse change in the PRC’s regulatory regime for the healthcare services industry could have a material and adverse effect on our business, financial condition, and results of operations.

Our prospects for growth and reputation will be affected if we do not continuously enhance our facilities with the most recent technological advances in diagnostic and treatment equipment.

We utilize various types of medical equipment to carry out our operations. The medical service industry is characterized by frequent product improvements and evolving technology. As technological advances in the medical service industry continue to evolve rapidly, in order to compete with other healthcare service providers for physicians and customers, we must continuously assess our equipment at our hospitals and upgrade or acquire new equipment as a result of technological improvements. Such equipment upgrades and acquisitions represent significant expenditure and may be subject to licensing or other regulatory requirements. If we are unable to upgrade our existing medical equipment or satisfy relevant regulatory requirements for newly acquired equipment in a timely manner, medical practitioners may be unable to provide required services and may elect to leave our hospitals, which could have a material adverse effect on our business, results of operations and prospects. Rapid technological advances in the medical service industry and at other hospitals could also lead to earlier-than-planned obsolescence or redundancy of equipment and result in asset impairment charges, which may materially adversely affect our results of operations.

Moreover, using equipment with advanced technologies also requires us to timely and properly provide training for our medical professionals. Without adequate training, our medical professionals may struggle to effectively utilize upgraded technology, leading to waste in medical resources and inefficiencies in workflow. This may result in unnecessary expenditures, such as prolonged procedural times, increased equipment downtime, and maintenance costs that could otherwise be avoided. In addition, inadequate training may result in an increased risk of medical errors or malpractice. Without a thorough understanding of upgraded technology and its proper usage, medical professionals may make errors in diagnosis, treatment, or patient management. These errors can have serious consequences, including patient harm, legal implications, damage to our hospitals’ reputation, and potential litigation costs. Any of such consequences may materially and adversely affect our business operation and growth.

Quality deficiencies could adversely impact our brand, reputation, business and results of operations.

Our success depends on our ability to continuously and consistently deliver high-quality medical services to our patients. To this end, we have established strict code of conduct for our medical professionals and internal control systems, and have arranged regular training sessions to provide added assurance of the quality of our medical services and avoid defective service delivery. We cannot assure you that we may not face risks of quality deficiencies, due to the nature of the medical service industry and the inherent risks in treating patients. In addition, any problems contained in our supply chain, inventory management, or the provision of services by our medical professionals, could lead to quality deficiencies that negatively affect our business operations. For example, we engage suppliers for a variety of

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pharmaceuticals, medical equipment, medical consumables and other supplies, procurements, which we do not have control over. We cannot assure you that all supplies are authentic, free of defects and meet the relevant quality standards. If these products are subsequently found to have been defective at the time of supply, even though we did not know or could not have known about such defects, we may be subject to liability claims, negative publicity, reputational damage or administrative sanction, any of which may adversely affect our results of operations and reputation.

We depend on the strength of our brand and reputation. Factors such as poor clinical outcomes, health and safety incidents, problems with our medical equipment, negative press or patient dissatisfaction, could lead to a deterioration in public perception of the quality of our services, which could result in a reduction in patient and customer numbers. Quality deficiencies could also lead to regulatory action by PRC regulatory authorities, resulting in a reduction of patient numbers or cessation of certain services due to the negative publicity such regulatory action may generate.

Some of our patients may have complex medical conditions, are considered vulnerable and require a substantial level of supervision. There is a risk that such patients could be harmed by our employees, whether intentionally, negligently or accidentally. A serious incident involving harm to one or more of our patients could result in negative publicity. Furthermore, the damage to our reputation or to the reputation of our hospitals could be exacerbated by any failure on our part to respond effectively. We cannot assure you that our internal control and other governance procedures will enable us to prevent an event giving rise to significant negative publicity.

Any quality deficiency in our medical services could lead to loss of goodwill or damage to our reputation or the value of our brand, which could have a material adverse effect on our ability to attract new and returning patients or customers and, as a result, adversely affect our business, results of operations and prospects.

We are exposed to risks of medical disputes, malpractice claims, and other disputes arising from or in connection with our operations, which could result in costs and harm to our reputation.

We rely on doctors and other healthcare professionals to make proper clinical decisions regarding diagnosis and treatment of our patients. As clinical activities are subject to professional judgment and must often be performed swiftly, any lapse of judgment or failure to properly manage clinical activities may result in unsatisfactory treatment outcomes, patient injury, or patient death. We are especially exposed to these risks from the treatment of complex medical conditions that do not have guaranteed positive outcomes. In addition, there are inherent risks associated with our clinical activities which may result in unfavorable medical outcomes not caused by clinical decisions, and such risks cannot be entirely eliminated. As a result, we may be held liable in medical disputes and malpractice claims with our patients and/or their families. Patients or their relatives may use violence during disputes, resulting in damage to our facilities or harm to our staff and patients, or may generate negative publicity using the media. Any medical dispute may result in malpractice claims or legal proceedings against us, which, regardless of merit or outcome, could adversely affect our reputation, divert management resources, and cause us to incur costs such as legal fees. If any medical dispute is determined to constitute medical malpractice, we may be subject to material penalties imposed by the relevant regulatory authorities. Further, we may not be adequately insured against losses and liabilities arising from such claims. Any settlement or successful claim against us could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, we may be affected by other disputes or incidents that occur at our hospitals but do not directly arise from our diagnosis and treatment activities, such as disputes between patients and third-party service providers engaged by patients who are not our employees, or disputes involving visitors or other third parties. Any such incident, regardless of whether we are at fault, could generate negative publicity, harm our brand image and reputation, and materially and adversely affect our business, financial condition, and results of operations.

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If we fail to properly manage the practice of our physicians and other medical professionals, we may be subject to penalties, which could materially and adversely affect our business and results of operations.

The practicing activities of physicians and other medical professionals are strictly regulated under the PRC laws and regulations. Physicians and other medical professionals who practice at healthcare service institutions must hold practicing licenses and may only practice within the scope of their licenses and at the specific healthcare service institutions at which their licenses are registered. See “Regulatory Overview — Laws and Regulations Related to Our Business in the PRC — Laws and Regulations on Medical Institutions — Regulations on Medical Practitioners of Medical Institutions.” We cannot assure you that certain of our physicians and other medical professionals will complete the related procedures to register or change their licenses in or to our hospitals, or to add our relevant hospitals to their permitted practicing institutions, as the case may be, in a timely manner or at all. In addition, we cannot assure you that our medical professionals will always strictly follow requirements and will not practice outside the permitted scope of their respective licenses or without the requisite qualifications. Any failure by us to properly manage the employment of our physicians and other medical professionals may subject us to administrative penalties, which could materially and adversely affect our business.

If we are unable to continue to attract and retain patients and customers, provide superior patient and customer experience and maintain their trust in us, our business, financial condition and results of operations may be materially and adversely affected.

Our success is highly dependent on our customer base. Our ability to continue to attract and retain patients and customers depends on our brand image, reputation, and ability to provide superior patient and customer experience. In order to do so, we need to continue to provide a wide selection of high-quality medical solutions, explore services that are responsive to patients and customers’ demands and ensure high quality of the services we provide. However, there is no guarantee that our efforts in these respects will succeed in achieving the desired results. Any failure to maintain and enhance, or any damage to, our brand image, reputation or patient and customer perception in relation to services provided by us may adversely affect patients and customers’ receptiveness to, and willingness to purchase the medical services provided by us and therefore causing loss of patients and customers.

We may be adversely affected by unfavorable market perceptions of, or negative developments and news regarding, the private healthcare industry as a whole.

Recognition of the importance and value of healthcare has grown significantly in the PRC in recent years. However, many prospective patients and their families are prone to have more trust in public hospitals and may carry misconceptions and skepticism about the merits of the private hospital industry. They may be particularly susceptible to, among other things, media influences, peer perceptions and reports alleging potential adverse health effects of certain healthcare procedures involved in our industry, any of which may have adverse consequences for the market perception of healthcare services provided in private for-profit hospitals and in turn, lead to less demand for services such as ours. In addition, if any news report or allegation surfaces in traditional media, social media or other sources of any accident, ineffectiveness of treatment, poor service standards or mishandling of sensitive personal information by any operator of healthcare services provided by private hospitals, the private hospital healthcare industry as a whole may suffer reputational harm. Any of the above developments may have a material adverse effect on our business, financial condition and results of operations.

Our ability to provide our medical services may be harmed if we fail to secure adequate supplies at reasonable costs or experience any supply interruptions.

We depend on third parties for different aspects of our medical service business, such as supplying pharmaceuticals, medical equipment, medical consumables, and other supplies. During the Track Record Period, we also engaged third-party suppliers and service providers for construction projects for our hospitals.

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The availability and prices of the pharmaceuticals, medical consumables and other supplies used in our medical service business may fluctuate from time to time and are subject to factors beyond our control, including supply, demand, general economic conditions and governmental regulations, each of which may affect our procurement costs or cause a disruption in our supply. Should price fluctuations relating to our aforementioned supplies occur that are unfavorable to us, we cannot assure you that we will be able to anticipate and react to changes in such supply costs by finding alternative suppliers with more favorable terms or adjusting our service fees in the future, or that we will be able to pass these cost increases onto our customers. Any interruptions or changes in our supplies, or our inability to obtain substitute suppliers and service providers meeting our quality standards at acceptable prices in a timely manner may impair our ability to meet the demands of our patients. In addition, we cannot guarantee that, if our demand increases, our current suppliers and service providers will have the capacity to continuously meet such demand. Any of these factors may have a material adverse effect on our business, results of operations and prospects.

Non-compliance with PRC laws relating to advertisement and promotion of medical services could subject us to potential fines and penalties.

We are obligated under PRC laws and regulations to monitor our advertising content to comply with applicable laws. According to the Measures for the Administration of Medical Advertisement (《醫療廣告管理辦法》) and Circular of the MOH on Strengthening the Medical Advertisement Administration (《衛生部關於進一步加強醫療廣告管理的通知》), our hospitals must apply for and obtain a Medical Advertisement Examination Certificate before publishing a medical advertisement. Violation of these regulations may result in penalties against our hospitals, including rectification, warnings, suspension of operations, revocation of relevant diagnostic and therapeutic disciplines and the revocation of the hospitals' Medical Institution Practicing License. In addition, where a medical advertisement is published by altering the content of the Medical Advertisement Examination Certificate, the competent authority shall revoke the certificate and shall not accept the advertisement examination applications of such medical institution for a period of one year from the date of revocation. Any violation of the relevant laws and regulations may subject us to governmental penalties, impair our brand and adversely impact our financial condition and results of operations.

On account of risks typically associated with the operation of healthcare facilities, we are susceptible to in-hospital infections and related claims by patients and visitors.

Our operations involve the treatment of patients with a variety of infectious diseases. Previously healthy or uninfected individuals may contract serious communicable diseases in connection with their stay or visit at our hospitals. This may result in significant claims for damages against us and, as a result of media coverage, damage to our reputation. Furthermore, these infections could also infect employees and thus significantly reduce the service capacity at our hospitals. In addition to claims for damages, any of these epidemic events may lead to limitations on the activities of our hospitals as a result of quarantines, closing of parts of our hospitals at times for sterilization, regulatory restrictions on, or the withdrawal of, permits and authorizations, and it may indirectly result, through a loss of reputation, in reduced utilization of our hospitals. Any of these factors may have a material adverse effect on our business, results of operations and prospects.

The development and ramp-up of new hospitals could contribute to fluctuations in our financial results, and they may not achieve profitability as anticipated in a timely manner, or at all.

During the Track Record Period, we initiated operations of certain hospitals. New hospitals typically require a substantial amount of commitment, capital expenditure (such as capital contribution), as well as investments, for the construction, decoration and/or renovation of the property, recruitment of suitable staff, and acquisition of requisite medical and other equipment. As a result, relevant costs and expenses, such as amortization, depreciation of property, plant and equipment, staff expenses and rental expenses, begin to accrue in the initial operation phase. As such, the development and ramp-up of new hospitals could affect our results of operations and may lead to period-to-period fluctuations in the future.

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Ramp-up schedules may also be affected for regulatory reasons as we are generally required to undergo certain regulatory reviews and approval processes from various authorities, including relevant health authorities, in the PRC. We cannot assure you that we will be able to obtain all required approvals, permits or licenses for establishing and operating hospitals in a timely manner, or at all, particularly in areas where we have limited experience. Furthermore, we may not be able to fully ramp-up hospitals in line with our anticipated timetables due to, among other reasons: (i) any failure or material delay in obtaining required approvals, permits or licenses; (ii) any substantial increase in costs to ramp-up operations and utilization; (iii) achieving weaker market reception than expected; and (iv) difficulty in recruiting sufficient doctors and other medical staff to work at such facilities. Should any of these circumstances occur, we may be unable to put our new hospitals into operation as planned.

We cannot assure you that we will be able to successfully commence, ramp-up our new hospitals in a timely and cost-efficient manner, or at all, and put them into operation as planned, and if we fail to do so, our overall business growth strategy and prospects could be materially and adversely affected. The operating results generated at our new hospitals, or our expanded operations at our existing hospitals may not be comparable to the historical operating results generated at any of our existing hospitals, and may even operate at a loss. If so, our gross profit margin and net margin may be impaired. We cannot assure you that our future hospitals will achieve the level of profitability of our existing hospitals, if at all. Any of the above conditions could materially and adversely affect the operation of our new hospitals or our expanded operations at our existing hospitals, our reputation and our ability to compete effectively, which would in turn have a material adverse effect on our business, results of operations and prospects.

Any disruption to the operation of our hospitals could restrict our ordinary business operations and materially and adversely affect our financial condition and results of operations.

The operation of our hospitals may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and regulatory developments, many of which are beyond our control. As our operations require substantial amounts of electricity, any power outage, disruption or shortage in power supply could have a materially adverse impact on our operations and employee safety. We are subject to risks associated with equipment failures, industrial accidents, fires and explosions. While we believe we have adequate systems of safe operation and related training, these risks can result in personal injuries and fatalities, damage to or destruction of properties or facilities, and pollution and other environmental damages. Any of these consequences, if significant, could disrupt our operations and result in business interruption and legal liability, and materially and adversely affect our financial condition and results of operations.

We primarily operate our hospitals on leased properties. The fluctuation of rental costs for premises that are suitable for our business remains uncertain. Our substantial operating lease obligations expose us to potential risks, including increasing our vulnerability to adverse economic conditions, limiting our ability to obtain additional financing and reducing our cash available for other purposes.

Our lease agreements for our hospitals' operations typically have a term of three years or above. We may not be able to successfully extend or renew our current leases upon their expiration on commercially reasonable terms, or at all, and may therefore be forced to relocate our hospitals concerned. This could disrupt the operations of hospitals concerned and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. The revenue and profit generated during a period of time immediately after relocation may be less than the revenue and profit previously generated before such relocation. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. Furthermore, we may not be able to locate desirable alternative sites for our hospitals as our business continues to grow, and failure in relocating our hospitals concerned could adversely affect our business and operations.

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Our relationships with certain academic institutions and clinical experts may affect our business prospects.

Medical research and education is an integral part of our institutional practice. We emphasize research, education and innovation, which help us attract, nurture and retain healthcare professionals who have a keen interest in the latest medical developments. To this end, we have been dedicated to establishing friendly and cooperative relationships with a wide range of industry-renowned academic institutions and engaging clinical experts in our multi-disciplinary professional team. We believe such cooperation is critical to our ability to stay at the forefront of medical service capabilities.

However, we cannot assure you that we will be able to maintain or strengthen our collaborations and relationships with such academic institutions and clinical experts, or that our efforts to maintain or strengthen such relationships will yield successful outcomes, such as helping us iterate our medical service capabilities or expand our base of high-caliber medical professionals. Competition for cooperation with such institutions or personnel is intensive, thereby, they may choose to establish relationships with other hospitals within the industry. Also, these clinical experts may leave their roles, or change their business or practice focus, which renders their continuous cooperation with us infeasible. If we are unable to maintain or strengthen our collaborations and relationships with such academic institutions and clinical experts, or generate returns from such relationships as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to properly identify or effectively execute expansion opportunities and plans, and any business we acquire in relation to our expansion may have unknown or contingent liabilities, which may materially and adversely affect our business, results of operations and prospects.

Our growth strategy depends, to an extent, on our ability to acquire and manage additional healthcare institutions and businesses. We may from time to time identify suitable acquisition targets, and pursue strategic acquisitions of and/or equity investments in businesses that we believe are complementary to our growth strategies. However, we might not be able to achieve the anticipated benefits or synergies from our acquired businesses due to a number of factors.

We may in the future continue to evaluate and consider a wide array of acquisitions and investments that we believe are complementary to our growth strategies, particularly those that can help us expand our geographical presence. We may not be able to identify suitable business targets to expand our business operations, or be able to negotiate commercially acceptable terms for such expansion. We also compete with other companies in seeking suitable business targets. Even if we are able to identify suitable business targets, such expansion can be difficult, time consuming and costly and we may not be able to secure the necessary financing at commercially acceptable terms for such expansion. In addition, new facilities may require a significant number of additional staff, and we may have difficulty in hiring enough properly qualified personnel or in obtaining licenses for such personnel to practice in the relevant location. Furthermore, as we may not achieve the operating levels that we expect from future projects, including acquired healthcare institutions, we may not be able to achieve our target return on investment on, or intended benefits or operating synergies from, these projects. If we cannot identify suitable expansion opportunities, secure suitable financing or achieve our target return on investment, our business, results of operations and prospects could be materially and adversely affected.

With respect to the execution of our expansion strategy, we may encounter unknown or contingent liabilities, including those incurred for non-compliance with relevant laws, rules and regulations, such as failure to obtain requisite licenses, permits and title certificates to land or failure to register leases, which may result in financial penalties, reputation damage as well as being required to relocate our facilities. If we suffer reputational damage or financial loss caused by unknown or contingent liabilities of the business targets that we expand to, our business, results of operations and prospects could be materially and adversely affected.

RISK FACTORS

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

A majority of our revenues and cost of sales are denominated in RMB. However, as we operate part of our business in foreign jurisdictions, we are subject to risks associated with foreign currency exchange fluctuations. Through other income and gains and other expenses, we incurred net foreign exchange income of RMB40.9 million, net foreign exchange losses of RMB111.9 million and net foreign exchange income of RMB139.4 million in 2023, 2024 and 2025, respectively. For details, see “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Other Income and Gains” and “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Other Expenses.” We cannot guarantee that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations. Changes in the value of foreign currencies could increase our RMB costs for, or reduce our RMB revenues from, our foreign operations. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. We cannot guarantee that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

During the Track Record Period, we have maintained certain hedging policies, such as leveraging forward currency contracts and futures contracts, in an effort to reduce our exposure to foreign exchange risks, and we may maintain, or further enhance, our hedging policies in the future. However, the availability and effectiveness of our hedging measures may be limited, and we may not be able to adequately cover our exposure or not be able to fully cover all the risks.

It is difficult to predict how external factors may impact the exchange rate of RMB to foreign currencies in the future. There can be no assurance that such exchange rate will remain stable against USD or other foreign currencies in the market. Any appreciation of RMB against foreign currencies may affect our overseas operations. Conversely, if we decide to convert our RMB into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, any depreciation of RMB against the Hong Kong dollar would have a negative effect on the value of, and any dividends payable on, our Shares.

We have recorded a large amount of goodwill. If our goodwill was determined to be impaired, it could adversely affect our results of operations and financial position.

Goodwill represents the excess of the aggregate of the fair value of consideration transferred over the net fair value of the acquiree’s identifiable assets and liabilities measured as of the acquisition date. As of December 31, 2023, 2024 and 2025, we recorded goodwill of RMB1,566.2 million, RMB1,559.5 million and RMB1,203.6 million, respectively, which primarily arose from our acquisitions of hospitals during the Track Record Period.

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Our impairment losses on goodwill amounted to RMB8.7 million, RMB13.6 million and RMB355.9 million in 2023, 2024 and 2025, respectively. For details, see “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Impairment Losses on Goodwill” and see Note 17 to the Accountants’ Report as set out in Appendix I to this document. There are inherent uncertainties relating to these factors and our management’s judgment in applying these factors to the assessment of goodwill recoverability. However, we cannot assure you that our assumptions will prove to be correct. We could be required to evaluate the recoverability of goodwill prior to the annual assessment if there are any impairment indicators.

RISK FACTORS

We will have significant capital requirements in connection with our business strategy and if capital resources are not available on a timely, adequate and matched basis, we may not be able to implement our strategy and future plans.

We incurred significant expenditure during the Track Record Period in connection with our strategy to expand into new geographic markets and enhance our global presence. We may continue to incur additional capital expenditures in the future. In the event of adverse market conditions, or if our actual expenditures significantly exceed our planned expenditures, our external financing activities consolidated with our internal sources of liquidity may not be sufficient to implement our current and future operational plans.

To the extent that our existing sources of capital are not sufficient to satisfy our needs, we may have to seek external sources, including through the issuance of additional equity or debt securities in the domestic or international capital markets or additional bank borrowings. Our ability to obtain additional capital from external sources in the future is subject to a variety of uncertainties, including: (i) the liquidity and volatility of the Chinese and international capital markets; (ii) the PRC government’s policies regarding Renminbi and foreign currency borrowings; (iii) our future financial condition, results of operations and cash flows; (iv) our ability to obtain the necessary regulatory approvals on a timely basis; (v) any tightening of credit markets and general market conditions for debt and equity raising activities by financial institutions; (vi) foreign exchange regulations; and (vii) economic, political and social conditions in the geographical markets in which we operate and elsewhere.

There is no assurance that we will be able to obtain additional capital in a timely manner or on acceptable terms, if at all. The failure to obtain sufficient financing on commercially reasonable terms could delay or derail our ability to pursue our business strategy, which could adversely affect our product development, business and results of operations. Future debt financing could include terms that restrict our financial flexibility or restrict our ability to manage our business. If we are not able to issue shares in the future, we may need to explore other avenues of raising capital.

We are exposed to changes in the fair value of our financial assets measured at fair value. Fluctuations in their values would affect our results of operations and financial condition.

As of December 31, 2023, 2024 and 2025, we recorded financial assets measured at fair value through profit or loss (“FVTPL”) of RMB1,005.8 million, RMB1,586.0 million and RMB1,503.3 million, respectively. As of the same date, we recorded bills receivable at fair value through other comprehensive income (“FVTOCI”) of RMB166.0 million, RMB218.5 million and RMB236.2 million, respectively. Fair values of financial assets measured at FVTPL and financial assets measured at FVTOCI are determined based on quoted prices in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. For details, see Note 24 and Note 27 to the Accountants’ Report as set out in Appendix I to this document. For financial assets measured at FVTPL and financial assets measured at FVTOCI, factors beyond our control can significantly influence and cause adverse changes to the market-observable inputs that we use and thereby affect the fair value of such financial assets and bills receivable. These factors include, but are not limited to, general economic condition, changes in market interest rates, stability of the capital markets, shifts in our creditworthiness and other market-driven variables. Any of factors could cause the fair values to fluctuate or our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. Additionally, judgment and estimation are required in establishing the relevant valuation techniques where market-observable data for certain financial assets are not readily available, which inherently involves a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in material adjustments to the fair value of such financial assets and bills receivable, which may have a material adverse effect on our financial position and results of operations.

RISK FACTORS

We have investments in associates, and our financial condition and results of operations may be affected by the fluctuation of share of results of such investments.

During the Track Record Period, we invested in certain associates, which were accounted for using the equity method. As of December 31, 2023, 2024 and 2025, the balances of our investments in associates were RMB2,428.8 million, RMB2,579.5 million and RMB2,664.5 million, respectively. Our material associates primarily include investments in commercial banking entities and a medical investment fund, over which we exercise significant influence through our board representation.

Our investments in associates may be subject to a variety of risks that are beyond our control, including but not limited to the risks that (i) the investee company incurs liabilities and expenses in excess of expectations and relevant negative matters that we fail to identify in our due diligence; (ii) the investee company is making a loss; (iii) the investee company fails to meet the conditions under which it may declare and pay dividends; or (iv) other shareholders of these associates have economic or business objectives that are inconsistent with ours, suffer financial difficulties, or are unable or unwilling to fulfill their obligations under the investment contract. If any of these events occur, our business, financial condition and results of operations may be adversely affected.

We are subject to liquidity risk associated with investments in associates, especially when no dividends are declared by such parties and such investments are not as liquid as other investment products. A significant investment in an associate would require substantial financial resources, potentially resulting in significant cash outflow, increased debt financing, or both. As such, we may not be able to readily generate any cash flow from our investments in associates to fund our operations from time to time, or at all.

We may fail to collect trade and bills receivables due from the customers.

During the Track Record Period, a majority of our trade and bills receivables were outstanding for less than 12 months. We generally allow flexibility by offering our customers a credit period of 30 to 180 days. During the Track Record Period, our trade and bills receivables turnover days were 76 days, 72 days and 84 days in 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, we recorded trade and bills receivables of RMB2,390.2 million, RMB3,339.4 million and RMB3,259.0 million, respectively. There is no assurance that all such amounts due to our Group will be settled on time or at all, and we are subject to credit risk in collecting the trade and note receivables due from the customers. Our performance, liquidity and profitability will be adversely affected if significant amounts due to us are not settled on time. The bankruptcy or deterioration of the credit condition of any of our major customers could also adversely affect our business.

The amount of our deferred tax assets is subject to uncertainties of accounting estimates.

In the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates. We believe that the amount of our deferred tax asset is subject to the uncertainties of accounting estimates.

As of December 31, 2023, 2024 and 2025, our deferred tax assets amounted to RMB278.8 million, RMB370.3 million and RMB387.3 million, respectively. Based on our accounting policies, significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Where the actual or expected tax position of the relevant companies of our Group in future are different from the original estimates, such differences will impact the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed.

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We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and some of our subsidiaries in China were approved as High-tech Enterprises, and they were subject to a preferential corporate income tax rate of 15% during the relevant period. For details, see “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Income Tax Expenses.” To the extent there are any adjustments in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with China tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to China tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Tax rates in various jurisdictions may be subject to significant change as a result of economic and political conditions. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. We assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected. In addition, some of the jurisdictions in which we operate have rules on transfer pricing that require intra-group transactions to be conducted on arm’s length terms. There can be no assurance that tax authorities in these jurisdictions will not challenge our transfer pricing arrangements, which could result in additional taxes, interests, or penalties imposed on us. Such challenges could have a material adverse effect on our financial condition, results of operations and prospects.

We have historically received financial incentives, such as government grants, and we may not continue to receive such incentives in the future.

We have historically received government grants, including (i) income-related government grants mainly in the form of various government financial incentives and preferential tax treatments provided by local government authorities, and (ii) asset-related government grants for the purchase of property, plant and equipment. For details, see “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Other Income and Gains.” Moreover, our growth has also been supported by favorable government policies. The timing, amount and criteria of government grants and other favorable policies are determined by the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We do not have the ability to influence local governments in making these decisions. Local governments may decide from time to time to reduce or eliminate such grants or policies. Our eligibility for government grants and other favorable policies is dependent on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the R&D progress made by other peer companies. In addition, some of the government grants and policies are on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects

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therein. In addition, the policies under which we historically received government grants may be adjusted or changed. We cannot assure you of the continued availability of government grants and other favorable policies currently enjoyed by us. Any reduction or elimination of such government grants and other policies would materially adversely affect our business, financial condition, results of operations and prospects.

We are subject to risks associated with third-party payment arrangements.

During the Track Record Period, a limited number of our customers settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements. In 2023, 2024 and 2025, the number of customers involved in such arrangements was 44, 43 and 33, respectively. The corresponding transaction amount was RMB117.7 million, RMB96.3 million and RMB57.8 million in 2023, 2024 and 2025, respectively, accounting for 1.0%, 0.7% and 0.4% of our total revenue for the same periods.

Notwithstanding the immaterial proportion involved, we might be subject to various risks relating to such payment arrangements, such as (i) possible claims from such payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors, and (ii) potential money laundering risks as we, in certain occasions, may have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend substantial financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payments for the products that we sold or the services that we provided.

Our operations may be restricted by our current and future debt covenants, failure to comply with the terms of our indebtedness could result in acceleration of debt, and our leverage could make it difficult for us to operate our business.

Under the terms of our principal bank loans and under any debt financing arrangement that we may enter into in the future, we are, and may in the future be, subject to covenants that could, among other things, restrict the business and operations of our Company and/or one or more of our subsidiaries. If we breach any of these covenants, our lenders and the holders of our debt securities will be entitled to accelerate our debt obligations. Any default under our debt obligations could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity. Furthermore, our indebtedness may be accelerated if our lenders conclude that we are at risk of not being able to repay the indebtedness. If our indebtedness is accelerated or declared default, it would be very difficult in the current financing environment for us to refinance our debt or obtain additional financing. Our Directors confirm that we had neither material defaults in payment of loans and borrowings, nor any breach of financial covenants during the Track Record Period.

Our leverage could have important consequences for our business and operations, including making it more difficult for us to satisfy our obligations under our financing arrangements; increasing our vulnerability to a downturn in our business or general economic and industry conditions; requiring us to dedicate a portion of our cash flow from operations to payments on our debt and reducing the availability of our cash flow to fund internal growth through capital expenditures and for other general corporate purposes; negatively impacting credit terms with our creditors; and limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional capital.

Fluctuations in interest rates may have an adverse effect on our results of operations.

Certain of our long-term interest-bearing borrowings are subject to variable interest rates. Interest rate risks primarily arise from long-term loans that bear interest. Any borrowings at floating interest rates expose us to cash flow interest rate risks. In addition, any borrowings at fixed interest rates expose us to fair value interest rate risk.

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We are constantly monitoring interest rate levels, as any increase will directly elevate the costs of any borrowings under the floating rate or have a significant impact on our financial performance. We also seek to manage the impact of interest rate risk fluctuations by balancing fixed and floating interest rate exposures based on market conditions. However, no assurance can be given that these measures will be effective in protecting us against interest rate risk and a failure to manage this risk could have an adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO OUR OPERATIONS

Our historical revenue growth may not be representative of our future performance.

Our historical results may not be indicative of future performance. Our financial and operating results may not meet the expectations of our [REDACTED] or public market analysts who are tracking our performance, which may cause the future price of our Shares to decline. Our revenue, costs, expenses, and operating results may vary from period to period as they could be affected by various factors beyond our control. To maintain our growth and profitability, we must continue to maintain our strength in product and service quality, strengthen our reputation, attract quality talent, adopt innovative technologies and treatment processes, increase the awareness of our brand through effective marketing, promotional activities and word-of-mouth, and capitalize on any growth in demand in the markets in which we operate or intend to operate. We will also need to successfully expand our footprint into new geographical locations where we have limited experience. We cannot assure you that we will achieve any of the above. As a result, we believe that period-to-period comparisons of our operating results during the Track Record Period may not be indicative of our future performance and you should not rely on such comparisons to predict the future performance of our operating results or the Shares.

Any interruption in our operations for an extended period may have an adverse impact on our business.

Our operations cover from R&D through production, storage, logistics, marketing and sales to after-sales services. Any interruption in or failure of the operation process, which involves use of raw materials, parts and components supplied by third-party vendors, could result in product quality or safety problems and other regulatory or environmental risks that may have an adverse impact on our business. Our operations may be disrupted by fire, flood, earthquake, power outage, telecommunications failure, security breach, and other incidents that are beyond our control. Any interruption may render us unable to fulfil the orders placed with us in a timely manner and/or design and manufacture products to the customer’s satisfaction or at all. In addition, the use of more advanced, complex and costly technologies and equipment may further increase our exposure to operational risks and the difficulty in timely repair or replacement. Any interruption in our operations for an extended period could cause us to suffer financial loss and reputational harm, which may adversely affect our business, results of operations and financial condition.

Our success depends largely on the continued service of our senior management and key technical personnel and our ability to recruit, train or retain qualified personnel or sufficient workforce while controlling labor costs.

Much of our future success depends on the continued contributions of our senior management and other key employees, many of whom are difficult to replace. The loss of the services of any of our executive officers, our senior management team and other highly skilled employees could harm our business. Competition for qualified talent is intense. Our future success depends on our ability to attract a large number of qualified employees and retain existing key employees. If we are unable to do so, our business and growth may be materially and adversely affected.

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We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to recruit, train or retain qualified personnel, particularly technical, marketing and other operational personnel with experience in the relevant industry. Our experienced mid-level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our managerial and operating systems also depends on the hard work and quality performance of our management and employees.

Our industry is characterized by high demand and intense competition for talent and labor, while qualified individuals in the relevant industries are in short supply and competition for workers is intense. We cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. In addition, competition for qualified individuals may require us to pay higher wages, which could result in higher labor costs. Moreover, our ability to train and integrate new employees into our operations may be limited and may not meet the demand for our business growth in a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

We may infringe intellectual property rights of third parties, which can lead to time-consuming and costly intellectual property infringement claims.

We may, from time to time, be subject to legal proceedings and claims relating to the intellectual property rights of third parties. In addition, there may be third-party intellectual property rights that are infringed upon by our products, solutions, services or other aspects of our business without our knowledge. If any third-party infringement claims are brought against us, we may be forced to divert our management’s attention and other resources from our business and operations to defend these claims, regardless of their merits. If we were found to have violated the intellectual property rights of any third party, we may be subject to liability for our infringing activities or may be prohibited from using such intellectual properties, and we may incur licensing fees or be forced to develop alternatives of our own. In such events, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.

There can be no assurance that we can prevent third parties from infringing upon our intellectual property rights. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which may be time-consuming and expensive to resolve and could divert our management’s attention regardless of the outcome, and adversely affect our business, financial condition and results of operations. It can be difficult to register, maintain and enforce intellectual property rights in the jurisdictions where we operate. Laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Preventing any unauthorized use of our intellectual properties is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties.

Our business may suffer as a result of adverse outcomes of current or future litigation and regulatory actions.

Our business may suffer as a result of adverse outcomes of current or future litigation and regulatory actions. We face the risk of litigation and regulatory proceedings in different countries in the ordinary course of our business. Legal proceedings, including regulatory actions, may seek to recover large indeterminate amounts or to limit our operations, and the possibility that they may arise, and their magnitude may remain unknown for substantial periods of time. In particular, legal proceedings, including regulatory actions, may result from product defects, antitrust scrutiny, as well as disputes related to customer payments and product quality, both in the PRC and in other jurisdictions. For example, as we expand our operations globally, antitrust or competition regulatory authorities in certain jurisdictions may find our cooperation with other entities, or our conduct of business with other entities in a coordinated way, is not compliant with certain antitrust or competition laws and regulations. Consequently, we may be

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subject to certain antitrust investigations, lawsuits or regulatory proceedings, and may be subject to fines, civil liability or criminal liability. Further, the nature of our business and operations is such that we are subject to product liability claims relating to personal injury or property damage. Third parties who are subject to such injury or damage may bring claims or legal proceedings against us. Certain product liability claims may be the result of defects from components and parts purchased from our suppliers. Such claims, including the damages being sought, whether or not they have any basis, may be substantial and could extend beyond the direct losses suffered by our counterparties. A substantial legal liability or adverse regulatory outcome and the substantial cost of defending litigation or regulatory proceedings may have an adverse effect on our business, results of operations, financial condition, cash flows and reputation. Further, such lawsuits, regulatory proceedings and investigations could also divert significant resources from our normal operations.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our business has continued to grow in recent years, as has our business network and number of employees. As we expand our product portfolio, customer base and geographical markets, we will need to work with a larger number of suppliers and partners efficiently and maintain and expand mutually beneficial relationships with our existing and new suppliers and partners. We also need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management aspects, strengthen our supplier and sales network management, refine our reporting systems and procedures, and expand, train and manage our growing employee base. All these efforts will require significant managerial, financial and human resources. We cannot assure you that such efforts will achieve our expected success. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. In addition, changes and developments taking place in industries that we operate in may also require us to re-evaluate our business model and adopt material changes to our long-term strategies and business plans. Our failure to innovate and adapt to these changes and developments may have a materially adverse effect on our business, financial condition and results of operations. Even if we innovate and adapt to these changes and developments, we may nevertheless fail to realize the anticipated benefits of changes adopted to our long-term strategies and business plans or even harm our profitability as a result.

We may be subject to anti-competitive, harassing, or other detrimental conduct by third parties that could harm our reputation and cause us to lose market share, customers and revenue.

We may be subject to unfair competition, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory authorities. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Customers value readily available information concerning manufacturers and their products and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business operations and financial performance. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenue.

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We may suffer losses caused by extraordinary events, including natural disasters or outbreaks of contagious diseases, which may not be fully covered by insurance.

Our business may be adversely affected by force majeure events, including natural disasters, outbreaks of contagious diseases, and other extraordinary events, such as typhoons, severe storms, earthquakes, floods, fires or similar events especially in the areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations with respect to our global supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the manufacturing capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

Our limited insurance coverage may not cover all losses, which may increase our operational costs.

We primarily maintain insurance for our properties and fixed assets, plant and equipment and inventories, which we consider to be exposed to major business risks. We also maintain third-party insurance policies covering certain potential risks and liabilities including product liability and property liability. We do not, however, carry insurance in respect of certain risks that we believe are not insured under customary industry practice in China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunami, pollution, acts of terrorism and civil disorder. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities. We cannot guarantee that our insurance coverage is sufficient to cover potential losses. Any damage to our properties, fixed assets, plant, and equipment inventories that are not covered by insurance will result in substantial losses for us. Nevertheless, we would remain obliged for any bank borrowings or other financial obligations related to the property. In addition, we are subject to the risks of losses arising from the misappropriation of cash or other assets by our employees or third parties, which losses may not be sufficiently covered by our insurance policies. Any risk that is not adequately covered by insurance may have an adverse effect on our business, results of operations and financial condition.

We may not be able to detect and prevent fraud or other misconduct committed by our employees, customers, suppliers or other third parties.

We may be exposed to fraud or other misconduct committed by our employees, customers, suppliers or other third parties that could affect our reputation and subject us to litigation, financial losses and penalties imposed by governmental authorities. Such misconduct could include: (i) hiding unauthorized or unlawful activities; (ii) intentionally concealing material facts or failing to perform necessary due diligence procedures designed to identify potential risks that are material to our decision to make or dispose of investments and to engage in certain projects; (iii) improperly using or disclosing confidential information; (iv) engaging in improper activities such as offering bribes to, or receiving bribes from, counterparties in return for any type of benefit or gain; (v) misappropriating funds; (vi) conducting transactions that exceed authorized limits; (vii) engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities; or (viii) otherwise failing to comply with applicable laws or our internal policies and procedures.

Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, such internal control procedures may be unable to identify all instances of misconducts of our employees relating to our operations, non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other

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misconduct and the precautions we take to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may result in negative publicity for us.

Our leased properties may be subject to non-compliances or challenges that could potentially affect our future use of them.

We own and lease properties in Chinese Mainland and overseas primarily for office, manufacturing, warehousing, medical use and staff dormitory functions. For details, see “Business — Properties.” Under PRC laws, certain leases are required to be registered with the PRC government. As of the Latest Practicable Date, certain of our lease agreements in Chinese Mainland had not been registered, or were being used for purposes inconsistent with their registered use. Although failure to register does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. In addition, certain of our leased premises were without valid property title certificates. If any lessor is unable to demonstrate valid title to the leased premises, the enforceability of the relevant lease could be challenged by third parties with competing claims, which could result in early termination of the lease and require us to relocate the affected operations. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future. If any of our leases is terminated or becomes unenforceable as a result of challenges from third parties, we would need to seek alternative properties and incur relocation costs. Any relocation could lead to disruptions to our operations and adversely affect our business, financial conditions and results of operations.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

The property valuation report prepared by JLL, an independent property valuer, set out in the Property Valuation Report set out as Appendix III to this document with respect to the appraised value of our property is based on various assumptions, which are subjective and uncertain in nature. The assumptions that JLL used in the property valuation report include that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest. Certain of the assumptions used by JLL in reaching the appraised value of our property may be inaccurate or unreasonable. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our property. As a result, the appraised value of our property may differ materially from the price we could receive in an actual sale of the property in the market and should not be taken as their actual realizable value or an estimation of their realizable value. You should not place undue reliance on such values attributable to the property as appraised by JLL.

Our compliance and risk management systems may not be sufficient to prevent us from the effects of credit, market, liquidity, operation and other risks.

In connection with our worldwide business operations, we must comply with a broad range of legal and regulatory requirements in numerous jurisdictions and local operational business processes, particularly relating to sales of products. While we have established compliance and risk management systems that support our operational business processes, help address compliance with legislative provisions and, where necessary, initiate appropriate countermeasures to misconduct, there can be no assurance that our internal controls and compliance systems are adequate to address all applicable risks in every jurisdiction. In particular, the policies we have put in place to prevent direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, breaches of sanctions, fraud, deception, tax evasion and other criminal or otherwise unacceptable conduct may be insufficient to prevent all

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non-compliance in these areas. Similarly, we cannot assure you that such controls and systems of joint ventures and other partnering arrangements can be aligned with our own, and we may have to rely on their controls and systems for compliance with respect to their business practices.

The materialization of any of these risks may result in reputational loss and materially adverse legal consequences, such as debarment, the imposition of fines or sanctions and penalties on us or the members of our governing bodies or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal consequences, including civil and criminal penalties. If any of these risks were to materialize, this could have a material adverse effect on our business, financial condition, results of operations, reputation or prospects.

Our operations rely on complex IT systems and networks and our business and reputation may be impacted by IT system failures, network disruptions or cybersecurity breaches.

We rely extensively on IT systems, some of which are supported by third-party vendors, to manage and operate our business. If these systems cease to function properly, experience security breaches or disruptions, or fail to provide the anticipated benefits, our ability to manage our operations could be impaired, which could have a material adverse impact on our results of operations, financial condition, and cash flows. If the software installed on computers used by us and our employees is not properly authorized or licensed, we may be subject to claims or litigation from software vendors. We may be subject to IT system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact our business by, among other things, preventing access to our internet services, interfering with customer transactions or impeding the assembling and shipping of our products. These events could materially and adversely affect our reputation, financial condition and operating results.

Our IT systems may be subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyberattacks. We assess potential threats and make investments seeking to address and prevent these threats, including monitoring of our networks and systems and upgrading skills, employee training and security policies for us and our third-party providers. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material impact on our business or operations from these attacks. However, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our or our third-party providers' databases or systems. If the IT systems, networks or service providers we rely upon fail to function properly or if we or one of our third-party providers suffer a loss, significant unavailability of or disclosure of our business or stakeholder information and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, including administrative fines. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

Differences embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems of geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementation, and the application of some of these laws and regulations to our businesses still needs further clarification. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic

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markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards, which may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, which may vary from time to time. In addition, administrative and court proceedings in certain of our geographic markets may be time-consuming, resulting in costs and diversion of resources and management attention depending on the complexity of the cases.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Developments in current laws or regulations or the imposition of new laws and regulations in our geographic markets may affect the growth of our industries and affect our business, financial condition and results of operations.

RISKS RELATING TO GOVERNMENT REGULATIONS

Any lack of requisite approvals, licenses or permits applicable to our business, or any non-compliance with relevant laws and regulations as a result of the complexity of laws and regulations and revisions of laws and regulations from time to time, may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to supervision and regulation by various competent regulatory authorities in jurisdictions where we operate. These authorities promulgate and enforce laws and regulations governing a wide range of business activities relevant to our operations. Such regulations typically govern market entry, the permitted business scope, and requisite approvals, licenses, permits, filings and registrations. For details, see “Business — Licenses, Approvals and Permits.”

In addition to obtaining the necessary approvals, licenses and permits, we are also required to comply with applicable laws and regulations in the course of our operations. Certain aspects of our business are subject to a complex and evolving regulatory regime and extensive government oversight. Given the pace and complexity of regulatory developments, we may not always be fully informed of new or updated requirements in a timely manner. Even where we are aware of such developments, the interpretation and scope of the applicable rules may need further clarification, making it difficult to determine whether our conduct is fully compliant. In some cases, we may not be able to adapt our operations promptly in response to changes in the regulatory environment, which may lead to instances of non-compliance.

Furthermore, as the applicable laws and regulations, including their interpretation and enforcement, may change from time to time, there can be no assurance that we have obtained, or will be able to obtain, all necessary approvals, licenses, permits, filings or registrations required for our operations, or that we will be able to maintain or renew them or complete the requisite annual inspections (as applicable) in a timely manner. Any failure to do so, or any non-compliance with relevant laws and regulations, could result in administrative penalties, fines or other regulatory actions, and could disrupt our business operations. In certain circumstances, we may be required to suspend or adjust certain aspects of our business, which could materially and adversely affect our business, financial condition and results of operations. We are also subject to approval/filing requirements in respect of our outbound investments. If any of our historical or future outbound investments is regarded as having failed to comply with the requisite approval/filing requirements, we may be subject to administrative penalties and/or any other liabilities, including but not limited to orders to rectify, confiscate any illegal gains, impose a fine, and orders to suspend or terminate such implementation of our outbound investments.

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Failure to comply with labor laws and regulations in jurisdictions where we operate could subject us to legal liabilities, fines and other legal or administrative sanctions, and reputational harm.

We employ some of our workforce through labor dispatch arrangements, wherein workers are hired by third-party staffing agencies but perform services for us. The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), as amended on December 28, 2012 and effective from July 1, 2013, imposes stringent requirements on labor dispatch. For example, dispatched workers may only engage in temporary, auxiliary or substitute work, and the number of dispatched workers engaged by an employer may not exceed a certain percentage of its total number of workers. Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), effective since March 1, 2014, an employer shall strictly control the number of dispatched workers engaged, which shall not exceed 10% of the total number of its workers.

In addition, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in Chinese Mainland. According to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), an enterprise in Chinese Mainland is required to set up housing provident fund accounts and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), an enterprise in Chinese Mainland is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. On July 31, 2025, the Supreme People’s Court promulgated Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “New Judicial Interpretation”), which stipulated, among other things, that effective September 1, 2025, if an employer and an employee agree that social insurance contributions need not be paid, or if the employee undertakes the same, the People’s Court shall deem such agreement or undertaking invalid. Our PRC Legal Advisors are of the view that the New Judicial Interpretation does not repeal or revise the social insurance laws and regulations currently in force in the PRC, and would not cause us to undertake additional social insurance exposure. For details, see “Regulatory Overview — Laws and Regulations Related to Our Business in the PRC — Laws and Regulations on Labor Protection.”

During the Track Record Period, we did not pay social insurance and housing provident fund in full for some of our employees. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties in connection with our contribution of social insurance plans and housing provident fund. We cannot guarantee that the competent government authorities will not require us to settle the outstanding amount within a specified time limit or impose late payment penalties on us based on such complaints, reports or other claims. In the event of any such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and may incur penalties if we fail to do so.

In addition to the above, if we fail to comply with any other relevant labor laws and regulations in jurisdictions where we operate, we may be exposed to penalties or be required to pay damages to employees. For example, in Brazil, one of the jurisdictions in which we have production bases, the number of employees with disabilities we engaged did not fully meet the applicable statutory quota during the Track Record Period, which we have been taking measures to address. Compliance with relevant labor laws and regulations in jurisdictions where we operate could substantially increase our labor costs. Increases in our labor costs and future disputes with our employees could adversely affect our business, financial condition and results of operations. In particular, an increase in labor costs could increase our future production costs. We might not be able to pass these increases on to our customers due to competitive pricing pressure.

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We are exposed to risks relating to work safety and occurrence of accidents as well as other operational, occupational and environment related risks, which could materially and adversely affect our business, financial condition and results of operations.

Our business and production are subject to various risks, including operational risks and occupational and environmental hazards. We must comply with extensive laws, regulations and standards promulgated by the government authorities in Chinese Mainland and the other jurisdictions in which we operate in relation to the manufacturing and sale of products, covering areas including environmental protection, radiation safety, fire safety, medical waste management, and occupational health and safety. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. For example, if any of our subsidiaries engaging in manufacturing fails to comply with the relevant laws on environmental protection, fire safety, and prevention and treatment of occupational diseases, then such subsidiary may be subject to fines and other administrative penalties, and also, any employees who are deemed to suffer from occupational diseases may have rights to seek compensation from us. We may experience various types of difficulties in connection with the manufacturing of our products. Accidents, if they occur, could materially affect our production and may give rise to personal injuries and fatalities, damage to or destruction of properties or production bases, and pollution and other environmental damage. Any of these consequences, if significant, could result in business interruption, legal liability and damage to our reputation and corporate image. While we conduct regular inspections of our facilities and perform regular equipment maintenance to ensure that our operations comply with applicable laws and regulations, we cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes.

In addition, there is a growing global focus on ESG matters, and ESG-related social trends, governmental policies and standards continue to evolve in the jurisdictions in which we operate. Additional or more stringent ESG-related requirements may increase our compliance costs or require us to adjust aspects of our business model and value chain, and any failure or perceived failure to meet such evolving standards could adversely affect our reputation, business, financial condition and results of operations.

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

We collect and process certain personal and medical information of our patients and customers in the ordinary course of our business. In smart power distribution and utilization business, the types of data we collect may include product performance and testing data generated during design validation and production processes, operational and supply chain data, specifications and technical documentation provided by customers and internal system usage data. In the medical services business, the main type of data we collect is the personal information of patients. As such, we are subject to a variety of laws, regulations and other obligations relating to data security, privacy protection and cybersecurity. For details, see “Business — Data Privacy and Data Security.” We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and abroad. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. During the Track Record Period and up to the Latest Practicable Date, we complied with all relevant laws and regulations in relation to data privacy and security in the jurisdictions in which we operate in all material respects. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with other domestic and foreign privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational harm and significant legal liabilities.

We are also subject to various cybersecurity laws and regulations that govern the protection of digital infrastructure, data integrity, and network security. These laws often require businesses to implement robust cybersecurity measures, report incidents of data breaches, and ensure compliance with security frameworks. Failure to comply with these laws to the extent applicable to us or a cybersecurity incident

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could result in severe financial penalties, operational disruptions, and reputational damage. As cybersecurity laws continue to evolve, we face the challenge of staying compliant across multiple jurisdictions, which may necessitate significant investments in technology, personnel, and training.

We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in Chinese Mainland in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of Chinese Mainland, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Chinese Mainland are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations. Under current foreign exchange regulations of Chinese Mainland, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities are required where Renminbi is to be converted into foreign currency and remitted out of Chinese Mainland to pay capital expenses. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of Chinese Mainland. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of Chinese Mainland or otherwise fund any future business activities that are conducted in foreign currencies.

Non-PRC resident holders of our H Shares may be subject to Chinese Mainland income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between Chinese Mainland and a non-Chinese Mainland investor’s jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-PRC resident enterprises which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within Chinese Mainland unless a treaty or similar arrangement provides otherwise.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within Chinese Mainland paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20%, and gains from Chinese Mainland sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese Mainland. As of the Latest Practicable Date, the relevant provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. If Chinese Mainland income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our

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non-Chinese Mainland resident [REDACTED], the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese Mainland may not qualify for benefits under such tax treaties or arrangements.

The service of process upon us or our Directors who reside in Chinese Mainland, or foreign court judgments enforcement against us or them would be subject to the legal procedures and requirements of the Chinese Mainland.

We are a company incorporated under the laws of the PRC. In addition, most of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Chinese Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to the [REDACTED] and regulatory requirements of both Chinese Mainland and Hong Kong.

As we are listed on the Shanghai Stock Exchange and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the [REDACTED] rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of the listing rules in the two jurisdictions.

Our A Shares are listed on the Shanghai Stock Exchange, and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the [REDACTED] of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

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There has been no prior [REDACTED] for our H Shares, and an active [REDACTED] for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] will develop and be sustained following completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be [REDACTED] by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us, and may not be an indication of the [REDACTED] of our H Shares following completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses for [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including general market conditions of securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volatility that are not related to the operating performance of any particular company. The business and performance and the [REDACTED] of shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, [REDACTED], expenditures, regulatory developments, relationships with our business partners, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [REDACTED] not directly related to our performance.

Holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares could fall during this period before the trading of our H Shares begins.

The [REDACTED] of our H Shares is expected to be determined on the [REDACTED]. However, our H Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the pricing date. As a result, [REDACTED] may not be able to [REDACTED] or otherwise [REDACTED] our H Shares during that period. The [REDACTED] of our H Shares could fall before trading begins due to adverse market conditions or other adverse developments between the time of sale and the date on which the trading begins.

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [REDACTED] of the H Shares is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the H Shares in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the H Shares may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders’ interests in our Company.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, especially by our

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Directors, executive officers, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders’ interests in our Company. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Market sales of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our H Shares.

In addition, while [REDACTED] for shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreements to dispose of part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or at any time after the [REDACTED]. Any sale of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRS Accounting Standards. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to approval at a Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of Chinese Mainland. See “Financial Information — Dividends” for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

This document contains certain facts, forecasts and other statistics derived from various government resources. These have not been independently verified and may not be reliable.

Certain facts, forecasts and other statistics in this document are derived from various government resources. However, our Directors cannot guarantee the quality or reliability of such source materials. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those

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relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance on them.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

We strongly caution our [REDACTED] not to rely on any information contained in press articles or other media regarding us, our Shares and the [REDACTED]. Prior to the publication of this document, there may be press and media coverage regarding the [REDACTED] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and [REDACTED] should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rules 8.12 and 19A.15 of the Listing Rules.

Our Group’s management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

- (i) **Authorized representatives:** both of our Company’s authorized representatives, Ms. GUO Su (郭粟) (“**Ms. Guo**”) and Ms. YIP Hoi Lam (葉凱琳) (“**Ms. Yip**”), will act as our Company’s principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email.

Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

- (ii) **Directors:** each Director has provided their mobile phone number, office phone number, fax number, if any, and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

- (iii) **Compliance Advisor:** we have appointed Somerley Capital Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. Pursuant to the note of Rule 3A.23, the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that our authorized representatives, our Directors and other officers will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules. We shall

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us.

Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our Compliance Advisor; and

- (iv) **Legal advisors:** we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after the [REDACTED].

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the “relevant experience,” the Hong Kong Stock Exchange will consider the individual’s:

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

We have appointed Ms. Guo as our joint company secretary. Our Group’s key operations and principal business activities are conducted outside of Hong Kong. We believe that the company secretary role requires a person to be deeply familiar with our operations and the specific industry context, and to be able to cultivate strong relationships with both the Board and the management. It would be in the best interests of our Company and our corporate governance to have as its joint company secretary a person such as Ms. Guo who has been with our Company since 2020. As an executive Director and the Board secretary of our Company, Ms. Guo is deeply familiar with our operations and is able to cultivate strong relationships with both the Board and the management. Our Directors believe that Ms. Guo’s intimate knowledge of our Company and operations is essential for the performance of company secretary duties in the most effective and efficient manner. For her biographical details, see “Directors and Senior Management.”

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Since Ms. Guo does not possess the qualifications stipulated in Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a [REDACTED] stipulated under the Listing Rules. To support Ms. Guo in performing the duties of company secretary, we have appointed Ms. Yip, who is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to provide assistance for a three-year period from the [REDACTED] so as to enable Ms. Guo to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge her duties.

Accordingly, our Company has applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Guo as our joint company secretary. Pursuant to Chapter 3.10 of the Listing Guide, such waiver [has been] granted on the conditions that: (i) Ms. Yip is appointed as a joint company secretary to assist Ms. Guo in discharging her functions as a company secretary and gaining the relevant experience under Rule 3.28 of the Listing Rules; this waiver will be revoked immediately if and when Ms. Yip ceases to provide such assistance during the three-year period; and (ii) this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company.

In addition, Ms. Guo will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules and enhance her understanding of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Ms. Guo has access to the relevant training and support to familiarize herself with the Listing Rules and the duties of a company secretary of an [REDACTED] on the Stock Exchange. Prior to the expiration of the three-year period, our Company will further evaluate the qualifications and experience of Ms. Guo to determine whether she has satisfied the requirements as stipulated under the Listing Rules and whether she needs further assistance. We will liaise with and assist the Stock Exchange in assessing whether Ms. Guo, having benefited from the assistance of Ms. Yip for three years, has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RESPECT OF ALTERATION IN SHARE CAPITAL

Paragraph 26 of Appendix D1A to the Listing Rules requires this document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this document.

As of the Latest Practicable Date, we had more than 100 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of all of our subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to [REDACTED]. The non-disclosure of such information will not prejudice the interests of our Shareholders or potential [REDACTED].

We have identified 16 Major Subsidiaries that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period. None of the non-Major Subsidiaries is individually material to us in terms of its contribution to our Company's total assets, total revenue or total net profits, or holds any major assets and intellectual property rights. By way of illustration, after intercompany eliminations, (i) as of December 31, 2023, 2024 and 2025 respectively, the aggregate assets of our Company and its Major Subsidiaries represent 81%, 77% and 78% of our total assets; (ii) for each of the financial years ended December 31, 2023, 2024 and 2025, the aggregate revenue of our Company and its Major Subsidiaries represents 81%, 78% and 76% of our total revenue respectively; and (iii) the aggregate net profits of our Company and its Major Subsidiaries represent 86%, 95% and 106% of our Group's total net profits for each of the financial years ended December 31, 2023, 2024 and 2025. None of the other subsidiaries of our Company that are not Major Subsidiaries individually contributes to 5% or more of our Group's total assets as of December 31, 2023, 2024 or 2025 or 5% or

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

more of our Group’s revenue or net profits for each of the financial years ended December 31, 2023, 2024 and 2025. Accordingly, the remaining subsidiaries which are not Major Subsidiaries in our Group are relatively insignificant to the overall results of our Group.

We have disclosed the particulars of the changes in the share capital of our Company and the Major Subsidiaries in “Statutory and General Information — Further Information about Our Group” in Appendix V.

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this document.

WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We expect to enter into certain transactions which will constitute partially-exempt continuing connected transactions of our Company under the Listing Rules following the [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirement under the Listing Rules with respect to such continuing connected transactions. For further details, see “Connected Transactions.”

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. SHEN Guoying (沈國英)	No. 293-11, Cangxing Street Cangqian Subdistrict Yuhang District Hangzhou, Zhejiang Province PRC	Chinese
Mr. CHENG Zhihao (程志浩)	No. 65, Sanhe Sanfentou Wantang Village, Xiepu Town Zhenhai District Ningbo, Zhejiang Province PRC	Chinese
Ms. GUO Su (郭粟)	No. 2575, Hunan Road Kangqiao Town Pudong New Area Shanghai PRC	Chinese
Non-executive Directors		
Mr. ZHENG Jianjiang (鄭堅江)	No. 52, Group 18, Huancun Village Longguan Township Haishu District Ningbo, Zhejiang Province PRC	Chinese
Ms. LYU Meng (呂萌)	Room 107, Building 30 Yijingyuan, Panhuo Subdistrict Yinzhou District Ningbo, Zhejiang Province PRC	Chinese
Mr. ZHENG Weike (鄭偉科)	Room 403, Block 3 Shengshi Xindu, Shounan Subdistrict Yinzhou District Ningbo, Zhejiang Province PRC	Chinese
Independent Non-executive Directors		
Mr. CHEN Shiting (陳世挺)	Room 601, No. 16 Lane 273, Cuibai Road Haishu District Ningbo, Zhejiang Province PRC	Chinese
Mr. FENG Shaogang (馮紹剛)	Room 606, No. 400 Building 148, Baihe Xincun Jiangdong District Ningbo, Zhejiang Province PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Mr. CHOW Chi Fai (周志輝)	Flat F, 10/F Block 2, Felicity Garden 111 Shau Kei Wan Road Sai Wan Ho Hong Kong	Chinese (Hong Kong)

For further details regarding our Directors, please see “Directors and Senior Management.”

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	China International Capital Corporation Hong Kong Securities Limited 29/F One International Finance Center 1 Harbor View Street Central Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisors to our Company

as to Hong Kong and U.S. laws:

Kirkland & Ellis

26/F, Gloucester Tower

The Landmark

15 Queen’s Road Central

Hong Kong

as to PRC law:

Jingtian & Gongcheng

34/F, Tower 3

China Central Place

77 Jianguo Road

Chaoyang District, Beijing

PRC

Legal Advisors to the Sole Sponsor and [REDACTED]

as to Hong Kong and U.S. laws:

Freshfields

55th Floor, One Island East

Taikoo Place

Quarry Bay

Hong Kong

as to PRC law:

AllBright Law Offices

11, 12/F, Shanghai Tower

501 Yincheng Middle Road

Pudong New Area

Shanghai

PRC

Reporting Accountant and Independent Auditor

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King’s Road

Quarry Bay

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**
Room 2504, Wheelock Square
1717 West Nanjing Road
Jing'an District
Shanghai
PRC

Independent Property Valuer

**Jones Lang LaSalle Corporate Appraisal
and Advisory Limited**
7/F One Taikoo Place
No. 979 King's Road
Quarry Bay
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Head Office, Registered Office and Principal Place of Business in the PRC

Yinzhou Industrial Park
(Jiangshan Town, Yinzhou District, Ningbo)
Ningbo, Zhejiang Province
PRC

Principal Place of Business in Hong Kong

Room 1928, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Company’s Website

www.sanxing.com
(Information contained in this website does not form part of this document)

Joint Company Secretaries

Ms. GUO Su (郭粟)
Yinzhou Industrial Park
(Jiangshan Town, Yinzhou District, Ningbo)
Ningbo, Zhejiang Province
PRC

Ms. YIP Hoi Lam (葉凱琳)
(an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)
Room 1928, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Authorized Representatives

Ms. GUO Su (郭粟)
Ms. YIP Hoi Lam (葉凱琳)

Audit Committee

Mr. CHEN Shiting (陳世挺) *(Chairperson)*
Mr. CHOW Chi Fai (周志輝)
Mr. ZHENG Weike (鄭偉科)

Nomination Committee

Mr. CHOW Chi Fai (周志輝) *(Chairperson)*
Mr. CHEN Shiting (陳世挺)
Ms. SHEN Guoying (沈國英)

Remuneration and Appraisal Committee

Mr. FENG Shaogang (馮紹剛) *(Chairperson)*
Mr. CHEN Shiting (陳世挺)
Mr. CHENG Zhihao (程志浩)

CORPORATE INFORMATION

Strategy and ESG Committee

Ms. SHEN Guoying (沈國英) (*Chairperson*)
Ms. GUO Su (郭粟)
Mr. FENG Shaogang (馮紹剛)

Compliance Advisor

Somerley Capital Limited
20/F, China Building
29 Queen’s Road Central
Hong Kong

[REDACTED]

Principal Banks

**Agricultural Bank of China
Ningbo Yinzhou Branch**
No. 188 Huifeng East Road
Yinzhou District, Ningbo
Zhejiang Province
PRC

**China Construction Bank
Ningbo Jiangbei Sub-branch**
No. 6 Daqing South Road
Jiangbei District, Ningbo
Zhejiang Province
PRC

INDUSTRY OVERVIEW

This and other sections of this document contain information relating to the industry in which we operate. Certain information and statistics set forth in this section and other sections of this document have been extracted from the Frost & Sullivan Report issued by Frost & Sullivan, an independent market research agency, which we commissioned, and from various official government publications and other publicly available publications. The information from official government and non-official sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED] (excluding Frost & Sullivan), and no representation is given as to its accuracy or completeness of such information and statistics.

OVERVIEW OF GLOBAL AND CHINA’S POWER INDUSTRY

Amid the ongoing global energy transition and advancing carbon peaking initiatives, the global power industry is accelerating its transformation towards cleaner power generation and more intelligent grids. Global grid investment increased from US\$300.0 billion in 2021 to US\$470.0 billion in 2025, representing a CAGR of 11.9% from 2021 to 2025. This growth was primarily driven by accelerated renewable energy deployment, rising electricity demand from transportation electrification and rapid data center expansion, and increasing global requirements for grid security and resilience.

China’s total electricity consumption increased from 8,312.8 TWh in 2021 to 10,368.2 TWh in 2025, representing a CAGR of 5.7% from 2021 to 2025, and is expected to further reach 14,342.5 TWh by 2030, with a CAGR of 6.7% from 2025 to 2030. With the acceleration of China’s energy structure transformation and the advancement of its carbon peaking and carbon neutrality goals, its power industry has entered a new development stage guided by the principles of clean, low-carbon, safe and efficient energy. Since 2021, China’s total investment in power engineering has grown from RMB1,048.1 billion in 2021 to RMB1,732.3 billion in 2025, representing a CAGR of 13.4% from 2021 to 2025, and is expected to further increase to RMB3,309.7 billion in 2030, with a CAGR of 13.8% from 2025 to 2030.

OVERVIEW OF GLOBAL AND CHINA’S POWER DISTRIBUTION AND UTILIZATION EQUIPMENT AND SOLUTIONS INDUSTRY

Definition and Classification of Power Distribution and Utilization Equipment and Solutions Industry

A power system is an integrated system that converts various primary energy sources into electrical energy and delivers, distributes and utilizes such electricity through power grids. Based on the flow of electricity, a power system is generally divided into four segments: power generation, transmission and transformation, distribution, and utilization. The power distribution and utilization equipment and solutions industry encompasses equipment, systems and related solutions used in distributing electricity from the terminal end of the transmission network to end-users and their subsequent utilization. It covers both conventional power distribution and utilization equipment and smart power distribution and utilization equipment and solutions. Positioned downstream in the power system, this industry serves as a critical link connecting power grids with end-users, and its development directly affects the security, reliability and efficiency of electricity supply. The industry is centered on the manufacturing and supply of power distribution and utilization equipment, while increasingly incorporating automation, digitalization and intelligent technologies to provide integrated solutions and related services.

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According to *the Standard for Voltage Levels of Electric Power Systems* and commonly adopted classifications by organizations such as the International Electrotechnical Commission (“IEC”), voltage levels in power systems are generally categorized into high voltage, medium voltage and low voltage. Medium voltage typically refers to voltage levels ranging from 1 kV to 35 kV, low voltage refers to voltage levels of 1 kV and below, and high voltage refers to voltage levels above 35 kV. Within China’s power grid system, the distribution segment primarily serves voltage levels of 35 kV and below, with 10 kV serving as the principal distribution voltage level. On the utilization side, electricity is typically delivered through low-voltage distribution networks operating at 0.4 kV, from which residential users generally receive single-phase 220V electricity and commercial and industrial users generally receive three-phase 380V electricity.

Power System Segment	Power Generation	Power Transmission and Transformation	Power Distribution	Power Utilization
Description	The process of converting primary energy into electrical energy	The transmission of electricity through high-voltage and ultra-high-voltage transmission lines	The reduction of voltage and distribution of electricity to end-user terminals	The metering, monitoring and utilization of electricity by end users
Applicable Voltage Range	Not applicable	Above 35 kV (exclusive)	Above 1 kV (exclusive) and up to 35 kV (inclusive)	1 kV (inclusive) and below
Major Products and Solutions	Thermal, solar, wind power generation equipment, etc.	High-voltage transformers, high-voltage switchgear, relays, substations and automation systems, etc.	Distribution transformers, ring main units, medium-/low-voltage switchgear, prefabricated substations, distribution automation systems, etc.	Electricity meters, AMI systems, energy management systems, etc.

Market Size of Global and China’s Power Distribution and Utilization Equipment and Solutions Industry

Driven by continuous growth in electricity demand, increasing electrification and rapid expansion of renewable energy capacity, the global power distribution and utilization equipment and solutions market has exhibited steady growth. From 2021 to 2025, the market size of the global power distribution and utilization equipment and solutions industry by revenue increased from RMB1,170.6 billion to RMB1,696.6 billion, representing a CAGR of 9.7% from 2021 to 2025, and is expected to further grow to RMB2,380.2 billion by 2030, with a CAGR of 7.0% from 2025 to 2030.

As one of the largest power markets globally, China’s power distribution and utilization equipment and solutions market has maintained steady growth. Benefiting from continued grid investment, new power system development and upgrading end-user electricity demand, the market size of China’s power distribution and utilization equipment and solutions industry by revenue increased from RMB253.9 billion in 2021 to RMB311.1 billion in 2025, representing a CAGR of 5.2% from 2021 to 2025, and is expected to further increase to RMB438.6 billion by 2030, with a CAGR of 7.1% from 2025 to 2030.

Looking ahead, as renewable energy generation continues to increase, power systems are accelerating toward a new-type power system characterized by coordinated interaction across the “source-grid-load-storage” framework. Under this framework, the need for coordinated operation among the generation side (“source”), grid side (“grid”), utilization side (“load”) and energy storage side (“storage”) is becoming increasingly significant. The expanding integration of renewable energy and growing diversification of load structures are placing higher requirements on real-time sensing, dynamic regulation and intelligent control capabilities of power distribution and utilization systems, driving upgrades toward greater automation, digitalization and intelligence, and creating broad development opportunities for the smart power distribution and utilization equipment and solutions industry.

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OVERVIEW OF GLOBAL AND CHINA’S SMART POWER DISTRIBUTION AND UTILIZATION EQUIPMENT AND SOLUTIONS INDUSTRY

Definition and Classification of Smart Power Distribution and Utilization Equipment and Solutions Industry

With the continuous evolution of power systems towards digitalization and intelligence, traditional power distribution and utilization systems are transitioning from equipment-centric, manually operated models to integrated management models characterized by data-driven operations, system coordination and intelligent decision-making. The smart power distribution and utilization equipment and solutions segment has emerged as a key development direction within the broader industry. From a penetration perspective, the share of smart power distribution and utilization equipment and solutions within the overall power distribution and utilization equipment and solutions market has continued to increase. Globally, the penetration rate rose from 27.9% in 2021 to 34.3% in 2025 and is expected to reach 42.3% by 2030. In China, the penetration rate rose from 34.3% in 2021 to 54.3% in 2025 and is expected to reach 68.5% by 2030.

Smart power distribution and utilization equipment and solutions refer to integrated solution systems based on sensing, communication connectivity, automated control and data analytics technologies. By integrating equipment, systems and data across both distribution and utilization segments, these solutions enable automated, digitalized and intelligent management of the entire electricity distribution and utilization process. Compared with traditional power equipment, smart equipment and solutions provide real-time condition monitoring, remote supervision, intelligent control and data analysis capabilities in addition to fundamental electrical functions, thereby enhancing operational efficiency, power supply reliability and system safety.

From the perspective of functions and application segments, smart power distribution and utilization equipment and solutions can be broadly categorized into: (i) smart power distribution equipment and solutions, and (ii) smart power utilization equipment and solutions. On the distribution side, smart distribution equipment and solutions are primarily applied in medium- and low-voltage distribution networks, enabling fault detection and localization, automatic isolation and service restoration through real-time monitoring, analysis and control of distribution equipment and grid operations, thereby improving distribution system automation and reliability. On the utilization side, smart power utilization equipment and solutions are deployed at the end-user level, enabling energy metering, utilization monitoring, load management and energy efficiency optimization by collecting, analyzing and managing electricity usage data.

Value Chain of Smart Power Distribution and Utilization Equipment and Solutions Industry

The value chain of the smart power distribution and utilization equipment and solutions industry comprises upstream suppliers of raw materials, core components and underlying technologies, midstream equipment manufacturers and system integrators, and downstream power system operators and end-users. The industry is characterized by strong technology-driven development and deep integration with application scenarios.

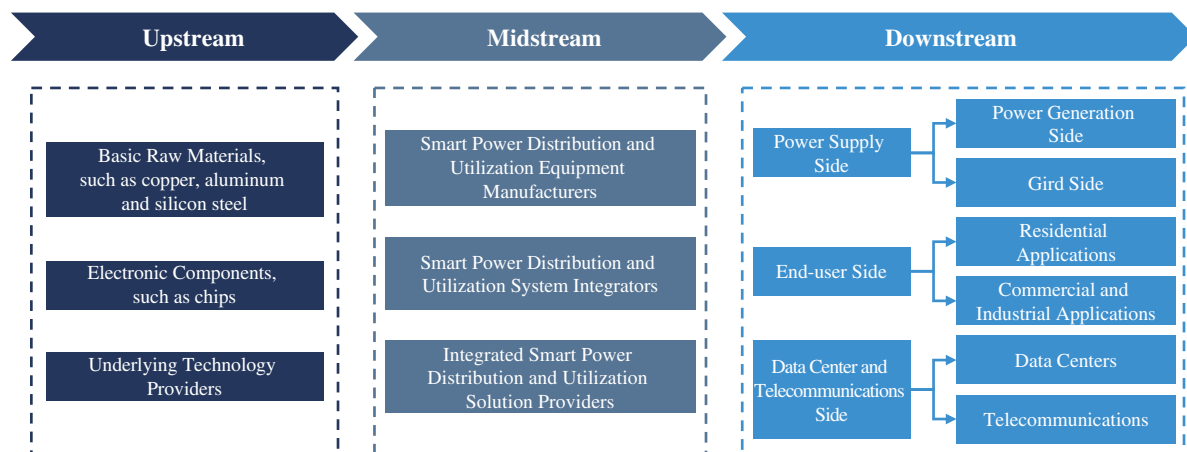
At the upstream level, participants primarily include suppliers of raw materials (copper, aluminum, silicon steel and insulation materials), core components (sensors, chips, power electronic devices and communication modules) and foundational technologies (embedded software, data processing algorithms and communication protocols). These inputs provide the foundational support for condition monitoring, data acquisition and remote communication functions, and their performance directly impacts the reliability and intelligence level of midstream products.

At the midstream level, participants primarily include equipment manufacturers and system integrators. Equipment manufacturers provide a wide range of intelligent devices across both distribution and utilization sides, including intelligent switchgear, distribution automation terminals, smart meters and power quality equipment. System integrators further combine hardware, software and communication

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networks into comprehensive solutions tailored to specific application scenarios, including distribution automation systems, advanced metering infrastructure and energy management systems. As the industry evolves, midstream enterprises are increasingly transitioning from single-product suppliers to integrated solution providers, with those possessing strong system integration and software development capabilities gaining a competitive advantage.

At the downstream level, participants primarily include power grid companies, industrial enterprises, residential users, and commercial and public buildings. Power grid companies represent the primary demand for smart power distribution equipment and solutions, driven by distribution network automation upgrades and smart grid development. Residential, industrial and commercial users constitute the primary demand for smart power utilization equipment and solutions. Residential demand is mainly driven by smart metering deployment and replacement, while industrial and commercial demand is concentrated in electricity monitoring, energy efficiency management and power quality optimization. With the rapid development of data centers, electric vehicle charging infrastructure, distributed energy and energy storage systems, downstream demand is becoming increasingly diversified.



Source: Frost & Sullivan

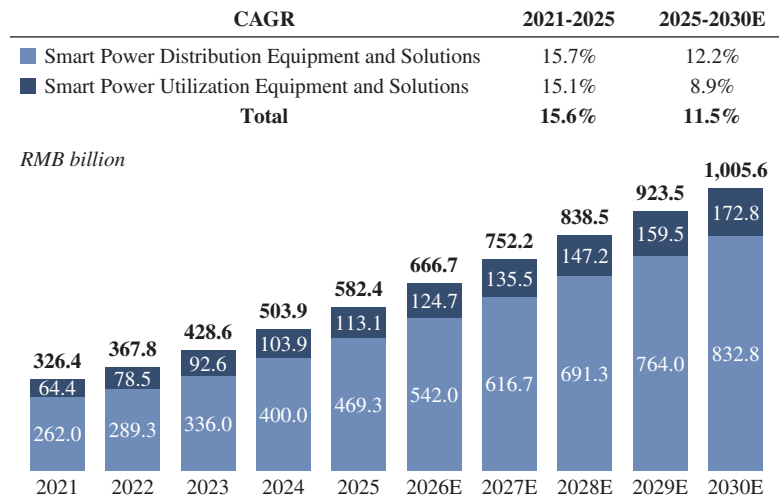
Market Size of Global Smart Power Distribution and Utilization Equipment and Solutions Industry

Driven by increasing distribution network automation, large-scale renewable energy integration and growing complexity of end-use electricity scenarios, the global smart power distribution and utilization equipment and solutions market has exhibited rapid growth. From 2021 to 2025, the market size of global smart power distribution and utilization equipment and solutions industry in terms of revenue increased from RMB326.4 billion to RMB582.4 billion, representing a CAGR of 15.6% from 2021 to 2025. Among this, the global smart power distribution equipment and solutions segment increased from RMB262.0 billion to RMB469.3 billion, representing a CAGR of 15.7% from 2021 to 2025, while the global smart power utilization equipment and solutions segment increased from RMB64.4 billion to RMB113.1 billion, representing a CAGR of 15.1% over the same period.

By 2030, the market size of global smart power distribution and utilization equipment and solutions industry is expected to reach approximately RMB1,005.6 billion, representing a CAGR of 11.5% from 2025 to 2030. Among this, the global smart power distribution equipment and solutions and smart power utilization equipment and solutions segments are expected to reach approximately RMB832.8 billion and RMB172.8 billion, respectively, representing CAGRs of 12.2% and 8.9% during the same period.

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Market Size of Smart Power Distribution and Utilization Equipment and Solutions Industry (Global), 2021-2030E



Source: International Energy Agency (“IEA”), Frost & Sullivan

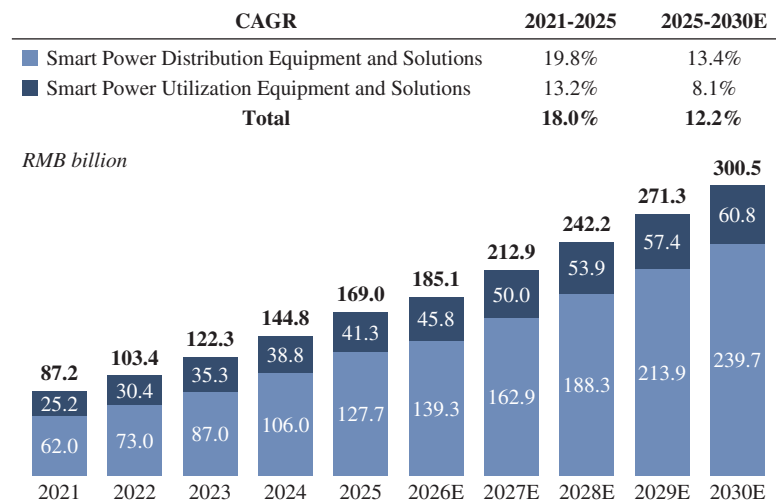
Market Size of China’s Smart Power Distribution and Utilization Equipment and Solutions Industry

Driven by new power system development and increasing demand for intelligent upgrades, China’s smart power distribution and utilization equipment and solutions market has maintained rapid growth. From 2021 to 2025, the market size of China’s smart power distribution and utilization equipment and solutions industry in terms of revenue increased from RMB87.2 billion to RMB169.0 billion, representing a CAGR of 18.0% during the period. Among this, the smart power distribution equipment and solutions segment increased from RMB62.0 billion to RMB127.7 billion, representing a CAGR of 19.8% from 2021 to 2025, while the smart power utilization equipment and solutions segment increased from RMB25.2 billion to RMB41.3 billion, representing a CAGR of 13.2% over the same period. In recent years, bid prices for smart power distribution and utilization equipment and solutions awarded by large-scale grid groups in China have experienced certain pricing pressures. For example, in 2025, average winning bid prices for smart meters awarded by major grid groups in China generally declined as the industry entered a transition period between existing-generation and next-generation smart meter standards. Intensified competition for existing-generation products and ongoing industry-wide cost optimization efforts contributed to lower winning bid prices during the year. Since 2026, as the deployment of next-generation smart meters accelerates, products incorporating enhanced functionalities and higher technical specifications are expected to support a gradual recovery.

By 2030, China’s smart power distribution and utilization equipment and solutions market is expected to reach approximately RMB300.5 billion, representing a CAGR of 12.2% from 2025 to 2030. Among this, the smart power distribution equipment and solutions and the smart power utilization equipment and solutions segments are expected to reach approximately RMB239.7 billion and RMB60.8 billion, respectively, representing CAGRs of 13.4% and 8.1% during the same period.

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Market Size of Smart Power Distribution and Utilization Equipment and Solutions Industry (China), 2021-2030E



Source: National Energy Administration (“NEA”), Frost & Sullivan

Market Drivers of Global and China’s Smart Power Distribution and Utilization Equipment and Solutions Industry

Continuous upgrading of global power infrastructure. Power grids across many mature markets are entering renewal cycles, driving sustained demand for upgrade and replacement of aging distribution infrastructure. Traditional power distribution networks are increasingly unable to meet current requirements for reliability, flexibility and operational efficiency. Grid operators are upgrading existing equipment and introducing intelligent monitoring and automated control systems, thereby promoting the adoption and penetration of smart power distribution equipment and solutions.

Expansion of global grid investment. With growth in global electricity demand and acceleration of electrification, various countries are increasing grid investment, driving both capacity expansion and construction of additional transmission and distribution equipment and systems. As a critical link between the grid and end-users, power distribution networks have become a key focus of investment in automation and digitalization, leading to large-scale deployment of smart power distribution equipment and systems in upcoming investment and construction.

Increasing penetration of renewable energy. The rapid growth in installed capacity of renewable energy sources such as wind and solar, along with the increasing share of distributed energy resources, is transforming power systems from traditional one-way supply models to interactive, bidirectional systems. The intermittency and variability of renewable generation place higher requirements on real-time monitoring, dynamic regulation and intelligent control of distribution systems, driving demand for smart power distribution and utilization equipment and solutions.

Rising demand for refined management on the demand side. Industrial and commercial users are placing greater emphasis on energy efficiency management, electricity cost optimization and load management, driving increasing demand for data collection, real-time monitoring and intelligent analytics. As enterprises shift from extensive electricity usage to refined management, adoption of smart power utilization equipment and solutions, such as smart meters, energy management systems and power quality equipment, continues to increase.

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Rapid growth of new power loads driven by AI and computing demand. With the rapid development of AI, big data and cloud computing, global demand for computing power continues to rise, and data center construction has entered a new expansion cycle. Such loads are characterized by high energy consumption, high density and stringent reliability requirements, placing higher standards on capacity allocation, power quality and supply continuity of distribution and utilization systems, thereby driving demand for smart solutions.

Digital transformation and policy support driving industry development. Amid energy transition and power system upgrades, governments worldwide continue to introduce policies supporting smart grids and new power systems, encouraging grid operators and end-users to increase digital investments. During China’s 15th Five-Year Plan period, China is expected to further advance new-type power system development, focusing on enhancing the digitalization, intelligence and system regulation capabilities of power grids, while promoting upgrades in power distribution and utilization segments toward greater efficiency, safety and flexibility. These policies are driving sustained growth in market demand for smart power distribution and utilization equipment and solutions.

Future Trends of Global and China’s Smart Power Distribution and Utilization Equipment and Solutions Industry

Acceleration of digitalization and intellectualization of power distribution and utilization systems. With the increasing share of renewable energy integration and growing complexity of demand-side load structures, traditional distribution models are increasingly unable to meet requirements for operational efficiency and supply reliability. The deployment of smart equipment and systems continues to expand, driving the transformation of power distribution and utilization systems from electricity delivery infrastructure to data-driven infrastructure with capabilities in data acquisition, condition monitoring and intelligent decision-making.

Regional divergence in global market development. The smart power distribution and utilization equipment and solutions market is exhibiting differentiated development patterns. In mature markets such as Europe and the United States, where power infrastructure is relatively well established, the focus is shifting from additional construction to intelligent upgrading and modernization of existing grid assets. In emerging markets such as Southeast Asia, the Middle East, Latin America and Africa, power distribution networks are expected to accelerate their transition from low automation levels toward digitalized and intelligent stages as power infrastructure improves.

Increasing importance of demand-side management and strengthening integration between distribution and utilization. Under the new power system framework, the demand side is evolving from a passive consumption end into an active participant with the capability to regulate and interact with system operations. The expansion of demand response, load management and distributed energy integration scenarios is driving deeper coordination between distribution and utilization across data, control and system levels, accelerating the formation of an integrated “generation, grid, load, storage” operating model, accelerating the evolution of power distribution and utilization systems from relatively independent operation toward integrated and coordinated operation.

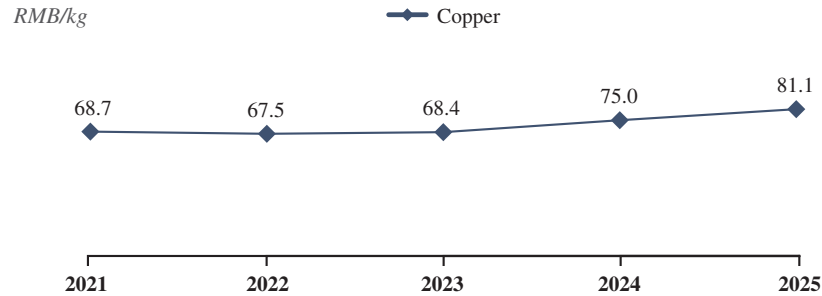
Evolution from equipment sales to integrated solutions and service-oriented models. As the industry matures and competition in standalone hardware intensifies, the focus of competition is shifting from individual equipment to comprehensive solution capabilities. Smart power distribution and utilization solutions involve the coordinated integration of equipment, communication systems and software platforms, placing higher requirements on system design, project delivery and operation and maintenance capabilities. Enterprises with diversified product portfolios, strong system integration capabilities and robust software platforms are better positioned to secure projects and establish long-term customer relationships. The industry is therefore evolving from a hardware-driven model toward one jointly driven by equipment, systems and services.

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Cost Analysis

Copper is among the key raw materials used in the production of smart power distribution and utilization equipment and new energy products. From 2021 to 2025, the average market price of copper in China rose from RMB68.7/kg to RMB81.1/kg. The price trend mainly reflected changes in global supply and demand dynamics, supported by increasing demand from power grid investment, new energy deployment and electrification trends and broader industrial activities.

Average Market Price of Raw Material of Smart Power Distribution and Utilization Equipment and Solutions Industry in China, 2021-2025



Source: Wind, Frost & Sullivan

COMPETITIVE LANDSCAPE OF GLOBAL AND CHINA’S SMART POWER DISTRIBUTION AND UTILIZATION EQUIPMENT AND SOLUTIONS INDUSTRY

Competitive Landscape of Global Smart Power Distribution and Utilization Equipment and Solutions Industry

In terms of revenue from smart power distribution and utilization equipment and solutions in 2025, our Group ranked No. 7 globally with a market share of 1.9%, being the only Chinese company among these top seven players.

Top Seven Companies by Revenue of Smart Power Distribution and Utilization Equipment and Solutions Globally, 2025

Ranking	Company	Company Business Overview	Headquarters Location	Revenue of Smart Power Distribution and Utilization Equipment and Solutions (RMB Billion)	Market Share
1	Company A	Covering both smart power distribution and smart power utilization, with a primary focus on smart power distribution	Switzerland	79.1	13.6%
2	Company B	Covering both smart power distribution and smart power utilization, with a primary focus on smart power distribution	France	65.2	11.2%
3	Company C	Covering both smart power distribution and smart power utilization, with a primary focus on smart power distribution	Germany	64.0	11.0%
4	Company D	Integrated smart power distribution and utilization	Ireland	32.4	5.6%
5	Company E	Smart power utilization	United States	17.3	3.0%
6	Company F	Smart power utilization	Switzerland	12.2	2.1%
7	Our Group	Integrated smart power distribution and utilization	China	11.2	1.9%
Top Seven				281.4	48.4%
Total				582.4	100.0%

Source: Frost & Sullivan

Notes:

- Company A, founded in 1988 and listed on the SIX Swiss Exchange and Nasdaq Stockholm, is primarily engaged in electrification, automation and digitalization solutions, including power grids, smart distribution systems and industrial automation products.

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- Company B, founded in 1836 and listed on Euronext Paris, is primarily engaged in energy management and automation solutions, including electrical distribution equipment, smart grid solutions and energy efficiency management systems.
- Company C, founded in 1847 and listed on the Frankfurt Stock Exchange, is primarily engaged in industrial manufacturing, electrification and digitalization, including smart infrastructure, power distribution systems and automation technologies.
- Company D, founded in 1911 and listed on the New York Stock Exchange, is primarily engaged in the provision of electrical products and solutions, including power distribution equipment, power quality systems, electrical automation and intelligent energy management solutions across utility, industrial, commercial and residential applications.
- Company E, founded in 1977 and listed on the Nasdaq Stock Market, is primarily engaged in energy and water resource management solutions, including smart metering, grid edge intelligence and advanced data analytics platforms.
- Company F, founded in 1896 and listed on the SIX Swiss Exchange, is primarily engaged in smart metering and energy management solutions, including advanced metering infrastructure and grid management systems.

Chinese enterprises have dominated the global smart meter market. In 2025, the top five companies by shipment volume in the global smart meter market were all Chinese enterprises. In terms of smart meter shipment volume in 2025, our Group ranked No. 1 globally with a market share of 10.1%. From 2020 to 2025, our Group ranked first globally in terms of smart meter shipment volume for six consecutive years.

Top Five Companies by Shipment Volume of Smart Meter Globally, 2025

Ranking	Company	Shipment Volume of Smart Meter (Million Sets)	Market Share
1	Our Group	22.8	10.1%
2	Company G	17.1	7.6%
3	Company H	16.2	7.2%
4	Company I	15.0	6.6%
5	Company J	12.0	5.3%
Top Five		83.1	36.8%
Total		225.8	100.0%

Source: Frost & Sullivan

Notes:

- Company G, founded in 2000 and listed on the Hong Kong Stock Exchange, is primarily engaged in the production and sale of smart metering products and advanced energy management solutions, including smart meters and smart grid solutions.
- Company H, founded in 1992 and listed on the Shanghai Stock Exchange, is primarily engaged in the production and sale of smart metering products and energy management solutions, including smart meters, advanced metering infrastructure systems and smart grid solutions.
- Company I, founded in 1970 and headquartered in Zhejiang Province, China, is primarily engaged in the production and sale of smart metering products and energy management solutions, including smart meters and advanced metering infrastructure systems.
- Company J, founded in 1996 and listed on the Shenzhen Stock Exchange, is primarily engaged in the production and sale of power equipment and energy solutions, including smart metering products, power distribution equipment and energy storage systems.

Competitive Landscape of China’s Smart Power Distribution and Utilization Equipment and Solutions Industry

In terms of revenue from smart power distribution and utilization equipment and solutions in 2025, our Group ranked No. 1 in China with a market share of 5.0%.

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Top Five Companies by Revenue of Smart Power Distribution and Utilization Equipment and Solutions in China, 2025

Ranking	Company	Revenue of Smart Power Distribution and Utilization Equipment and Solutions (RMB Billion)	Market Share
1	Our Group	8.4	5.0%
2	Company K	7.5	4.4%
3	Company G	7.2	4.3%
4	Company L	7.1	4.2%
5	Company M	7.0	4.1%
Top Five		37.2	22.0%
Total		169.0	100.0%

Source: Frost & Sullivan

Notes:

1. Company K, founded in 1995 and headquartered in Beijing, China, is the core operating platform of a leading global electrification and automation technology group in China and is primarily engaged in the provision of electrification, automation and smart power solutions, including power distribution equipment, transformers, switchgear and smart grid-related products and services.
2. Company L, founded in 1995 and headquartered in Beijing, China, is the core operating entity of a leading global energy management and industrial automation group in China and is primarily engaged in the provision of energy management and industrial automation solutions, including low- and medium-voltage distribution equipment, smart grid solutions and digital energy management products and services.
3. Company M, founded in 1993 and listed on the Shenzhen Stock Exchange, is primarily engaged in the production and sale of power equipment and automation systems, including smart grid solutions, distribution equipment and power system control technologies.

In terms of the bid amount of metering equipment awarded by a large national-level grid group in 2025, our Group ranked No. 3 in China, representing 2.8% of the total bid amount. In terms of the bid amount of distribution transformers and prefabricated substations by the same group in 2025, our Group ranked No. 1 in both categories.

Entry Barriers to Global and China’s Smart Power Distribution and Utilization Equipment and Solutions Industry

Technological development and system integration barriers. Smart power distribution and utilization solutions involve multiple core technologies, including metering accuracy, communication stability, data processing and system compatibility, which place high requirements on R&D capabilities and technological accumulation. Such systems comprise various hardware devices and software platforms that must operate in coordination, requiring strong system integration capabilities. New entrants may find it difficult to establish comprehensive technical capabilities within a short period, forming significant technological barriers.

Certification and market access barriers. Power grid companies and large industrial customers impose stringent requirements on equipment safety, reliability and stability. Products must undergo rigorous certification, testing and long-term operational validation before admission into procurement systems. Particularly on the grid side, suppliers must obtain multiple certifications and pass tender qualification processes. New entrants generally face a lengthy process from product development to large-scale commercialization, creating high entry barriers.

Scale manufacturing and cost control barriers. Smart power distribution and utilization equipment exhibits a degree of standardization, and industry competition is increasingly shifting toward scale and cost efficiency. Companies with large-scale manufacturing capabilities achieve cost advantages through

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supply chain integration, bulk procurement and improved production efficiency. As competition intensifies, pricing and delivery capabilities become critical competitive factors. New entrants lacking scale advantages may find it difficult to compete with established players.

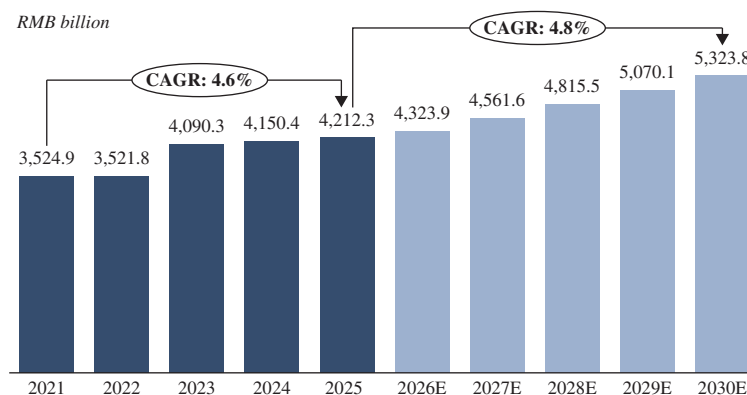
Customer relationships and brand barriers. Smart power distribution and utilization products are typically applied in critical power infrastructure, and customers place significant emphasis on product reliability, track record and long-term cooperation experience when selecting suppliers. Power grid companies and large industrial and commercial customers tend to establish long-term partnerships with suppliers possessing strong brand reputation and stable supply capabilities. Established companies accumulate customer resources and brand advantages through long-term project execution, while new entrants face challenges in acquiring key customers and building trust.

OVERVIEW OF MEDICAL SERVICES INDUSTRY IN CHINA

The medical services industry refers to a comprehensive industry in which certified medical professionals provide patients with disease prevention, diagnosis, treatment, rehabilitation and health management services through healthcare institutions. By institutional ownership, healthcare institutions are divided into public and private healthcare institutions. Public healthcare institutions dominate the allocation of high-quality medical resources, while private healthcare institutions, as an important supplement, play an increasingly critical role in enhancing service supply and satisfying diversified healthcare needs. By professional nature, healthcare institutions include general hospitals, specialized hospitals, traditional Chinese medicine hospitals and other hospitals.

The market size of China’s medical services industry in terms of medical revenue expanded from RMB3,524.9 billion in 2021 to RMB4,212.3 billion in 2025, representing a CAGR of 4.6% from 2021 to 2025, and is projected to reach RMB5,323.8 billion in 2030, with a CAGR of 4.8% from 2025 to 2030.

Market Size of Medical Services Industry in China by Medical Revenue, 2021-2030E



Source: China Health Statistics Yearbook, National Health Commission of the PRC, Frost & Sullivan

Note: According to the China Health Statistics Yearbook, medical revenue refers to the revenue obtained by medical and health institutions from providing medical services. Medical revenue includes registration fees, bed fees, consultation fees, examination fees, laboratory test fees, treatment fees, surgical fees, medical sanitary materials revenue, pharmaceutical revenue, pharmaceutical service fees, nursing fees and other revenue.

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OVERVIEW OF REHABILITATION HOSPITAL INDUSTRY IN CHINA

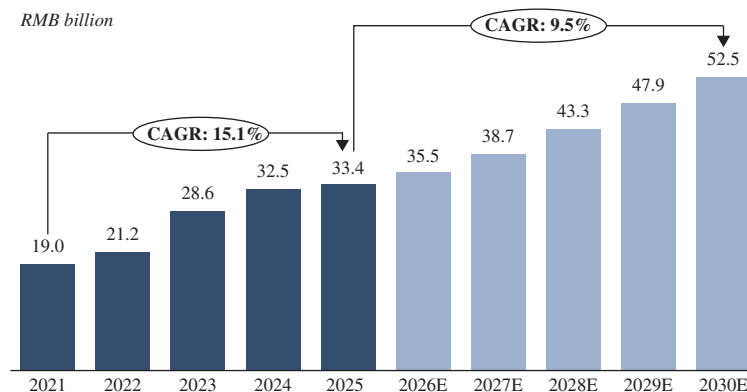
Definition and Classification of Rehabilitation Hospital Industry in China

Rehabilitation hospitals are specialized hospitals primarily offering services covering neurological rehabilitation, orthopedic rehabilitation, elderly rehabilitation and chronic disease rehabilitation, excluding rehabilitation departments of general hospitals, rehabilitation clinics, nursing homes and similar facilities. Rehabilitation hospitals can be divided into public and private rehabilitation hospitals, among which private rehabilitation hospitals represent the larger group in terms of numbers.

Market Size of Rehabilitation Hospital Industry in China

The number of rehabilitation hospitals in China grew from approximately 810 in 2021 to approximately 880 in 2025, representing a CAGR of 2.1% from 2021 to 2025. Supported by accelerating population aging, sustained release of rehabilitation demand and enhanced industry supply capacity, the number of rehabilitation hospitals in China is expected to increase to approximately 960 by 2030, with a CAGR of 1.8% from 2025 to 2030. Benefiting from the dual drivers of rigid demand growth and enhanced supply capacity, the medical revenue of rehabilitation hospitals in China reached RMB19.0 billion in 2021 and grew to approximately RMB33.4 billion in 2025, representing a CAGR of 15.1% from 2021 to 2025. Driven by rising household payment capacity, widening gaps in high-quality rehabilitation resources and professional industry development, such medical revenue is projected to reach approximately RMB52.5 billion by 2030, with a CAGR of 9.5% from 2025 to 2030.

Market Size of Rehabilitation Hospital Industry in China by Medical Revenue, 2021-2030E



Source: China Health Statistics Yearbook, National Health Commission of the PRC, Frost & Sullivan

Market Drivers of Rehabilitation Hospital Industry in China

Population aging and rising healthcare demand. China’s accelerating population aging and rising prevalence of chronic diseases have driven increasing demand for post-operative rehabilitation, chronic disease management and long-term care services, supporting sustained growth of the rehabilitation hospital industry.

Enhanced household healthcare expenditure capacity. With continuous growth of residents’ disposable income and stronger health awareness, demand for professional and personalized rehabilitation services has increased. The expansion of commercial health insurance and improved medical insurance reimbursement policies have further enhanced patients’ payment capability and service accessibility.

Structural shortage of high-quality medical resources. High-quality medical resources in China remain concentrated in public tertiary hospitals focused on acute and severe disease treatment, resulting in shortages of specialized rehabilitation beds and professional rehabilitation services. Private rehabilitation institutions address the supply gap through flexible operations and specialized services, creating significant room for growth.

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Diversification of medical services demand. Demand for rehabilitation services has expanded from basic functional recovery to specialized and personalized services, including neurological, orthopedic, geriatric and pediatric rehabilitation. Private rehabilitation institutions can respond quickly to evolving market demand and develop differentiated service offerings.

Future Trends of Rehabilitation Hospital Industry in China

Accelerated chain and group operation. Leading rehabilitation institutions are expected to expand through self-establishment, mergers and acquisitions, and cross-regional replication, improving resource integration, operational efficiency and service standardization, and further increasing industry concentration.

Deepening specialized development. Industry competition is shifting toward professional specialization. Rehabilitation institutions are increasingly focusing on niche segments such as neurology, orthopedics, geriatrics and pain management to strengthen clinical capabilities and establish differentiated competitive advantages.

Refined operational capabilities as core competence. As competition intensifies and regulatory requirements are tightened, refined operational management capabilities, including cost control, bed utilization, resource allocation and patient management, are becoming increasingly important to profitability and sustainable growth.

Improved digitalization and informatization. The application of electronic medical records, intelligent rehabilitation equipment, remote rehabilitation services and digital hospital management systems is expected to improve treatment efficiency, operational management and resource allocation, promoting service standardization and supporting long-term industry development.

Competitive Landscape of Rehabilitation Hospital Industry in China

Our Group ranked No. 1 among chain rehabilitation hospital groups in China by number of rehabilitation hospitals in 2025 with a market share of 2.8%.

Top Five Chain Rehabilitation Hospital Groups in China by Number of Rehabilitation Hospitals, 2025

Ranking	Chain Rehabilitation Hospital Groups	Number of Rehabilitation Hospitals	Market Share
1	Our Group	25	2.8%
2	Company N	24	2.7%
2	Company O	24	2.7%
4	Company P	17	1.9%
5	Company Q	8	0.9%
Top Five		98	11.0%
Total		880	100.0%

Source: Frost & Sullivan

Notes:

1. Company N, founded in 2016 and headquartered in Hong Kong, China, is primarily engaged in investment and operation of private medical services, rehabilitation hospitals and integrated medical care platforms in China.
2. Company O, founded in 1994 and listed on both the Shanghai and Hong Kong Stock Exchanges, is primarily engaged in pharmaceutical R&D, manufacturing, distribution and medical services operation.

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3. Company P, founded in 2010 and headquartered in Beijing, China, is primarily engaged in high-end elderly communities, rehabilitation care and integrated medical and elderly care services.
4. Company Q, founded in 2012 and headquartered in Shanghai, China, is principally engaged in chain elderly care, rehabilitation medical services and community-based care for seniors across China.

Entry Barriers to Rehabilitation Hospital Industry in China

Qualification approval and compliance barriers. The establishment of rehabilitation hospitals is subject to strict regulatory approval and compliance requirements, including medical institution licensing, department setup, staffing standards and operational supervision. Institutions must also comply with ongoing requirements relating to medical quality, medical insurance and infection control, resulting in high regulatory barriers to entry.

Physician and core medical talent barriers. The rehabilitation hospital industry faces a shortage of experienced rehabilitation physicians, therapists and other core medical professionals, while talent cultivation requires long training cycles. Establishing and maintaining a stable professional medical team is critical to service quality and brand reputation, creating significant talent barriers for new entrants.

Capital investment and construction cycle barriers. Rehabilitation hospitals require significant upfront investment in property, specialized equipment, facility renovation and team building, together with substantial working capital during initial operations. The industry is characterized by relatively long payback periods, creating high capital and financing requirements.

Operational management capability barriers. Rehabilitation medical services involve complex operational management across medical quality control, department operation, medical insurance settlement, cost management and patient services. Efficient operation requires mature management systems and extensive industry experience, forming high operational barriers for new entrants.

SOURCES OF THE INDUSTRY INFORMATION

We commissioned Frost & Sullivan to analyze and prepare a report regarding global and China’s power distribution and utilization equipment and solutions industry and China’s rehabilitation hospital industry during the period from 2021 to 2030. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York, offering industry research and market strategies and provides growth consulting and corporate training. We agreed to pay a commission fee of RMB480,000 to Frost & Sullivan pursuant to a service agreement reached by arm’s length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

In preparing for the report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as International Monetary Fund, National Bureau of Statistics of China and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the global social, economic, and political environment are expected to remain stable during the forecast period; (ii) global economic and industrial development are likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of global and China’s power distribution and utilization equipment and solutions industry and China’s rehabilitation hospital industry in the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there has been no material adverse change in the market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an adverse impact on the information in this section.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE PRC

Laws and Regulations on Company Establishment and Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), which was promulgated by the SCNPC on December 29, 1993 and came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effective on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall prevail. On July 1, 2024, the State Council promulgated the Provisions on Implementation of the Registered Capital Management System under the Company Law of the People’s Republic of China (《關於實施<中華人民共和國公司法>註冊資本登記管理制度的規定》), which further stipulates that for a company registered for incorporation before June 30, 2024, if the remaining capital contribution period of a limited liability company exceeds five years as from July 1, 2027, the company shall adjust the remaining capital contribution period to five years by June 30, 2027, and record the same in its articles of association. The shareholders shall fully pay the amount of capital contributions they subscribe for within the adjusted capital contribution period.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”) and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective. The FIL defines foreign investment and establishes the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and pursuant to which, foreign investors shall submit an initial or change report through the Enterprise Registration System when establishing foreign-invested enterprises in the PRC or acquiring equity in non-foreign-invested enterprises in the PRC and for any subsequent changes.

Pursuant to the FIL, the PRC has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”) and the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the “**Encouraging Catalog**”), listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC, investors engaging in overseas investment are required to complete formalities for the confirmation or recordation, among others, of an overseas investment project, report the relevant information, and cooperate in supervisory inspection. Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM, the MOFCOM and the provincial counterparts promulgate regulations providing that overseas investment of enterprises to be subject to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management. When an overseas enterprise invested by an enterprise conducts overseas reinvestment, the enterprise shall report to the commerce departments after completing the overseas legal procedures.

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According to the State Council Provisions on Outbound Investment issued by the State Council on June 1, 2026, which will take effect on July 1, 2026, if an investor fails to fulfill the approval or record-filing procedures for outbound investment as required, the approval or record-filing authority shall order the investor to rectify the non-compliance, confiscate any illegal gains, and impose a fine of not less than 1‰ but not more than 5‰ of the investment amount. If the investor refuses to rectify, the authority shall order the suspension of the investment activity and the disposal of shares and assets within a specified period, and impose a fine of not less than 5‰ but not more than 10‰ of the investment amount. The directly responsible supervisors and other directly responsible personnel shall each be fined not less than RMB20,000 but not more than RMB50,000. From the effective date of the penalty decision, the relevant competent authorities may refuse to accept any approval or record-filing application submitted by the violating party for a period of three years, or prohibit the violating party from engaging in outbound investment activities for a period of not less than one year but not more than three years.

Laws and Regulations on Power Distribution and Utilization Products

Pursuant to the Electricity Law of the PRC (《中華人民共和國電力法》), as most recently amended by the SCNPC on December 29, 2018 and came into effect on the same day, this Law is formulated in order to safeguard and promote the development of electric power operations, to protect the legal rights and interests of investors, operators and consumers of electric power and to ensure the safe operation of electric power. Any entity or individual is prohibited from endangering the safety of electric power facilities or illegally appropriating or consuming electric energy.

In August 2015, the NDRC issued the Guiding Opinions on Accelerating the Construction and Transformation of Distribution Networks (《關於加快配電網建設改造的指導意見》), which states that the development goals are: through the construction and transformation of distribution networks, the level of intelligent construction and application in central urban areas (districts) shall be significantly improved; the power supply capacity and power supply safety level in towns and cities shall be significantly enhanced; the weak power grids in rural areas and other issues shall be effectively addressed, effectively safeguarding agricultural and residential electricity consumption. In February 2024, the NDRC and the National Energy Administration issued the Guidance on High-Quality Development of Distribution Networks Under the New Situation (《關於新形勢下配電網高品質發展的指導意見》), emphasizing the need to step up distribution network construction, with a focus on supporting intelligent transformation and equipment upgrades.

Laws and Regulations on Production Safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), as amended by the SCNPC on June 10, 2021 and effective from September 1, 2021, an enterprise shall (i) provide the production safety conditions specified in the Production Safety Law and other relevant laws, administrative regulations, national standards, and industry standards, (ii) establish a comprehensive production safety responsibility system and production safety rules and regulations, and (iii) develop the standardization of production safety to ensure safe production. Entities that do not possess the requisite production safety conditions are prohibited from engaging in production and business operations.

In accordance with the Measures for the Supervision and Administration of the “Three Simultaneities” of Safety Facilities in Construction Projects (《建設項目安全設施「三同時」監督管理辦法》), the safety facilities of new, renovated, or expanded construction projects must be designed, constructed, and put into use in production simultaneously with the main body of the project. Enterprises are required to conduct a feasibility study and pre-assessment of the safety conditions for the construction project, prepare a design for the safety facilities, and submit these for review or filing with the relevant work safety supervision and administration department. Prior to the commissioning or operation of a completed construction project, the enterprise shall organize an acceptance check for the safety facilities and prepare a written acceptance report for record-keeping purposes.

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Laws and Regulations on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), producers and sellers shall establish a sound internal product quality management system, strictly implement post-specific quality standards, quality responsibilities, and corresponding assessment measures. The law prohibits the forgery or unauthorized use of quality certification marks, among other quality indications, prohibits the forgery of a product’s place of origin, or the forgery or unauthorized use of another manufacturer’s name or address and prohibits adulterating products, passing off fake products as genuine, or passing off substandard products as standard ones during production or sale. Pursuant to the Law on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), where a business operator causes property damage to a consumer in providing goods or services, it shall bear civil liability such as repairing, reworking, replacing, returning the goods, making up for any shortfall in quantity, refunding the payment for goods and service fees, or compensating for losses, in accordance with the law or the agreement of the parties.

Under the Civil Code of the PRC (《中華人民共和國民法典》), which took effect on January 1, 2021, if a defect is discovered in a product after it has been released into circulation, the producer and seller shall promptly take remedial measures such as ceasing sales, issuing a warning, or recalling the product. If damage is caused by a defect in the product, or by a failure to take timely remedial measures, the infringed party has the right to seek compensation from the producer or the seller. If the defect is attributable to the seller, the producer, after providing compensation, shall have the right to seek recourse from the seller. Where a producer or seller, knowing that a product is defective, continues to produce or sell it, or fails to take effective remedial measures as required, thereby causing death or serious harm to health, the infringed party has the right to claim punitive damages in addition to compensation for losses.

Laws and Regulations on Medical Institutions

The Policies and Laws on the Reform of Medical Institutions

The Several Opinions on Accelerating the Development of Establishment Medical Institutions by Social Capital (《關於加快發展社會辦醫的若干意見》) stipulates the policies to support the development of private-invested healthcare institutions. The Circular on Several Policies and Measures Regarding the Promotion of Accelerating the Development of the Medical Institutions Established by Social Capital (《關於促進社會辦醫加快發展若干政策措施的通知》) stipulates (i) the elimination and cancellation of unreasonable preceding items for examination and approval and the shortening of time required for making such examination and approval; (ii) the reasonable control of the number and scale of the public medical institutions and the exploration of the space for development of the medical institutions invested by social capital; and (iii) the support for the listing and financing of such eligible and qualified for-profit medical institutions invested by social capital.

Pursuant to the Law of the People’s Republic of China on Basic Medical and Health Care and the Promotion of Health (《中華人民共和國基本醫療衛生與健康促進法》), the government adopts various measures to encourage and guide non-governmental sectors to establish medical and health institutions pursuant to the law, support and standardize cooperation on various types of medical operations, discipline development, personnel training between medical and health institutions established by non-governmental sectors and government-organized medical and health institutions. The law also stipulates that the government will take measures to encourage and guide social forces to organize medical and health-care institutions, and that such medical and health-care institutions will enjoy the same rights as government-organized medical and health-care institutions in a number of areas.

In January 2024, the General Office of the State Council issued the Opinions on Developing the Silver Economy to Enhance the Well-being of the Elderly (《關於發展銀髮經濟增進老年人福祉的意見》), supporting the provision of rehabilitation assessment and rehabilitation guidance services for the elderly. In April 2024, the National Health Commission and seven other departments jointly issued the Opinions on Strengthening the Service Capacity Building of Critical Care Medicine (《關於加強重症醫學醫療服務能力建設的意見》), advancing the clinical specialty capacity building of critical care medicine.

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Regulations on the Administration of Medical Institutions

The Regulations on the Administration of Medical Institutions (《醫療機構管理條例》) and the Implementation Measures of the Regulations on the Administration of Medical Institutions (《醫療機構管理條例實施細則》) stipulate that any entity or individual that intends to establish a medical institution must comply with the relevant application and approval procedures and register with the relevant healthcare administrative authorities to obtain a Medical Institution Practicing License (醫療機構執業許可證). The Medical Institution Practicing Licenses shall not be fabricated, altered, sold, transferred or lent. The Administrative Measures for the Inspection of Medical Institutions (For Trial Implementation) (《醫療機構校驗管理辦法(試行)》), which was promulgated by the MOH and came into effect on June 15, 2009, stipulates that a medical institution's Medical Institution Practicing License (醫療機構執業許可證) is subject to periodic inspections by the registration authorities.

Regulations on the Clinical Application of Medical Technologies

According to the Administrative Measures for the Clinical Application of Medical Technologies (《醫療技術臨床應用管理辦法》), which was promulgated by the NHC on August 13, 2018 and implemented on November 1, 2018, a negative list management system is established for the clinical application of medical technologies. In particular, those listed on the Negative List for Medical Technologies (《醫療技術負面清單》) are deemed to be prohibited medical technologies and the clinical application of which is prohibited; certain medical technologies that are beyond the Negative List but possess certain prescribed characteristics are subject to strict record-filing management by the relevant health administrative department which require self-assessment of the medical technologies in question and submission of certain prescribed materials; and those medical technologies that are not categorized as prohibited or restricted medical technologies may be subject to clinical application by medical institutions according to their own functions, objectives, technical capabilities and so on and be strictly managed by the medical institutions themselves.

Regulations on Radiological Diagnosis and Treatment and Radiation Safety

According to the Provisions on the Administration of Radiological Diagnosis and Treatment (《放射診療管理規定》), medical institutions engaged in the radiological diagnosis and treatment shall be equipped with the conditions required for conducting radiological diagnosis and treatment, and apply for the Permit for Radiological Diagnosis and Treatment (《放射診療許可證》) issued by the competent health administrative authorities. After obtaining the Permit for Radiological Diagnosis and Treatment, medical institutions shall undertake registration of the relevant diagnosis and treatment subject with health administrative authorities, which issued the Medical Institution Practicing License. The Permit for Radiological Diagnosis and Treatment and the Medical Institution Practicing License shall be verified concurrently and testing reports on the performance of radiological diagnosis and treatment equipment and radiation work venues shall be submitted in applying for verification. Medical institutions that fail to obtain the Permit for Radiological Diagnosis and Treatment or have not registered under diagnosis and treatment disciplines shall not carry out radiodiagnosis and radiotherapy.

The Regulations on the Safety and Protection of Radioisotopes and Radiation-emitting Devices (《放射性同位素與射線裝置安全和防護條例》) and the Measures for Administration of the Safety Licensing of Radioactive Isotopes and Radioactive Equipment (《放射性同位素與射線裝置安全許可管理辦法》) stipulate that any entity conducts activities of production, sale, and use of radioactive isotopes or radial equipment within the territory of the PRC shall obtain the Radiation Safety License (《輻射安全許可證》).

Regulations on the Control of Narcotic Drugs and Psychotropic Drugs

According to the Regulations on the Control of Narcotic Drugs and Psychotropic Drugs (《麻醉藥品和精神藥品管理條例》), any medical institution needs to use narcotic drugs and the psychotropic drugs of category I shall be subject to the approval of the relevant health authority, and obtain the seal card for purchasing narcotic drugs and the psychotropic drugs of category I (麻醉藥品、第一類精神藥品購用印鑒

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卡). For any narcotic drug or psychotropic drug which is needed for clinical use but with no supply in the market, if any medical institution which holds the license of preparations of medical institution and the seal card needs to prepare the preparations, it shall be subject to the approval of the department of drug supervision and administration of the people’s government of the province, autonomous region, and municipality at its locality.

Regulations on the Deployment and Use of Large-scale Medical Equipment

According to the Administrative Measures on the Deployment and Use of Large-scale Medical Equipment (For Trial Implementation) (《大型醫用設備配置與使用管理辦法(試行)》), the large-scale medical equipment refers to the large-scale medical devices that adopt complex technology, require large capital investment, have high operation costs, have significant impact on medical expenses, and have been included in the large-scale medical equipment catalogue management. The State administrates large-scale medical equipment through the classified and hierarchical allocation plan and through the issue of License for Deployment of Large-scale Medical Equipment (《大型醫用設備配置許可證》) according to the catalogue. The large-scale medical equipment allocation management catalogue is divided into Category A and Category B. The large-scale medical equipment of Category A shall be allocated and managed by the NHC and issued with License for Deployment of Large-scale Medical Equipment by it; the large-scale medical equipment of Category B shall be allocated and managed by provincial health administrative departments and issued with License for Deployment of Large-scale Medical Equipment by them. The NHC and provincial health administrative departments shall respectively formulate the implementing rules for the allocation licensing management of Category A and Category B large-scale medical equipment. The Notice of the Issuance of Large-scale Medical Equipment Allocation and Management Catalogue (2023) (《關於發佈大型醫用設備配置許可管理目錄(2023年)的通知》) promulgated by the NHC on March 3, 2023 stipulates the categorization of large-scale medical equipment in Category A and Category B.

Regulations on Pharmaceuticals and Prescription Management in Medical Institutions

According to the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》), the Implementing Regulations of the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法實施條例》) and the Measures for Supervision and Administration of Drugs of Medical Institutions (For Trial Implementation) (《醫療機構藥品監督管理辦法(試行)》), medical institutions must purchase drugs from enterprises qualified to produce and deal in drugs. Drugs used by medical institutions must be purchased uniformly by designated departments in accordance with the provisions, and other departments and medical staff members of medical institutions are forbidden to purchase drugs on their own. According to the Administrative Measures for Prescriptions (《處方管理辦法》), a registered medical practitioner is entitled to issue prescriptions at his registered practice location.

Regulations on Medical Practitioners of Medical Institutions

Pursuant to the Physicians Law of the People’s Republic of China (《中華人民共和國醫師法》), physicians in the PRC must obtain licenses of medical professional qualifications. Anyone who has been awarded the qualifications as a medical physician may apply to the competent health department under the local people’s government at or above the county level for registration. Physicians may, upon registration, work in medical and health institutions according to the registered place, category and scope of practice to engage in the corresponding medical and health services, while assistant practicing physicians should, under the supervision of practicing physicians, practice according to the registered categories and scope of practice at medical and health institutions.

Pursuant to the Administrative Measures for the Registration of Practicing Physicians (《醫師執業註冊管理辦法》), physicians must register and obtain the Physician Practicing Certificate (《醫師執業證書》) before they commence practice and, those who are not registered or have not obtained the Physician Practicing Certificate are not allowed to engage in medical, preventive and healthcare services. The registration details of practicing physicians include place of practice, category and scope of practice. For practicing physician who wants to practice in multiple institutions within the same place of practice, he/she shall determine a specific institution as the main practicing institution, and apply for registration

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with the competent health authority which approved the aforesaid institution’s operation; as to other institutions where the practitioner intends to practice, the practicing physician shall apply the record filing with the administrative health and family planning authority to approve the institutions’ operation and indicate the name of the institutions.

The Several Opinions on Accelerating the Development of Establishment Medical Institutions by Social Capital (《關於加快發展社會辦醫的若干意見》) specifically stipulates that multi-institution practices of physicians shall be permitted and relevant authorities should permit the orderly movements of the medical personnel among medical institutions of various sponsorships. The Notice on Issuance of Several Opinions on Promoting and Standardizing Multi-Institution Practice of Physicians (《關於印發推進和規範醫師多點執業的若干意見的通知》) stipulates that the clinical, dental and traditional Chinese medicine physicians are allowed to practice in multiple places.

The Regulations on Nurses (《護士條例》) provides that a nurse must obtain a Nurse Practicing Certificate (護士執業證書), which is valid for five years. Pursuant to the Administrative Measures for the Registration of Practicing Nurses (《護士執業註冊管理辦法》), nurses must register and obtain the Nurse Practicing Certificate before they practice nursing at the registered practicing place. Those who are not registered or have not obtained the Nurse Practicing Certificate are not allowed to engage in nursing activities regulated by medical treatment standards.

Regulations on Management of Medical Advertisements

The Administrative Measures on Medical Advertisement (《醫療廣告管理辦法》), jointly promulgated by the State Administration for Industry and Commerce and the MOH on September 27, 1993, came into effect on December 1, 1993, amended on November 10, 2006 and came into effect on January 1, 2007, requires that medical advertisements shall be reviewed by relevant health administrative department and obtain a Medical Advertisement Examination Certificate (醫療廣告審查證明) before they may be released by a medical institution. Medical Advertisement Examination Certificate has an effective term of one year and may be renewed upon expiration. The Circular on Further Strengthening the Management of Medical Advertisements (《關於進一步加強醫療廣告管理的通知》), promulgated by the MOH on July 17, 2008, stipulates that the Medical Advertisement Examination Certificate should be strictly examined, that a monitoring system for medical advertisements should be gradually established and perfected, and that penalties for unlawful medical advertisements should be increased.

Regulations on Medical Malpractice

The Regulations on Handling Medical Malpractice (《醫療事故處理條例》), which was promulgated by the State Council on April 4, 2002 and came into effect on September 1, 2002, and the Regulations on the Prevention and Handling of Medical Disputes (《醫療糾紛預防和處理條例》), which was promulgated on July 31, 2018 and came into effect on October 1, 2018, provide a legal framework and detailed provisions regarding the prevention, technical identification, disposition, supervision, compensation and penalties of medical malpractice. For the purpose of the Regulation on Handling Medical Malpractice, medical malpractice refers to an accident involving personal injury to patients caused by medical institutions or medical personnel due to malpractice as a result of violation of the laws, administrative regulations or departmental rules on medical and health administration, or of standards or procedures of medical treatment.

Laws and Regulations on the Price of Healthcare Services and Medicines

According to the Notice of Issues Related to the Implementation of Market Price Adjustment of Healthcare Services Provided by Non-Public Medical Institutions (《關於非公立醫療機構醫療服務實行市場調節價有關問題的通知》) promulgated and implemented on March 25, 2014 by NDRC, the NHFPC and the Ministry of Human Resources and Social Security (the “MHRSS”), the price of healthcare services provided by non-public medical institutions to be set with reference to the market level. Non-public medical institutions which are profit-making in nature may set the price list for their healthcare services at their own discretion. Non-public medical institutions which are not-for-profit in nature shall set the

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price list for their healthcare services according to the National Standard Price List of Healthcare Services (《全國醫療服務價格項目規範》). For non-public medical institutions qualified to become designated medical institutions covered by medical insurance, they should be included as a designated service covered by social insurance such as basic medical insurance for employees and urban residents, new-type rural cooperative medical insurance, work-related injury insurance and maternity insurance in accordance with relevant procedures and adopt the same payment policy as in public hospitals. To efficiently utilize funds, medical insurance agents should determine specific payment methods and standards with such non-public medical institution by ways of negotiation under the requirements of medical insurance payment system reform.

The Notice on Issuing the Pilot Scheme for Deepening the Reform of Medical Service Price (《關於印發<深化醫療服務價格改革試點方案>的通知》), which was promulgated by the NHC, the NDRC and other relevant departments on August 25, 2021, stipulates that the medical services provided by non-public medical institutions shall implement the market price adjustment policy, and those included in the payment of medical insurance fund shall be managed according to the medical insurance agreement.

Laws and Regulations on Coverage and Reimbursement in the PRC

The State Council promulgated the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《關於整合城鄉居民基本醫療保險制度的意見》) in January 2016, which required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees. The General Office of the State Council released the Guidance on Further Deepening the Reform of the Payment Method of Basic Medical Insurance (《關於進一步深化基本醫療保險支付方式改革的指導意見》) in June 2017. The main objectives are to implement a diversified reimbursement mechanism including diagnosis related groups, per-capita caps, and per-bed-day caps. These new reimbursement methods would replace the current reimbursement method that is based on service category and product price. Local administration of healthcare security will introduce a total budget control for their jurisdictions and decide the amount of reimbursement to public hospitals based on hospitals' performance and the spending targets of individual basic medical insurance funds.

According to the Guiding Opinions of the Ministry of Human Resources and Social Security on Improving the Management of Designated Medical Institutions and Pharmacies of Basic Medical Insurance through Agreements (《人力資源和社會保障部關於完善基本醫療保險定點醫藥機構協議管理的指導意見》), which was promulgated by the MHRSS on December 2, 2015 and came into effect on the same day, the license for qualifying a medical institution as a designated medical institution to provide medical service to urban employees with basic medical insurance was cancelled. Agencies and the medical institutions should strictly comply with the stipulations in the service agreement and perform the agreement seriously. The defaulting party shall be held liable to the violations of the agreement.

According to the Notice on Ensuring Basic Medical Security for Urban and Rural Residents in 2025 (《關於做好2025年城鄉居民基本醫療保障有關工作的通知》) promulgated in September 2025, the relevant governmental authorities consolidate and improve the benefit level of the basic medical insurance for urban and rural residents, and keep the reimbursement rate for inpatient expenses within the policy scope stable at around 70%, regions with the necessary capacity may steadily raise the level of outpatient coverage based on their fund sustainability, and continue to increase fiscal subsidies for resident medical insurance.

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Laws and Regulations on Environmental Protection and Fire Control

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) outlines the authorities and duties of various environmental protection regulatory agencies. According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), depending on the impact of the construction project on the environment, a construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction.

According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Pollutant Discharges Administration and Disposal of Hazardous Waste

For any violation of the Regulation on the Administration of Permitting of Pollutant Discharges and the Measures for Pollutant Discharge Permitting Administration, in accordance with the Environmental Protection Law of the PRC, the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》) and other laws and regulations, the environmental protection authorities have the right to order to make corrections, restrict production, suspend production for rectification, and suspend business and close down, and impose a fine. If a violation of the public security provisions is constituted, it shall be punished for public security violation in accordance with the law. If a crime is established, it shall be investigated for criminal liabilities in accordance with the law.

Pursuant to the Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》), entities generating hazardous waste shall store, utilize and dispose hazardous waste according to the relevant requirements of the state and environmental protection standards, and shall not dump or pile up hazardous waste without authorization. Furthermore, it is forbidden to entrust hazardous waste to entities without a permit for disposal, or else the competent ecological and environmental authorities shall order it to make rectification, impose fines, confiscate illegal gains, and in serious circumstances, order it to suspend business or close down upon the approval of the government authorities.

The Measures for the Administration of Pollution Discharge Permits (《排污許可管理辦法》) stipulates that enterprises, public institutions and other producers and business operators shall, in accordance with factors such as the amount of pollutants produced, the amount of pollutants discharged and the extent of their impact on the environment, carry out the management of pollutant discharge permits with a focus, simplified management and pollutant discharge registration. The pollutant discharging entity shall apply for a pollutant discharge permit in accordance with the law and discharge pollutants in accordance with the relevant provisions. The pollutant discharge registration entity that needs to fill out a pollutant discharge registration form shall register its pollutant discharge on the National Pollutant Discharge Permit Management Information Platform. Pursuant to the List of Pollutant Discharge Permits for Classified Management of Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》), which was promulgated by the Ministry of Ecology and Environment on December 20, 2019 and came into effect on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the

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pollutant discharge registration form on the National Pollutant Discharge Permit Management Information Platform, and register with its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention and control measures adopted, and other information.

The Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》) requires that urban entities and individuals shall dispose sewage through urban drainage facilities covering their geographical area in accordance with applicable rules. Companies or other entities engaging in medical activities shall apply for a License for Discharging Sewage into the Drainage Network (城鎮污水排入排水管網許可證) before disposing sewage into urban drainage facilities. Sewage-disposing entities and individuals shall pay sewage treatment fee in accordance with applicable rules.

Pursuant to the Law of the People’s Republic of China on Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》), an entity generating radioactive waste liquid must, in accordance with the requirements of the national standards on the prevention and control of radioactive pollution, dispose or store the radioactive waste liquid which shall not be discharged to the environment. An entity generating radioactive solid wastes shall, in accordance with the provisions of the competent administrative department of environmental protection under the State Council, deliver the radioactive solid wastes it generates to the entity disposing the radioactive solid wastes for disposition after having them treated, and shall assume the disposition expense.

In accordance with the Regulations on Safety of Radioactive Waste Management (《放射性廢物安全管理條例》), China adopts the classified management of radioactive waste. According to the characteristics and the potential hazardous exposure of the human health and environment, radioactive wastes are divided into high-level radioactive waste, medium-level radioactive waste and low-level radioactive waste. Entities utilizing nuclear technology shall conduct relevant treatment procedures of the liquid radioactive waste (which is generated but cannot be discharged after purifications), and then transformed to solid radioactive waste. Entities utilizing nuclear technology shall deliver disused radioactive sources and other solid radioactive wastes generated by them to a solid radioactive waste storage entity possessing the applicable licenses for centralized storage, or to a solid radioactive waste disposing entity possessing the applicable licenses for disposal.

Management of Medical Waste

The Regulations on the Management of Medical Waste (《醫療廢物管理條例》) and the Measures for the Management of Medical Waste of Medical and Health Institutions (《醫療衛生機構醫療廢物管理辦法》) stipulate that medical institutions must categorize the medical waste in accordance with the Classified Catalogue of Medical Waste (《醫療廢物分類目錄》) for management purpose and timely deliver medical waste to a medical waste disposal entity approved by the environmental protection administrative department at or above the county level for centralized disposal. The sewage generated by medical institutions and the excretion of the infectious patients or suspect infectious patients shall be strictly disinfected pursuant to the provisions of the state; and only after those wastes have met the discharge standards set forth by the state, may they be discharged into the sewage disposal system.

Fire Control

Pursuant to the Fire Control Law of the PRC (《中華人民共和國消防法》), the Ministry of Emergency Management under the State Council and the local people’s governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people’s governments shall be responsible for implementation. The design of fire control of the construction projects must comply with the national technical standards of fire control. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business. According to the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of

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Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), an examination system for fire control design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Laws and Regulations on Land Use Rights and Leased Properties

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), state-owned land may be allocated or granted to units for construction use in accordance with the law. According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), real estate registration shall be handled by the real estate registration agency of the people’s government at the county level in the place where the real estate is located.

Pursuant to the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), both the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. Failure to comply with the registration and filing procedures may result in fines for both the lessor and the lessee.

Laws and Regulations on Intellectual Property Protection

According to the Trademark Law of the PRC (《中華人民共和國商標法》) and the Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed.

According to the Patent Law of the PRC (《中華人民共和國專利法》) and the Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), regulations and detailed rules, patents in China are categorized into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date.

According to the Administrative Measures for the Internet Domain Name (《互聯網域名管理辦法》), the MIIT is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

The Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》) specifies that works of Chinese citizens, legal persons or other organizations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, shall enjoy the copyright. Copyright holder can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction. Pursuant to the Measures for the Registration of Copyright in Computer Software (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), the National Copyright Administration is responsible for administering the registration of software copyright nationwide and has designated the China Copyright Protection Center as the software registration authority. The China Copyright Protection Center shall issue a registration certificate to applicants for computer software copyright who meet the prescribed requirements.

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Provisions of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trade Secret Infringement (《最高人民法院關於審理侵犯商業秘密

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民事案件適用法律若干問題的規定》), the right holders whose trade secrets are infringed may apply for administrative corrections, and the regulatory authorities shall order to stop any illegal activities and impose fine penalties on the infringers.

Laws and Regulations on Labor Protection

The Labor Law of the PRC (《中華人民共和國勞動法》) stipulates matters related to promoting employment, labor contracts, working hours, rest and leave, wages, labor safety and hygiene, special protection for female and minor workers, vocational training, social insurance and welfare, labor disputes, supervision and inspection, as well as legal liabilities. According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Implementation Regulation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), a written labor contract shall be established when forming a labor relationship. Employers shall not force employees to work overtime and must pay overtime wages according to national regulations if overtime is arranged.

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”) has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

On July 31, 2025, the Supreme People’s Court of the PRC has issued the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “**Interpretation II**”), which took effect from September 1, 2025. Pursuant to the Interpretation II, the agreement between an employer and an employee, or an employee’s commitment to the employer, stipulating that social insurance contributions need not be paid, shall be deemed invalid by the people’s court. If an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people’s court shall support such a request in accordance with the law.

Pursuant to the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), employers in Chinese Mainland shall provide their employees with housing provident fund. Employers who fail to contribute to the above housing provident funds may be ordered to make full payment within a prescribed time period by the housing provident fund management center. If an employer fails to make the payment towards the housing provident funds within a prescribed time limit, an application may be made to a people’s court for enforcement.

Laws and Regulations on Taxation

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) and the Regulations on the Implementation of the EIT Law (《中華人民共和國企業所得稅法實施條例》), a domestic enterprise which is established within Chinese Mainland in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within Chinese Mainland shall be regarded as a resident enterprise. A resident enterprise shall be subject to a tax rate of 25% of any income generated within or outside Chinese Mainland. A preferential tax rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced tax rate of 15%.

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On December 25, 2024, the SCNPC issued the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) (the “VAT Law”), which became effective from January 1, 2026. According to the VAT Law, any entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with the VAT Law. Except for taxpayers’ export of goods, the sale of services or intangible assets within the scope as prescribed by the State Council by domestic entities and individuals across national borders and other circumstances specified by the State Council, the rate of VAT for sale of goods, labor services of processing, repair or replacement, or tangible movable property leasing services or import of goods is 13% unless otherwise specified, such as the rate of VAT for sale of agricultural products is 9%, and the rate of VAT for sale of transportation, postal, basic telecommunications, construction, or immovable leasing services, sale of immovables, or transfer of the rights to use land is 9%. In addition to the above circumstances, the rate of VAT for sale of services or intangible assets is 6%.

Laws and Regulations on Foreign Exchange

According to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the Foreign Exchange Control Department of the State Council.

On December 24, 2025, the People’s Bank of China and the SAFE jointly issued the Notice on Issues Concerning the Fund Management for Overseas Listings of Domestic Enterprises (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), which took effect on April 1, 2026, to further facilitate domestic enterprises in efficiently raising funds in overseas financial markets. The main contents of the Notice include but not limited to clarifying that funds raised from overseas listings and proceeds from share reductions or transfers shall, in principle, be remitted back to China. Enterprises meeting certain conditions are permitted to retain and use raised funds overseas.

Laws and Regulations on Securities and Overseas Listing

The Securities Law of the People’s Republic of China (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The Shanghai Stock Exchange Stock Listing Rules (《上海證券交易所股票上市規則》) and the Shanghai Stock Exchange Self-Regulatory Guideline No. 1 for Listed Companies — Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》), along with other relevant laws and regulations, have further standardized the corporate governance mechanisms of A-share listed companies and improved their level of standardized operation.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and relevant five guidelines, which came into effect on March 31, 2023. According to such Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in

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direct or indirect means, are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents with the CSRC within three working days after the relevant application is submitted overseas.

On February 24, 2023, the CSRC together with the MOF and National Administration of State Secrets Protection and National Archives Administration of China have promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》). If domestic enterprises provide or publicly disclose to relevant securities companies, securities service institutions, overseas regulatory agencies and other parties, or provide or publicly disclose documents and materials involving state secrets or state organ work secrets through the issuer, they shall report the matters to the competent authorities for examination and approval, and file them with the department for the administration and management of state secrets at the same level for the record.

Laws and Regulations on Information Security and Data Privacy and Data Security and Data Export

On July 1, 2015, the NPC Standing Committee issued the National Security Law of the PRC (《中華人民共和國國家安全法》) (the “**National Security Law**”), which came into effect on the same day. The National Security Law stipulates that the State must safeguard national sovereignty, security and the development interests in cyberspace. It also requires the establishment of national security review and supervision systems to examine foreign investments, critical technologies, internet information technology products and services, and other significant activities that may impact China’s national security.

On November 7, 2016, the NPC Standing Committee promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), which came into effect on June 1, 2017 and further revised in October 2025 and became effective on January 1, 2026. According to the Cybersecurity Law, the State implements a cybersecurity multi-level protection system. Network operators shall comply with laws and regulations when conducting business and providing services, and fulfill their obligations to protect cybersecurity. Service providers operating via the network are required to adopt technical measures and other necessary measures, in accordance with laws, administrative regulations, and mandatory national standards, to ensure the safe and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data.

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020, and effective from January 1, 2021, the personal information of a natural person shall be protected by law. Any organization or individual needing to obtain the personal information of other persons shall legally obtain and ensure the security of such information, and shall not illegally collect, use, process, or transmit the personal information of other persons, nor illegally buy, sell, provide, or publish the personal information of other persons.

On August 20, 2021, the NPC Standing Committee promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect on November 1, 2021. The Personal Information Protection Law further emphasizes and specifies the obligations and responsibilities of personal information processors in personal information processing activities, and establishes a comprehensive set of rules for personal information processing, including but not limited to: personal information processing shall be for a clear and reasonable purpose; sensitive information processing shall have additional protection; the provision and entrusted processing of personal information to external parties shall be subject to the signing of special agreements to ensure security; the storage, deletion, disclosure, and automated decision-making of personal information shall comply with specific rules; and personal information processors shall have appropriate organizational safeguards, systematic safeguards, and technical measure safeguards.

On June 10, 2021, the NPC Standing Committee promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》), which came into force on September 1, 2021. On December 28, 2021, the Cyberspace Administration of China (the “**CAC**”), together with 12 other authorities, jointly

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promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Cybersecurity Review Measures**”), which took effect on February 15, 2022. The Cybersecurity Review Measures stipulate that: (i) a critical information infrastructure operator purchases network products and services or an online platform operator conducts data processing, which affects or may affect national security, a cybersecurity review shall be carried out according to these Measures; (ii) a key information infrastructure operator purchases network products and services, it shall anticipate the potential national security risks that may arise from the use of such products and services. Those that affect or may affect national security shall be reported to the Cybersecurity Review Office for cybersecurity review; (iii) An online platform operator who have more than 1 million users’ personal information must report to the Cybersecurity Review Office for cybersecurity review when going public abroad; (iv) If a member entity of the working mechanism for cybersecurity reviews deems that a network product or service or a data processing activity may affect or potentially affect national security, the Cybersecurity Review Office shall submit it to the Central Cyberspace Affairs Commission for approval according to the procedures before conducting a review in accordance with the provisions of these Measures.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which came into effect on September 1, 2022. The Measures for the Security Assessment of Outbound Data Transfer stipulate that data processors, who provide important data and personal information collected and generated in their operations within the territory of China to recipients overseas, shall conduct a security assessment of outbound data transfers according to these Measures. The CAC promulgated the Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》, “New Outbound Data Transfer Provisions”), which came into effect on June 1, 2023. The Measures set forth the specific requirements applicable to personal information processors that provide personal information outside of the PRC by entering into a standard contract with the overseas recipient. On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which took effect on the same date. The New Outbound Data Transfer Provisions stipulate that in case of inconsistencies with the Measures for the Security Assessment of Outbound Data Transfer, the New Outbound Data Transfer Provisions shall prevail. The New Outbound Data Transfer Provisions clarify specific situations in which certain obligations regarding cross-border data transfers (including declaring security assessments for outbound data transfers, entering into standard contracts for outbound personal information, and passing personal information protection certification) can be exempted.

On September 24, 2024, the State Council issued the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which came into effect on January 1, 2025. The Regulations on Network Data Security Management aim to implement the general requirements for data security management set forth in the Cybersecurity Law, the Data Security Law, and the Personal Information Protection Law. The regulations reiterate the general provisions on data processing activities, personal information protection rules, important data security protection, cross-border network data security management, and the obligations of online platform service providers. The Regulations on Network Data Security Management clarify the definition of important data, further specify the obligations of important data processors, and require network data processors whose data processing activities affect or may affect national security to undergo national security review in accordance with relevant national regulations.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN BRAZIL

The Brazilian regulations that significantly impact our business are set out below.

Laws and Regulations on Metrology and Product Conformity

Metrology in Brazil is primarily governed by Law No. 5,966, dated December 11, 1973, which created the National System of Metrology, Standardization and Industrial Quality (“**SINMETRO**”). The National Institute of Metrology, Quality and Technology (“**INMETRO**”) is the executive authority within SINMETRO and is responsible for enforcing legal metrology controls, accrediting conformity assessment bodies, and approving measuring instrument models. Law No. 9,933, dated December 20, 1999, further

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defines the powers of the National Council for Metrology, Standardization and Industrial Quality (“**CONMETRO**”) and INMETRO and provides that products subject to technical regulation must comply with the applicable technical requirements. Non-compliance may result in administrative penalties, including warnings and fines.

As a manufacturer of measuring instruments subject to legal metrology requirements, we must obtain model approval from INMETRO before placing regulated products on the market. As of January 1, 2026, pursuant to INMETRO Ordinance No. 657, dated October 8, 2025, the former regime of initial verification by the competent authority was replaced by a conformity declaration regime, under which manufacturers and authorized importers are responsible for declaring compliance of their equipment with applicable technical requirements, subject to continued oversight by INMETRO. Regulated products remain subject to periodic verification and post-repair verification throughout their lifecycle. Technical standards applicable to our activities include ABNT NBR ISO/IEC 17025, which sets forth competence requirements for testing and calibration laboratories.

Laws and Regulations on the Free Trade Zone of Manaus

We operate manufacturing facilities in Manaus, State of Amazonas, within the Manaus Free Trade Zone (“**Zona Franca de Manaus**” or “**ZFM**”), a special tax and trade regime established by Decree-Law No. 288, dated February 28, 1967. The ZFM is administered by the Superintendence of the Manaus Free Trade Zone (“**SUFRAMA**”).

Companies engaged in manufacturing activities within the ZFM under an approved industrial project and in compliance with the applicable Basic Productive Process (“**Processo Produtivo Básico**” or “**PPB**”) may benefit from relevant tax incentives, including: (i) exemption from the Tax on Manufactured Products (“**IMI**”) on products manufactured in the ZFM; (ii) an 88% reduction of import duty on certain foreign raw materials, intermediate goods and packaging materials used in local manufacturing; and (iii) reduced rates or a zero rate of Social Integration Program (“Programa de Integração Social” — “**PIS**”) and Contribution for Social Security Financing (“Contribuição para o Financiamento da Seguridade Social” — “**COFINS**”) on qualifying revenues and imports. The availability of such incentives is subject to prior approval of the relevant project by SUFRAMA’s Board of Administration and continued compliance with the applicable PPB requirements.

Laws and Regulations on Environment

Our industrial activities are subject to federal environmental laws and regulations, primarily Law No. 6,938, dated August 31, 1981, which sets forth the National Environmental Policy and establishes the National Environmental System (“**SISNAMA**”). Under this framework, industrial activities deemed actually or potentially polluting, or otherwise capable of causing environmental degradation, are subject to prior environmental licensing by the competent authority.

In addition, the National Environmental Council (“**CONAMA**”) issues binding resolutions establishing emission limits and environmental quality standards applicable to industrial facilities. Complementary legislation includes Law No. 12,305, dated August 2, 2010, which instituted the National Solid Waste Policy (“**PNRS**”) and requires, among other obligations, the implementation of waste management measures and, where applicable, reverse logistics systems. We must also comply with applicable state-level environmental licensing requirements for its facilities in the States of Minas Gerais and Amazonas.

Laws and Regulations on Employment Relations

Labor relations in Brazil are primarily governed by Decree-Law No. 5,452, dated May 1, 1943, which enacted the Brazilian Labor Code (Consolidação das Leis do Trabalho, or “**CLT**”), as amended from time to time, including by Law No. 13,467, dated July 13, 2017. In addition to the CLT, the Brazilian Civil Code (Law No. 10,406, dated January 10, 2002) and the Brazilian Code of Civil Procedure (Law No. 13,105, dated March 16, 2015) apply on a supplementary basis, where appropriate. Labor matters are also

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influenced by case law developed by the Superior Labor Court (Tribunal Superior do Trabalho, or “TST”) and the Federal Supreme Court (Supremo Tribunal Federal, or “STF”), including binding precedents and persuasive judicial guidelines, as applicable. The CLT sets forth the principal rules governing employment relationships, including minimum standards applicable to employment agreements, working hours, rest periods, overtime, notice of termination, and dismissal with or without cause.

Employees are also protected by the Severance Indemnity Fund (Fundo de Garantia do Tempo de Serviço, or “FGTS”), governed by Law No. 8,036, dated May 11, 1990, pursuant to which employers are required to deposit 8% of each employee’s monthly remuneration into an individual severance account, which may be accessed in the event of dismissal without cause and in other circumstances expressly provided by law. Social security contributions are governed by Law No. 8,212, dated July 24, 1991. In addition, companies are subject to the collective bargaining agreements and collective labor conventions applicable to their employees, as executed by the labor unions representing the relevant professional categories in the jurisdiction where services are rendered.

Laws and Regulations on Personal Data Protection

Our processing of personal data is subject to Law No. 13,709, dated August 14, 2018 (Lei Geral de Proteção de Dados Pessoais — “**LGPD**”), which took effect on September 18, 2020, and whose administrative sanctions became enforceable on August 1, 2021. The LGPD applies to the processing of personal data carried out in Brazil, as well as to processing activities aimed at offering or supplying goods or services to individuals located in Brazil.

Compliance with the LGPD is supervised by the Brazilian National Data Protection Authority (“**ANPD**”), which may impose administrative sanctions, including fines of up to 2% of our revenue in Brazil in the preceding fiscal year, capped at BRL 50 million per violation.

Laws and Regulations on Compliance, Anti-Corruption and Competition

We are subject to Law No. 12,846, dated August 1, 2013 (the “**Brazilian Anti-Corruption Law**”), as regulated at the federal level by Decree No. 11,129, dated June 30, 2022. The Brazilian Anti-Corruption Law establishes strict administrative and civil liability for legal entities for unlawful acts committed against domestic or foreign public administration, whenever such acts are carried out in the entity’s interest or for its benefit. Available sanctions include fines, mandatory publication of the sanctioning decision, and, in the judicial sphere, sanctions such as partial suspension of activities and compulsory dissolution of the legal entity. The existence and effectiveness of an integrity program may be considered a mitigating factor in determining sanctions.

We are also subject to Law No. 12,529, dated November 30, 2011 (the “**Brazilian Competition Law**”), pursuant to which the Administrative Council for Economic Defense (“**CADE**”) is empowered to investigate anti-competitive conduct and review acts of economic concentration.

Laws and Regulations on Intellectual Property

Our intellectual property rights, including patents relating to measurement and control technologies, industrial designs, trademarks and, where applicable, software embedded in its products and systems, are primarily governed by Law No. 9,279, dated May 14, 1996 (Lei da Propriedade Industrial — the “**Industrial Property Law**” or “**LPI**”), which is administered and enforced by the Brazilian Patent and Trademark Office (Instituto Nacional da Propriedade Industrial — “**INPI**”).

Software embedded in our products is protected under Law No. 9,609, dated February 19, 1998 (the “**Software Law**”) and, on a supplementary basis, under Law No. 9,610, dated February 19, 1998 (the “**Copyright Law**”). Trade secrets and confidential technical information are also protected under the unfair competition provisions of the LPI, including Articles 195 and 209, which provide for civil liability and, in certain cases, criminal sanctions in connection with their misappropriation.

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INTERNATIONAL TRADE REGULATIONS

U.S. Export Controls

In general, the BIS controls the export, reexport, and transfer (in-country) of commodities, software and technology (collectively, “**Items**”) subject to the *Export Administration Regulations* (the “**EAR**”). Items subject to the EAR include the following:

- (i) All items in the United States, including in a U.S. Foreign Trade Zone or moving in transit through the United States from one foreign country to another;
- (ii) All U.S. origin items wherever located;
- (iii) Non-U.S.-made commodities that incorporate controlled U.S.-origin commodities, non-U.S.-made commodities that are ‘bundled’ with controlled U.S.-origin software, non-U.S.-made software that is commingled with controlled U.S.-origin software, and non-U.S.-made technology that is commingled with controlled U.S.-origin technology which exceeds a certain threshold (the “**De Minimis Rule**”); and
- (iv) Certain non-U.S.-produced “direct products” of specified “technology” and “software”; and certain non-U.S.-produced products of a complete plant or any major component of a plant that is a “direct product” of specified “technology” or “software” (the Foreign Direct Product Rule, “**FDP rule**”)

For items subject to the EAR under different circumstances, the scope of control corresponding to the end-user, end-use, destination, etc., may be different and need to be judged on a case-by-case basis. If certain transactions or actions are controlled under the EAR, a license or license exception will be necessary. The EAR administered by the BIS is frequently revised and updated. We have listed the major developments in recent years below for reference. It should be noted that all the following amendments will be incorporated into the EAR upon their effective date. The core logic of the EAR remains as described above, which involves controlling the export, re-export, or in-country transfer of items subject to the EAR. The following amendments mainly refine and strengthen the relevant control details.

On October 7, 2022, BIS released an interim final rule (the “**2022 IFR**”) aimed to restrict the PRC’s ability to both purchase and manufacture certain high-end chips used in military applications and build on prior policies, company-specific actions, and less public regulatory, legal, and enforcement actions taken by BIS.

The 2022 IFR addressed U.S. national security and foreign policy concerns in two key areas. First, the rule imposed restrictive export controls on certain advanced computing semiconductor chips, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. Second, the 2022 IFR imposed new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit end uses.

On October 17, 2023, BIS published two interim final rules (the “**2023 IFR**”) designed to update export controls on advanced computing semiconductors and semiconductor manufacturing equipment, as well as items that support supercomputing applications and end-uses, to arms embargoed countries, including the PRC, and to place additional related entities in the PRC on the Entity List. The 2023 IFR reinforced the 2022 IFR controls to restrict the PRC’s ability to both purchase and manufacture certain high-end chips critical for military advantage.

On December 2, 2024, BIS published a new interim final rule (the “**2024 IFR**”) to further impair the PRC’s capability to produce advanced-node semiconductors that can be used in the next generation of advanced weapon systems and in AI and advanced computing, which have significant military applications.

REGULATORY OVERVIEW

In addition to the restrictions introduced by the IFRs, BIS maintains lists of persons or entities that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons or entities on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The U.S. in recent years has placed an increasing number of entities, including a number of entities in the PRC, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations.

U.S. Tariffs

The U.S. imposes a variety of tariffs on imported goods. While the U.S. Constitution grants Congress the authority to impose tariffs, several statutes have shifted that authority to the President under certain circumstances. Within the U.S., agencies involved in international trade regulation include the Customs and Border Protection (the “**CBP**”), the U.S. International Trade Commission (the “**ITC**”), and the Office of the U.S. Trade Representative (the “**USTR**”). The CBP is responsible for collecting tariffs on goods imported to the U.S. during the customs clearance process. The ITC is a quasi-judicial agency that administers U.S. laws governing trade remedies and provides analysis, information, and other support concerning tariffs and other international trade matters for the President, U.S. Congress, and the USTR. The ITC also investigates alleged violations of U.S. trade law, including unfair trade practices under Section 337 of the Tariff Act of 1930, illegal foreign financial subsidies, and violations, and Section 201 of the Trade Act of 1974 (imports of goods into the U.S. at an increased quantity that is a substantial cause of serious injury to a U.S. domestic industry). The USTR is a cabinet-level position within the office of the President of the U.S., and serves as the President’s principal adviser, negotiator, and spokesperson regarding matters of international trade.

The USTR is authorized to take certain action under Section 301 of the Trade Act of 1974 (“**Section 301**”), including without limitation the imposition of tariffs or other restrictions on imports, if it determines after investigation that a foreign government has engaged in unfair trade practices. In 2018, following a USTR investigation and report, the U.S. imposed tariffs on certain imported goods of Chinese origin. Section 301 tariffs are assessed and collected in addition to any other duties that may apply (including, without limitation, anti-dumping duties). Both the U.S. and China have brought claims against one another before the World Trade Organization in connection with this trade dispute.

Since early 2025, the U.S. government has issued multiple executive orders implementing additional tariff on imports from various jurisdictions. As of the Latest Practicable Date, following the ruling of the U.S. Supreme Court and pursuant to the relevant executive orders and official notices issued by the U.S. government, the tariffs previously imposed under the International Emergency Economic Powers Act (the “**IEEPA**”) became inactive on February 24, 2026. In lieu thereof, a temporary 10% tariff was imposed under Section 122 of the Trade Act of 1974 for a period of 150 days (“**Section 122 tariffs**”). However, on May 7, 2026, the U.S. Court of International Trade held that Section 122 tariffs were unlawful and ordered the payment of refunds to the plaintiffs in that case, though the collection of such tariffs from other importers continues pending further litigation. Accordingly, as of the Latest Practicable Date, a 10% tariff applies to goods imported into the U.S. from China after revoking the tariffs under the IEEPA effective on February 24, 2026. Such tariff arrangement is temporary in nature and remains subject to further regulatory developments and policy changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice.

SANCTIONS LAWS AND REGULATIONS

Set out below is a summary of the sanctions regimes imposed by the U.S., the United Nations, the European Union, the United Kingdom and its overseas territories, and Australia. This summary does not set out the laws and regulations relating to the U.S., the United Nations, the European Union, the United Kingdom and Australian sanctions in their entirety.

REGULATORY OVERVIEW

United States

The Office of Foreign Assets Control (the “**OFAC**”) is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. Economic sanctions maintained by the U.S. government could be categorized into “primary” sanctions and “secondary” sanctions. “Primary” sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and “secondary” sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity’s domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies’ foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens, regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to “block” (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the U.S. or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC’s comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, Syria, the Crimea, and the so-called Luhansk People’s Republic and the Donetsk People’s Republic regions. OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. An entity that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) is also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the U.S..

United Nations

The United Nations Security Council (the “**UNSC**”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote nonproliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are 10 monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

REGULATORY OVERVIEW

European Union

Under European Union sanction measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Target and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Targets.

United Kingdom

UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 (the “**UK Sanctions Act**”), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The United Kingdom is no longer an EU member state as of January 1, 2021. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs through regulations setting out the specific measures under each UK sanctions regime.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

Our history dates back to 1986, when our founder, Mr. ZHENG Jianjiang, perceptively identified the opportunities and growth potential in the power meter industry and established our business through taking over the operation of Longguan Township Watch Parts Factory (龍觀鄉鐘表零件廠). In 2015, our Group further expanded into the healthcare sector, heralding a new chapter of dual-track growth. Over the course of nearly four decades, our Group has evolved into a globally leading provider of comprehensive smart power distribution and utilization equipment and solutions, and the largest chain rehabilitation hospital group in China.

In June 2011, the A Shares of our Company were listed on the Shanghai Stock Exchange (stock code: 601567). See “— Corporate Development and Major Shareholding Changes — Conversion into a Joint Stock Limited Liability Company and Listing on the Shanghai Stock Exchange” for more details.

For further details about Mr. ZHENG Jianjiang’s extensive industry experience, please refer to the section headed “Directors and Senior Management” in this document.

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
1986	Our founder, Mr. ZHENG Jianjiang, established our business through taking over the operation of Longguan Township Watch Parts Factory (龍觀鄉鐘表零件廠).
1991	We launched the “Sanxing” brand and developed our first mechanical electric meter.
2001	We broadened our operations to encompass the power distribution industry.
2007	Our Company was established and became the holding company of our Group through a series of asset acquisitions and business restructurings.
2011	Our Company was listed on the Shanghai Stock Exchange (stock code: 601567).
2015	We entered into the rehabilitation and medical services industry. We acquired our Brazil subsidiary, established our local presence and expanded into overseas power utilization business.
2022	Our product portfolio further expanded to include new energy products.
2023	We began expanding into the overseas power distribution business.

HISTORY AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

We have been continuously expanding our business since inception, and had over 100 subsidiaries globally as of the Latest Practicable Date to facilitate rapid and effective implementation of our strategies. Below are the Major Subsidiaries that made material contributions to our results of operations during the Track Record Period and up to the Latest Practicable Date.

Name	Date of establishment and commencement of business	Place of establishment	Principal business activities
AUX Smart Technology	April 18, 2001	PRC	Sales of smart power distribution and utilization products
Sanxing Smart Electric	March 1, 2010	PRC	Sales of smart power distribution and utilization products
Ningbo Lianneng Instrument Co., Ltd. (寧波聯能儀表有限公司) (“ Ningbo Lianneng ”) ^{Note}	January 2, 2001	PRC	Sales of smart power distribution and utilization products
Sanxing Electric (Hong Kong) Company Limited (三星電氣(香港)有限公司) .	September 3, 2012	Hong Kong	Sales of smart power distribution and utilization products
Shanghai Sanyan Trading Co., Ltd. (上海三硯商貿股份有限公司)	May 14, 2013	PRC	Commercial trade
Ningbo Mingzhou Hospital Co., Ltd. (寧波明州醫院有限公司)	November 5, 2014	PRC	Healthcare services
Mingzhou Healthcare Group .	April 7, 2015	PRC	Investment
Ningbo AUX Investment Management Co., Ltd. (寧波奧克斯投資管理有限公司)	April 16, 2015	PRC	Investment
Ningbo Mingzhou Medical Investment Management Co., Ltd. (寧波明州醫療投資管理有限公司)	April 16, 2015	PRC	Investment
AUX Supply Chain	May 22, 2015	PRC	Procurement of raw materials
Ningbo Mingzhou Rehabilitation Medical Investment Management Co., Ltd. (寧波明州康復醫療投資管理有限公司)	May 22, 2015	PRC	Investment

HISTORY AND CORPORATE STRUCTURE

Name	Date of establishment and commencement of business	Place of establishment	Principal business activities
Ningbo AUX Yongneng Technology Co., Ltd. (寧波奧克斯甬能科技有限公司)	November 4, 2015	PRC	Sales of new energy products
Ningbo AUX Power Internet of Things Technology Co., Ltd. (寧波奧克斯電力物聯網技術有限公司)	April 22, 2020	PRC	Sales of smart power distribution and utilization products
Ningbo Aogao Supply Chain Co., Ltd. (寧波奧高供應鏈有限公司)	December 10, 2021	PRC	Procurement of raw materials
Ningbo Aoneng Electric Co., Ltd. (寧波奧能電氣有限公司)	January 25, 2024	PRC	Sales of smart power distribution and utilization products
Brazil Nansen Precision Instruments Co., Ltd. (巴西南森精密儀器有限責任公司)	July 20, 1972	Brazil	Sales of smart power distribution and utilization products

Note: As of the Latest Practicable Date, our Company held 100% equity interests in all of the above Major Subsidiaries, except for Ningbo Lianneng, which was held as to 95% by our Company and 5% by Shanghai Tongling Electric Co., Ltd. (上海通領電氣有限公司), an Independent Third Party.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and Early Development

Our history dates back to 1986, when our founder, Mr. ZHENG Jianjiang, perceptively identified the opportunities and growth potential in the instrumentation industry and established our business by taking over the operation of Longguan Township Watch Parts Factory (龍觀鄉鐘表零件廠). From 1991 to 1999, our business was operated through our predecessor, Ningbo Sanxing Instrument Factory (寧波三星儀表廠), formerly known as Yin County Instrument and Electrical Appliance Factory (鄞縣儀表電器廠). During this period, we launched the “Sanxing” brand and developed our first mechanical electric meter.

In May 1999, our predecessor, Ningbo Sanqiang Electrical Appliance Co., Ltd. (寧波三強電器有限公司), which was subsequently renamed Ningbo Sanxing Technology Co., Ltd. (寧波三星科技有限公司) (“**Ningbo Sanxing Tech**”), was established with an initial registered capital of RMB1.5 million. At the time of its establishment, Ningbo Sanxing Tech was owned 70% by Ningbo Sanxing Group Co., Ltd. (寧波三星集團股份有限公司), 20% by Ningbo AUX Electrical Appliance Factory (寧波奧克斯電器廠), and 10% by Ningbo Huaqing Electrical Appliance Co., Ltd. (寧波華強電器有限公司). In 2004, Ningbo Sanxing Tech became a wholly-owned subsidiary of China Bloom Industrial Co., Ltd., which was ultimately controlled by our Controlling Shareholders.

On February 1, 2007, our Company was incorporated as a limited liability company in the PRC to serve as the holding company of our business. In the same year, in preparation for the A-Share Listing and to strengthen the operations of our Group, we undertook a series of restructurings. As part of these efforts, all assets and businesses related to power distribution and utilization equipment previously held by Ningbo Sanxing Tech and other entities directly or indirectly controlled by our Controlling Shareholders were consolidated into our Group upon the completion of these transactions.

HISTORY AND CORPORATE STRUCTURE

Conversion into a Joint Stock Limited Liability Company and Listing on the Shanghai Stock Exchange

In March 2008, our Company accomplished all procedures required to convert from a limited liability company to a joint stock limited liability company.

In June 2011, we completed the issuance and listing of our A Shares (the “**A-Share Listing**”) on the Shanghai Stock Exchange (stock code: 601567). In the A-Shares Listing, we issued an aggregate of 67,000,000 A Shares, accounting for approximately 25% of our Company’s total share capital immediately following the A-Share Listing.

Private Placement of A Shares in 2015

As approved by our Shareholders in July 2014 and the CSRC in March 2015, our Company conducted a private placement of our A Shares to raise funds mainly for the repayment of our Company’s bank loans and the supplement of our Company’s working capital. A total of 70,000,000 A Shares were issued in the placement to ten investors. The placement raised net proceeds of approximately RMB610.74 million. Following the completion of the private placement in April 2015, our Company’s total issued share capital increased to 477,530,000 A Shares.

Private Placement of A Shares in 2016

As approved by our Shareholders in June 2015 and November 2015 and the CSRC in January 2016, our Company conducted a private placement of our A Shares to raise funds mainly for the operation and investment of our Company’s principal business. A total of 220,102,714 A Shares were issued in the placement to five investors. The placement raised net proceeds of approximately RMB2.97 billion. Following the completion of the private placement in June 2016, our Company’s total issued share capital increased to 1,419,045,964 A Shares.

As of the Latest Practicable Date, there were no outstanding options, warrants or convertible securities that could potentially affect the shareholding structure of our Company.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Company did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

On June 15, 2011, our Company completed the A-Share Listing and our A Shares commenced trading on the Shanghai Stock Exchange (stock code: 601567). Our Directors confirm that, since our listing on the Shanghai Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED]’ attention in relation to our compliance record on the Shanghai Stock Exchange. Based on the public searches on the websites of Shanghai Stock Exchange and CSRC and its Ningbo Office, there are no records of material non-compliance of our Company with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations, therefore, nothing has come to the PRC Legal Advisor’s attention that, during the Track Record Period and as of the Latest Practicable Date, our Company had any instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations in any material respect. Based on the independent due diligence conducted by the Sole Sponsor and the PRC Legal Advisor’s view above, no material matter has come to the Sole Sponsor’s attention that would cause them to disagree with the Directors’ confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

HISTORY AND CORPORATE STRUCTURE

Our Company seeks to [REDACTED] on the Hong Kong Stock Exchange to further enhance our capital strength and overall competitiveness, improve our international image and profile, meet the needs of the development of our overseas business and advance our globalization strategy. For details, see “Business — Our Strategies” and “Future Plans and Use of [REDACTED].”

[REDACTED]

Pursuant to Rule 8.08(1) (as amended and replaced by Rule 19A.13A of the Listing Rules) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3.0 billion.

Our A Shares are listed on the Shanghai Stock Exchange. Assuming that (i) [REDACTED] H Shares are [REDACTED] and [REDACTED] in the [REDACTED] and none of which will be [REDACTED] to any core connected person of our Company, (ii) the [REDACTED] is not exercised, and (iii) 1,405,209,400 A Shares are in issue and outstanding upon completion of the [REDACTED], [REDACTED] H Shares, representing [REDACTED]% of our total issued Shares (excluding any treasury Shares), will be counted towards the [REDACTED]. Based on the above, it is expected that our Company will satisfy the [REDACTED] requirements as required under Rule 19A.13A(2) of the Listing Rules. With respect to the minimum [REDACTED], the mid-point [REDACTED] and the maximum [REDACTED] of HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], the expected [REDACTED] of our H Shares held by the [REDACTED] would be HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED], respectively.

[REDACTED]

Pursuant to Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50.0 million; or (b) have an expected market value at the time of listing of not less than HK\$600.0 million.

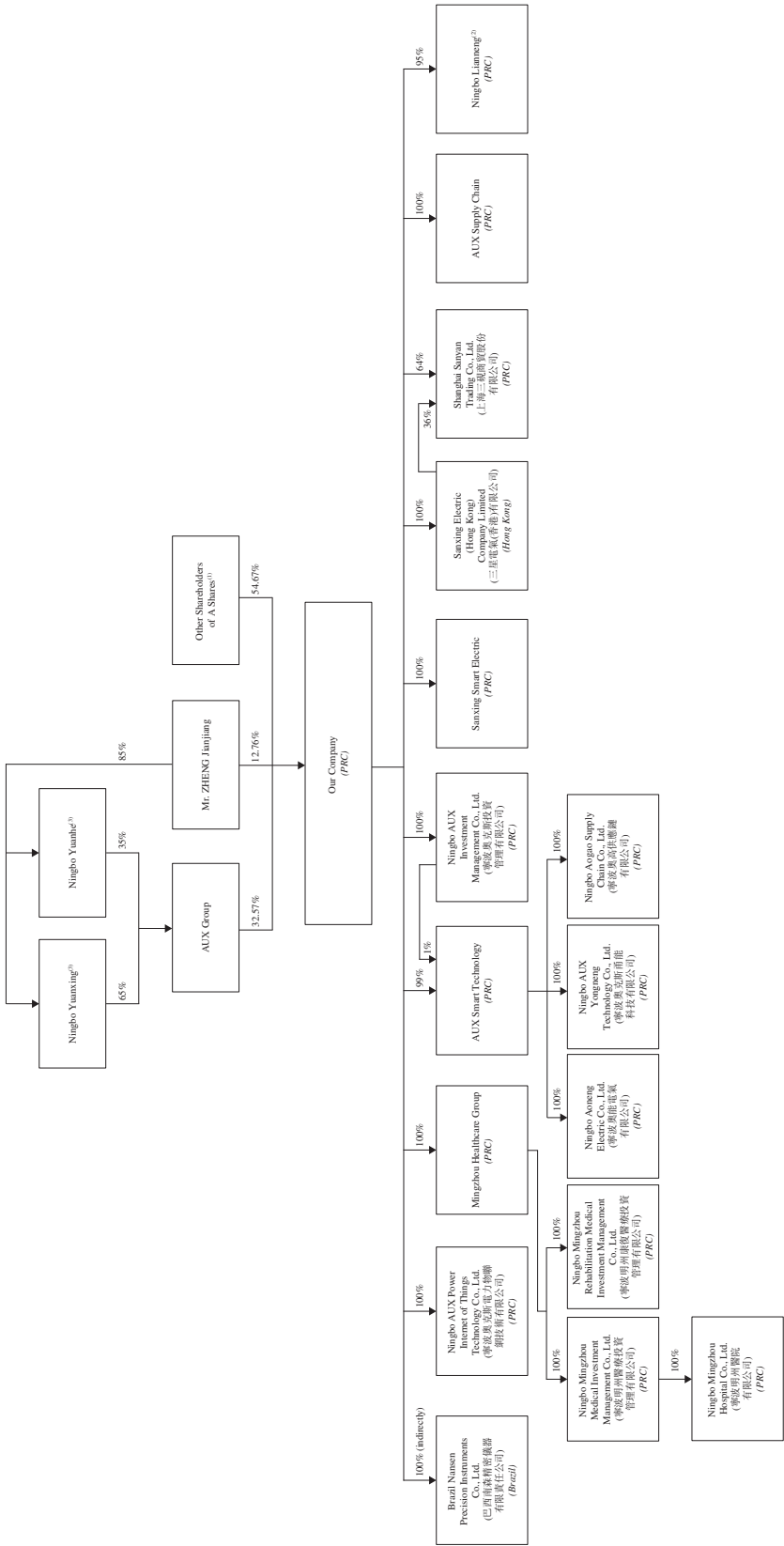
Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the total market value of H Shares required to be held in [REDACTED] and not subject to any disposal restrictions is expected to be approximately HK\$[REDACTED], calculated based on the [REDACTED] of HK\$[REDACTED] per H Share (being the minimum [REDACTED]), which is higher than the prescribed expected market value of H Shares required to be held in public hands of not less than HK\$600,000,000.

HISTORY AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately before the completion of the [REDACTED], assuming that no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [REDACTED]:



Notes:

(1) Including 5,755,371 A Shares held by our Company as treasury Shares as of the Latest Practicable Date.

(2) As of the Latest Practicable Date, Ningbo Lianneng was held as to 95% by our Company and 5% by Shanghai Tongling Electric Co., Ltd. (上海通領電氣有限公司), an Independent Third Party.

(3) As of the Latest Practicable Date, each of Ningbo Yuanxing and Ningbo Yuanhe was owned as to 10% and 5% by Mr. ZHENG Jiang and Mr. HE Xiwan. Mr. ZHENG Jianjiang is the elder brother of Mr. ZHENG Jiang and Mr. HE Xiwan is the brother-in-law of Mr. ZHENG Jianjiang. Mr. ZHENG Jiang and Mr. HE Xiwan directly held approximately 4.19% and 2.01% of the issued share capital of our Company as of the Latest Practicable Date.

The following chart depicts a simplified shareholding and corporate structure of our Group immediately upon completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [REDACTED]:



BUSINESS

OVERVIEW

Who We Are

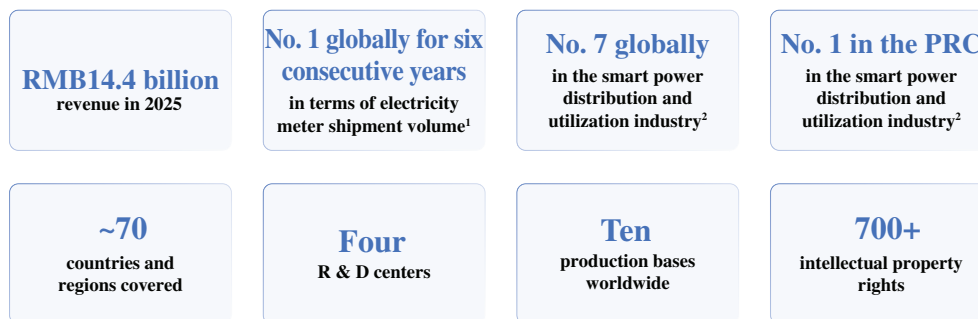
We are a globally leading provider of comprehensive smart power distribution and utilization equipment and solutions, and the largest chain rehabilitation hospital group in China. According to Frost & Sullivan, we ranked seventh globally and first in China by smart power distribution and utilization equipment and solutions revenue in 2025, with a global market share of 1.9% and a China market share of 5.0%. In 2025, our smart meters ranked first worldwide by shipment volume for the sixth consecutive year since 2020, with a global market share of 10.1% in 2025. We are the largest chain rehabilitation hospital group in China, providing differentiated rehabilitation medical services anchored by critical illness rehabilitation, with neurological and functional rehabilitation as our core competencies and elderly rehabilitation as our foundation. According to Frost & Sullivan, we ranked first among chain rehabilitation hospital groups in China by number of rehabilitation hospitals in 2025, with 25 operating rehabilitation hospitals and a market share of 2.8%.

We are committed to becoming a globally leading provider of power grid equipment and solutions and a leading medical services group in China. Guided by our mission to support the national “dual carbon” strategy and advance public health, we aim to build an enterprise group defined by product leadership, a global footprint and best-in-class service delivery.

During the Track Record Period, our smart power distribution and utilization segment delivered steady and sustained growth, forming the cornerstone of our financial performance. Our medical services segment underscores our commitment to social responsibility and long-term value creation. This dual-principal business structure effectively diversifies operational risks and enhances the overall resilience of our Group.

In particular, we are among the few industry players focusing on comprehensive offerings across both smart power distribution and utilization equipment and solutions, a competitive differentiator that sets us apart from single-segment peers. In our smart power distribution and utilization segment, nearly four decades of deep industry expertise have enabled us to build a comprehensive and differentiated product matrix spanning three core business lines: smart power utilization equipment and solutions, smart power distribution equipment and solutions, and new energy products. As of December 31, 2025, we had ten production bases globally, comprising nine established in China, Brazil, Indonesia, Poland, Germany, Mexico and Kenya, and one under construction in Brazil, together with over 40 sales centers worldwide, reflecting our commitment to continued global capacity expansion. Our operations span approximately 70 countries and regions, including 20 European countries, making us one of the Chinese power grid equipment companies with the broadest market presence in Europe according to Frost & Sullivan.

The diagram below sets forth certain key indicators illustrating our industry standing:



Notes:

- (1) According to Frost & Sullivan, our Group ranked No. 1 globally in terms of smart electricity meter shipment volume for six consecutive years from 2020 to 2025.
- (2) According to Frost & Sullivan, our Group ranked No. 7 globally and No. 1 in the PRC in terms of revenue generated from smart power distribution and utilization equipment and solutions in 2025.

In the medical services sector, we were among the earliest entrants into China’s private rehabilitation hospital market, establishing first-mover advantage and economies of scale in chain rehabilitation hospitals operations. Our integrated platform for medical practice, education and research cultivates a robust pipeline of leading medical professionals, reinforcing our market-leading position.

BUSINESS

Our History

Since our establishment, we have forged ahead for nearly four decades, expanding from our roots in power distribution and utilization to medical services, establishing a leading position in both industries:

- *Foundation and Deepening (1986-2007):* Our operations commenced in 1986. We entered the power meter industry in 1989 and developed China’s first all-plastic electricity meter housing. We established the “Sanxing” brand in 1991 and rose to become the leading player in China’s electricity meter industry by 1993. In 2001, we formally entered the power distribution sector and pioneered an integrated provision of power distribution and utilization products and offerings.
- *Capital-Driven Growth and Strategic Expansion (2008-2015):* We restructured into a joint stock limited company in 2008, and listed on the main board of the Shanghai Stock Exchange in 2011 (stock code: 601567.SH). In 2015, we started to provide medical services, formally adopting a dual-principal business model of “smart power distribution and utilization equipment and solutions + medical services.”
- *Globalization and Diversification (2015 to present):* We officially launched our international strategy in 2015. We subsequently established production bases in Brazil, Indonesia, Poland, Germany and Mexico, systematically strengthening our global supply chain and production capacity. Since 2022, our product portfolio further expanded to include new energy products to offer comprehensive smart power distribution and utilization equipment and solutions. We began expanding into the overseas power distribution business since 2023. As of December 31, 2025, we had 38 hospitals, including 32 rehabilitation hospitals. Among these, eight hospitals, including seven rehabilitation hospitals, were under construction or in preparatory stages.

Our Product Matrix and Services

In our smart power distribution and utilization segment, nearly four decades of deep industry expertise have enabled us to build a comprehensive and differentiated product matrix spanning three core business lines: smart power utilization equipment and solutions, smart power distribution equipment and solutions, and new energy products. Together, these lines cover the full spectrum of power usage scenarios — from the generation side (“source”) and grid side (“grid”) to the utilization side (“load”) and energy storage side (“storage”) — addressing the increasingly integrated needs of the modern power industry.



Note: For revenue classification purposes, within the generation side category, clean energy power conversion equipment are classified under our smart power distribution equipment and solutions, and grid-tied inverters are classified under our new energy products; all products within the grid side category are classified under our smart power distribution equipment and solutions; within the load side category, EV chargers are classified under our new energy products, while all other products in the load side category are classified under our smart power utilization equipment and solutions; all products within the storage side category are classified under our new energy products.

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Smart Power Utilization Equipment and Solutions

Our smart power utilization equipment and solutions center on smart meters and extend across gateway meters, smart terminals, and system integration solutions including AMI/MDM platforms. We lead the iteration and upgrade of domestic technical standards, successfully promoting domestically-produced high-end gateway meters and resolving key metering technology bottlenecks. Our new-generation smart meters and energy controllers comply with 2024/2025 standards of the two large national-level grid groups, delivering wider measurement range, enhanced stability and greater intelligence for demanding new energy scenarios. In overseas markets, we have deployed multiple AMI solutions, including next-generation AI-powered smart grid offerings based on Wi-SUN/PLC/4G protocols, supporting functionalities including collection rates, line loss control, anti-theft protection, intelligent operation and management and real-time grid data analytics. In Europe, our metering products feature high reliability, long-life design, high security levels (Suite 2) and real-time power quality monitoring capable of detecting harmonics, flicker and RVC. As general contractor, we partnered with a leading global system supplier and a major European telecom operator to deploy an AMI project of approximately one million units in Sweden, implementing quad-mode communication solution with KPIs exceeding 97% at 15 minutes and 99.7% at 24 hours, representing industry-leading performance.

Smart Power Distribution Equipment and Solutions

Our smart power distribution equipment and solutions comprehensively cover principal distribution equipment at 35kV and below, comprising a complete product matrix encompassing transformers, PV/wind power box-type substations, energy storage all-in-one unit, ring main units/eco-gas switchgear, and switchgear. Our proprietary energy-efficient transformers achieve noise indicators that surpass national standards, representing domestically leading manufacturing benchmarks. Our gas-insulated switchgear is recognized as a first-of-its-kind product in China. Our products are also highly competitive in global high-end markets: our oil-immersed transformers outperform EU EN standards across multiple key parameters including no-load loss, load loss and top-oil temperature rise, earning strong recognition from overseas customers. In March 2026, we won a Dutch power distribution grid project exceeding EUR100 million, ranking first in tender evaluation, demonstrating the competitiveness of our distribution products in international markets.

New Energy Products

Our new energy product business encompasses PV grid-tied inverter, hybrid inverter, residential energy storage battery, rack-mounted battery energy storage system and EV charger, forming an integrated “charging-inverter-storage” new energy product matrix. Our inverter product line covers 3-330kW PV grid-tied inverters and 3.6-50K hybrid inverters for residential, commercial, industrial and utility-scale applications, supported by a proprietary AI-powered diagnostics platform. Our energy storage solutions range from 5-16kWh residential systems to 5MWh large-scale DC storage cabins, with independently developed BMS and EMS for intelligent energy management. Our charging pile products span 7kW to 640kW, including DC chargers supporting national, European and U.S. standards.

Medical Services Segment

In medical services, we strategically cover key regions including the Yangtze River Delta and the Pearl River Delta, operating a network of 38 hospitals, including 32 rehabilitation hospitals, as of December 31, 2025. Among these, eight hospitals, including seven rehabilitation hospitals, were under construction or in preparatory stages. Years of dedicated engagement have built a trusted healthcare brand with widespread recognition and strong patient loyalty, underpinned by clinical specialization, standardized care pathways and a highly committed medical team.

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Our Financial Performance

During the Track Record Period, our business and financial performance delivered steady and sustained growth. Revenue grew from RMB11,462.5 million in 2023 to RMB14,600.5 million in 2024, and remained relatively stable at RMB14,360.8 million in 2025. Our net profit amounted to RMB1,920.8 million in 2023, RMB2,273.2 million in 2024, and RMB1,248.8 million in 2025.

Overseas business has emerged as one of the primary engines driving our financial performance growth, with the proportion of overseas revenue rising continuously and the contribution of the smart power distribution business growing significantly. Our revenue from overseas operations increased from RMB1,960.6 million in 2023 to RMB2,780.8 million in 2025, with a CAGR of 19.1%. Our localized operations in core markets including Europe, the Middle East and Latin America continued to deepen, with particularly strong performance in the European market. We achieved first-order breakthroughs for power distribution business in multiple new countries including Hungary, Romania and Slovakia in 2025, and the Netherlands in the first half of 2026, demonstrating the robust momentum and replicability of our overseas expansion strategy.

Our Market Opportunities

Power Distribution and Utilization Market

Global grid investment is expanding at record pace. According to the IEA, global grid investment is expected to reach US\$470 billion in 2025, representing a year-on-year increase of approximately 16% and a record high. Aging infrastructure and insufficient smart grid deployment across most countries are driving urgent, large-scale demand for grid modernization. The smart power distribution and utilization equipment and solutions segment, as a key sub-sector of the global power distribution and utilization equipment and solutions market, is growing at an even faster pace compared to the overall market. According to Frost & Sullivan, the global smart power distribution and utilization equipment and solutions market grew from RMB326.4 billion in 2021 to RMB582.4 billion in 2025, with a CAGR of 15.6%, and is projected to further grow to RMB1,005.6 billion by 2030, with a CAGR of 11.5% from 2025 to 2030.

The rapid growth of AI is also driving substantial incremental electricity demand. According to Frost & Sullivan, aggregate computing power in China grew from 136 EFLOPs in 2020 to 617 EFLOPs in 2024, representing a CAGR of 45.9%, and is projected to reach 3,443 EFLOPs by 2029, representing a CAGR of 40.0%. Intelligent computing power alone grew from 59 EFLOPs in 2020 to 438 EFLOPs in 2024, with further growth projected to 3,036 EFLOPs by 2029, representing a CAGR of 45.3%. The surge in data center construction is generating significant demand for high-reliability power distribution and utilization infrastructure.

In developed markets such as Europe and North America, energy transition and aging grid infrastructure are the primary investment drivers. The EU’s Grid Action Plan (2023) allocates EUR584 billion for grid inspection, improvement and upgrade, reinforced by the Forward-Looking Grid Investment Guidance (June 2025). In the United States, the Department of Energy has committed US\$10.5 billion over five years under the Grid Resilience and Innovation Partnerships program. These initiatives are expected to sustain strong replacement demand for transformers and other distribution equipment across Europe and North America.

Emerging markets offer significant growth potential driven by low electrification rates and limited smart grid penetration. In Latin America, which is one of the areas with largest growth potential for smart power distribution and utilization, Brazil’s National Energy Transition Policy and power market liberalization reforms are catalyzing investment. In Asia-Pacific, emerging countries are expected to represent an important source of growth for smart metering, supported by ongoing grid modernization initiatives, increasing electrification rates and government-led smart meter deployment programs. In Africa, the World Bank and African Development Bank’s “Mission 300” initiative has pledged at least US\$50 billion to electrify 300 million people by 2030. Across these regions, persistently high line losses and low smart meter penetration underpin sustained upgrade demand over the coming decade.

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In China, government investment in grid construction provides a strong domestic demand foundation. State Grid has announced expected total investment of RMB4 trillion during the 15th Five-Year Plan period, approximately 40% above the 14th Five-Year Plan. Grid construction investment reached RMB291.1 billion in the first half of 2025, representing 14.6% increase compared to the same period in 2024, with State Grid and China Southern Power Grid together committing a combined RMB220 billion more than in 2024. The ongoing transition to new metering standards — with State Grid’s June 2025 full-performance testing announcement for next-generation smart meters — is creating a significant product upgrade cycle. In addition, as urbanization shifts focus toward distribution network quality, demand for compact, high-reliability medium-voltage switchgear is rising alongside residential upgrades and underground utility corridor projects in first- and second-tier cities.

Medical Services Market

China’s healthcare expenditure has maintained steady growth. Driven by rising per capita disposable income, growing health awareness, expansion of public health insurance coverage and development of commercial insurance, increasing prevalence of chronic diseases and cardiovascular conditions, and an accelerating aging population, the overall medical services market in the PRC has experienced steady development in recent years.

Rehabilitation hospitals represent a high-growth sub-sector within the medical services market. According to Frost & Sullivan, the market size of China’s rehabilitation hospital industry grew from RMB19.0 billion in 2021 to RMB33.4 billion in 2025, with a CAGR of 15.1%, and is projected to further grow to RMB52.5 billion by 2030, with a CAGR of 9.5% from 2025 to 2030.

COMPETITIVE STRENGTHS

Four decades of deep engagement in the power industry, establishing a global leading position

We have been deeply engaged in the smart power distribution and utilization sector for nearly four decades, participating extensively in China’s power transformation. We have systematically expanded from a single meter product to multiple product lines spanning power distribution and utilization equipment and solutions and new energy products, building a comprehensive product matrix and solutions covering smart power distribution, smart power utilization and new energy. This enables us to meet the diverse smart energy management needs of domestic and international customers across all scenarios, with multiple product lines ranking first in the domestic market. We possess end-to-end delivery capabilities from standalone products to fully integrated AMI systems. We are also deeply involved in drafting national standards for smart meters and power distribution equipment in China and hold extensive core proprietary intellectual property.

After years of strategic development, we have established an extensive overseas sales network. As of December 31, 2025, our business spans approximately 70 countries and regions, with an established presence in 20 European countries. Our overseas power distribution business focuses on core markets in Europe, the Middle East, and Latin America. For example, we have secured initial orders in Saudi Arabia, Greece, Mexico and Brazil. We achieved first-order breakthroughs for power distribution business in multiple new countries including Hungary, Romania and Slovakia in 2025, and Netherlands in the first half of 2026, demonstrating the robust momentum and replicability of our overseas expansion strategy. Our overseas power utilization business targets the high-end market while expanding into emerging markets. In 2025, we secured our first major smart meter order in the United States. Meanwhile, we continue to advance product certification efforts across new and existing markets, steadily obtaining additional product certifications in various regions.

We participate deeply across the entire “source-grid-load-storage” value chain. Through comprehensive products and offerings, we address diverse customer needs from the power generation to end users, enabling us to proactively and systematically capture industry opportunities across the value chain.

On the “source” side, we provide new energy box-type substations and grid-tied inverters for PV and wind power generation projects, meeting low voltage requirements for generation-side grid connection, and serving as a core equipment supplier enabling clean energy grid connectivity. On the “grid” side, we have built a high-quality distribution equipment matrix centered on transformers and switchgear, with our transformers ranking first in bid amount value awarded by a large national-level grid group in 2025 and

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demonstrating strong performance across key parameters including noise, burnout rate and oil leakage rate. We are one of the few manufacturers capable of sustained and reliable supply under extreme environmental conditions. On the “load” side, with smart meters at the core, complemented by smart terminals, communication modules and AMI/MDM systems, we provide utilities with comprehensive user-side management solutions spanning energy metering, line loss management, electricity consumption data analytics, electricity billing settlement and demand response. On the “storage” side, we have independently developed core BMS and EMS systems, forming a full-scenario energy storage product matrix from low-voltage residential storage to high-voltage residential storage and 5MWh large-scale DC storage cabins, complemented by a charging pile product line covering the full power range from 7kW to 1.6MW. Together, these lines cover “source-grid-load-storage,” addressing the increasingly integrated needs of the modern power industry.

Long-standing, trusted relationships with leading customers

We have established long-term, mutually trusted partnerships with leading customers across the global energy industry. In the domestic market, we serve as a core supplier to the two large national-level grid groups and the top five power generation groups and their subsidiaries, and regional power companies. In terms of the bid amount of metering equipment awarded by a large national-level grid group in 2025, our Group ranked No. 3 in China with a market share of 2.8%. In terms of the bid amount of distribution transformers and prefabricated substations by the same group in 2025, our Group ranked No. 1 in both categories, a clear testament to the market’s recognition of our product quality and delivery reliability. In addition, we have been continuously expanding into new application scenarios and customer segments. We have achieved rapid growth in emerging sectors with customers such as new energy central state-owned enterprises, data centers and energy storage companies. We have secured orders from China’s three major telecommunications operators for data center applications. In overseas markets, we have been successfully admitted to the approved supplier lists of renowned power grid operators and energy groups in areas such as Sweden, Brazil and Saudi Arabia.

Our product competitiveness is further evidenced by the depth and longevity of our customer relationships. During the Track Record Period, we maintained an average business relationship of over ten with our top five customers in each of the years, with more than 20 years of cooperation with the two large national-level grid groups, reflecting comprehensive coverage of leading power industry customers. These enduring relationships are rooted in our deep understanding of customers’ operational environments, enabling us to deliver customized products for a wide range of demanding application scenarios, including high altitude, extreme cold environments at minus 40°C, and coastal high-salinity environments. We have completed China’s first box-type substation project at an altitude exceeding 5,000 meters and achieved large-scale deployment of 10MW-class high-capacity box-type substations. We also have a deep understanding of our overseas customers and have provided them with innovative products. Through our proprietary AMI system, we help utilities achieve energy efficiency management, with our system services currently supporting tens of millions of connected users. This deep, software-based integration creates strong customer stickiness, positioning us favorably for recurring equipment procurement.

Our deep customer relationships provide stable order flow and strong risk resilience. Our order backlog increased from RMB10.5 billion as of December 31, 2023 to RMB13.2 billion as of December 31, 2024, and further to RMB14.8 billion as of December 31, 2025, representing a CAGR of 18.8% from 2023 to 2025. As of March 31, 2026, our order backlog reached RMB15.7 billion, providing solid support for future performance growth.

Industry-leading R&D innovation and research capabilities

R&D innovation is the driving force behind our sustained industry leadership. In our smart power distribution and utilization segment, we have achieved CMMI V2.0 L5 international certification — the highest level in the global software domain — demonstrating that our software development and project management capabilities have reached world-class standards. We are deeply engaged in international and national standard-setting. As an entity member of the Institute of Electrical and Electronics Engineers (“IEEE”), we led the drafting of international standards including the IEEE P3197 Smart Meter Data Transmission Interface Guidelines. We have also successfully localized gateway meter technology, breaking a long-standing reliance on imported components and becoming the first private enterprise included in the relevant procurement list of a large national-level grid group.

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We currently operate four R&D centers, leveraging our provincial-level enterprise technology center, postdoctoral workstation and industrial design center to command key core technologies across the industry. Our technical infrastructure encompasses the industry’s most comprehensive testing facilities, including an internationally accredited ISO/IEC 17025 laboratory and a CNAS-accredited national laboratory, together with dedicated EMC, AMI communications, reliability, failure analysis laboratories and outdoor simulation test stations, providing robust technical assurance for our product development and quality control. Our achievements include multiple original and breakthrough innovations: our gas-insulated switchgear has been recognized as a first-of-its-kind product in China, and our energy controllers as first-of-their-kind at the provincial level. In February 2025, our research on AI-based load forecasting and regulation systems for large-scale power grids was designated as a Zhejiang Province AI application scenario.

These capabilities have earned us significant recognition: we have been designated a National-Level Intellectual Property Demonstration Enterprise and a Provincial Key Enterprise Research Institute with a Provincial Enterprise Technology Center. Our subsidiary Sanxing Intelligent has been recognized as a National-Level Intellectual Property Advantage Enterprise and holds a Provincial High-Tech Enterprise R&D Center designation.

In medical services segment, we continue deepening clinical specialization in critical illness rehabilitation, with focused development of two specialty centers dedicated to ventilator weaning and coma arousal. Through a multidisciplinary critical rehabilitation model in our high dependency units (“HDU”), we have built a cluster of key disciplines in critical rehabilitation that enhance the intrinsic clinical value of our hospitals. We have also strengthened our academic standing, having drafted a critical rehabilitation monograph authored from an intensive care medicine perspective — a pioneering academic work emphasizing the integration of organ rehabilitation, limb rehabilitation and psychological rehabilitation — and dozens of forward-looking papers in science citation index (SCI) journals and leading Chinese core journals.

Several of our hospitals have established medical alliance partnerships and rehabilitation alliances with peer hospitals. Through the adoption of advanced therapeutic technologies including SCS (spinal cord stimulation) and DBS (deep brain stimulation), as well as the establishment of an ECMO cerebral resuscitation center at Zhejiang Mingzhou Rehabilitation Hospital, we have continuously enriched our clinical offerings to meet patients’ increasingly diverse rehabilitation needs. We are also advancing our digital transformation strategy to enhance patient experience and clinical quality, building a unified patient service platform integrating case quality control, rehabilitation treatment management, clinical pathway and internet medical services systems, and driving intelligent upgrades in clinical workflows and hospital accreditation IT infrastructure.

A leading global operating network and diversified sales channels

We have built a comprehensive global network of production and sales capabilities for our smart power distribution and utilization segment, positioning us to capture growth opportunities across key markets worldwide. As of December 31, 2025, we had ten production bases (nine established and one under construction) and more than 40 sales centers globally, with operations spanning approximately 70 countries and regions. In the domestic market, with nearly four decades of deep engagement, we operate five regional divisions with 31 offices providing nationwide coverage. In overseas markets, our revenue from overseas operations increased from RMB1,960.6 million in 2023 to RMB2,780.8 million in 2025, with a CAGR of 19.1%. With more than a decade of dedicated overseas development, our business spans Europe, the Middle East and the Asia-Africa-Latin America region. In Europe, we are present in 20 countries, making us one of the Chinese power grid equipment companies with the broadest European country coverage in the industry, according to Frost & Sullivan. Localized manufacturing materially shortens delivery cycles and enhances our price competitiveness. We have established dedicated local service teams in key markets including Brazil, delivering service standards matching or exceeding those of competitors. Our planned capacity expansion in Saudi Arabia, Germany and other strategic locations will further reinforce our global footprint.

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We have implemented a proprietary technical marketing and “iron triangle” service model. Each of our global offices maintains dedicated sales, technical support and after-sales service teams. This deep service model enables us to maintain industry-leading customer satisfaction in high-end markets such as Europe, identify latent customer needs in complex application scenarios, and channel actionable insights directly to our R&D function for rapid and precise product customization. This approach has driven our strategic evolution from a standalone equipment supplier to an integrated “product + service” solution provider. Our effective marketing infrastructure and flat management structure have built strong overseas customer stickiness, providing a structural competitive advantage for capturing high-quality orders and sustaining rapid overseas growth throughout the energy transition cycle.

Intelligent and green manufacturing capabilities with industry-leading automation and certification

Guided by our core operating principles of precision, efficiency, pragmatism and simplicity, and adhering to our philosophy of “intelligentization, informatization and digitalization,” we continuously advance our intelligent and green manufacturing capabilities across five strategic areas: automation, informatization, equipment connectivity, green development and zero-defect quality management. We have built a comprehensive digital operations management platform spanning the full business cycle — from order receipt to collection, from strategic planning to mass production, and from production scheduling to inventory dispatch — achieving seamless connectivity across design, production, sales and service functions. For overseas markets, we have developed scalable regional system templates with rapid adaptation and deployment capabilities, providing a core technological engine to support our global expansion.

We and our core subsidiaries have earned multiple authoritative national and municipal certifications, including National-Level Green Factory, National-Level Green Supply Chain, National-Level Green Design Demonstration, National-Level Service-Oriented Manufacturing Demonstration, National-Level Intelligent Manufacturing Demonstration Scenario and Municipal-Level Carbon-Neutral Factory designations. In addition, we own and operate a digital factory, and we have been recognized as a Provincial Smart Factory, Provincial Future Factory Pilot, Provincial 5G Fully Connected Factory and Digital Demonstration Factory.

The completion and gradual commissioning of our Ningbo Qianwan Base marks an important milestone in elevating our intelligent manufacturing capabilities. The base achieves an overall automation rate of approximately 80% for iron core components utilized in our smart power utilization equipment and solutions. Through deep integration of core systems including CRM, PLM, SAP, MES and WMS, it connects six major business domains — market, planning, procurement, logistics, manufacturing and sales — deploying industrial robots, AGV intelligent scheduling, dry-type transformer automatic lamination and APS integrated production scheduling, comprehensively enhancing manufacturing precision and delivery efficiency. The implementing entity was selected for a 2025 National-Level Digital Transformation Pilot Project.

An entrepreneurial management team with deep experience and a high-caliber talent pipeline

Our core management team brings deep industry experience and sharp strategic insight, instrumental to our sustained success and growth. They possess an average of around 20 years of cumulative industry experience, with a thorough understanding of relevant industries. Our founder, Mr. Zheng Jianjiang, is a visionary entrepreneur with proven market acumen who has built industry-leading companies across multiple sectors including home appliances, power distribution and utilization equipment, new energy, and healthcare and continues to lead our Group’s strategic direction.

Our key management team members have deep roots in the power equipment and related industries and have developed a clear and efficient division of labor and collaboration mechanisms through long-term cooperation. They have accumulated extensive comprehensive management experience in business operations, financial management, strategic development, capital management and corporate governance, possessing precise insights into industry policies and future trends, enabling us to formulate a clear development strategy. Our management team has remained highly stable, providing strong support

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for the consistency and continuity of our strategic planning. Despite industry cycles, our management team has maintained a long-term perspective and advanced our business development in a steady manner, accurately seizing high-growth opportunities in the power equipment and related industries. Based on shared values and an open and collaborative culture, our team continuously attracts outstanding talents from both domestic and international sources and systematically enhances organizational capabilities through a structured talent development plan, solidifying the talent foundation for our long-term development.

We continuously attract and retain outstanding industry professionals through proactive and competitive talent strategies, building a mature, high-caliber talent pipeline. By implementing robust equity incentive plans and fostering a learning organization, we cultivate a globalized talent system that empowers our team to drive sustained growth.

OUR STRATEGIES

Our smart power distribution and utilization business now focuses on application scenarios across the “source-grid-load-storage” value chain. We are advancing new business lines including main transformers and gas-insulated switchgear (GIS), expanding market share for new energy products such as energy storage systems and inverters, and transforming from a traditional grid equipment supplier into a full-chain integrated solution provider specializing in new-type power electronics technologies.

Deepening localized operations worldwide

We will continue to advance our globalization strategy by establishing overseas production bases, sales centers and R&D centers staffed with localized teams. Through a model combining localized manufacturing, operations and maintenance, and strategic partnerships, we aim to better serve customer needs, enhance global delivery capabilities and consolidate our industry leadership.

Smart Power Utilization Equipment and Solutions: We are consolidating our presence in established high-end markets in Europe and the Middle East, while targeting expansion into emerging markets such as North America and Africa.

Smart Power Distribution Equipment and Solutions: Leveraging our overseas channels from the smart power utilization segment, we are consolidating our presence in Europe, the Middle East and Latin America, while continuing to penetrate the North American market and advancing the deployment of overseas production bases for smart power distribution products and offerings.

New Energy Products: Leveraging existing overseas channels, we are consolidating our presence in the Americas and Asia-Pacific, while targeting breakthrough expansion into the European market.

Increasing R&D investment to achieve new business breakthroughs

As the global energy structure undergoes profound transformation, the construction of new-type power systems is accelerating. The expansion of artificial intelligence and the digital economy is driving explosive growth in power infrastructure, while the sustained surge in new energy capacity under “dual carbon” objectives is creating historic development opportunities for the power equipment industry. We will increase R&D investment and coordinate our efforts across technology development, market expansion and ecosystem collaboration to continuously strengthen our core competitive capabilities in main grid equipment and new energy.

Main Grid Transmission and Transformation: The global energy transition and large-scale upgrade of power infrastructure are accelerating, driving sustained demand expansion for ultra-high-voltage and extra-high-voltage transformers on the main grid side. According to Frost & Sullivan, global grid investment continues to grow, with cross-border and cross-regional high-capacity transmission corridors placing increasingly stringent requirements on transformer performance and reliability. We will focus on main transformers and GIS as our core products, targeting expansion across global markets. For main

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transformers, we will leverage our deep expertise in power transformer R&D and manufacturing to continuously enhance technical specifications across dimensions including high voltage levels, large capacity and low loss. For GIS products, these products possess irreplaceable market positioning in specialized application scenarios such as urban underground substations and high-altitude, extreme-cold environments, owing to their superior explosion-proof, moisture-resistant and space-efficient characteristics. We plan to increase R&D investment and production capacity deployment to expand into overseas markets and build a globally competitive product matrix.

New Energy Products: We plan to explore the integrated PV-storage-charging business. Driven by policy support and power market reforms, demand for domestic commercial and industrial energy storage and utility-scale ground-mounted storage is entering a rapid growth phase. Meanwhile, the residential energy storage market continues to exhibit strong momentum in overseas markets such as Europe and North America. Seizing opportunities arising from the global energy landscape transformation, we are pursuing a dual-track strategy of “deepening energy storage and core inverter manufacturing.” In energy storage products, we are focusing on residential storage, commercial and industrial storage and utility-scale storage systems. In inverters, we are targeting high-power inverters for residential and commercial and industrial users as well as hybrid inverters.

Strengthening full source-grid-load-storage value chain coverage

With deep expertise in the power industry and established presence across the “source-grid-load-storage” value chain, we continue to strengthen our comprehensive product matrix – covering generation, transmission, transformation, distribution, storage, utilization and charging. Focusing on new-type power electronics technologies, we are deepening our full-chain product portfolio across all segments of the power industry, providing integrated one-stop solutions to customers including grid operators, new energy developers, municipal utilities and industrial enterprises.

Centering on customer needs, we are evolving from standalone equipment supply to system integration and turnkey delivery for smart energy management. We continue to advance AMI turnkey project delivery, having completed benchmark projects such as the Nigeria TCN and Brazil COPEL smart meter turnkey projects. Going forward, we will deepen AI technology applications and expand into new energy and multi-energy management as well as grid intelligence upgrade services, with a focus on markets across Asia, Africa, Latin America and Belt and Road countries.

In smart meter EPC and energy turnkey projects, through cross-segment collaboration, we significantly enhance project delivery efficiency, metering accuracy and system operation and maintenance reliability, addressing customers’ core requirements for equipment compatibility, stable and precise metering, and end-to-end service connectivity. By effectively reducing customers’ total cost of procurement, operations and management, we continue to strengthen customer stickiness and consolidate our competitive position in the smart metering and energy measurement sector.

Accelerating digital and intelligent transformation

Centering on customer needs, we have deeply integrated core systems including SAP, CRM, SRM, MES and APS, connecting the entire workflow across sales, production scheduling, manufacturing and supplier collaboration. We have built an end-to-end digital supply chain network achieving real-time visibility of order, production and material information flow, effectively enhancing value chain resilience and transparency to strengthen our core competitiveness. For overseas operations, we maintain a compliance-first, prudent operating approach, leveraging our mature domestic digital capabilities to advance overseas system development and data integration, establishing seamless coordination across domestic and international business and data streams. Our Ningbo Qianwan Base has established a digital workshop foundation, horizontally replicating intelligent equipment, smart management hardware and software, and proven practices, while vertically integrating 5G, IoT and big data to implement innovative production models including customized manufacturing, networked collaboration, digital design, remote operation and maintenance and intelligent safety management. Through comprehensive smart upgrades across the entire chain, we have achieved automated production equipment, transparent operational data,

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timely anomaly intervention, intelligent logistics, intensive energy management and plant-wide data connectivity, empowering decision-making through data analytics to build a smart manufacturing benchmark. Going forward, we will continue to increase digital and intelligent investment, establishing three foundational pillars – data management, technology application and artificial intelligence. We will deepen digital and intelligent applications across all business scenarios, upgrade core systems and enhance our global collaboration framework, leveraging digitalization to upgrade the entire value chain, consolidate our industry leadership and support sustainable enterprise development.

Strengthening talent development and organizational reform

To support our business expansion, we are committed to building a technology-oriented, multi-disciplinary and international talent team. We are intensifying global recruitment efforts, targeting industry leaders, senior R&D engineers and marketing professionals.

We have established a highly competitive compensation and incentive framework within the industry. Having completed six rounds of equity incentive plans, we plan to continue implementing and expanding such programs, including dedicated equity incentive plans for senior talent, to attract top-tier professionals and enable them to share in the benefits of our growth.

We plan to further deepen our flat organizational structure reforms, empowering regional executives with greater decision-making authority to enable rapid response to changing local market conditions. We also plan to extend our existing equity incentive plans to a broader group of core personnel, reinforcing a performance-driven corporate culture.

SMART POWER DISTRIBUTION AND UTILIZATION BUSINESS

We are a globally leading provider of comprehensive smart power distribution and utilization equipment and solutions. Our product matrix primarily includes three major categories: smart power utilization equipment and solutions, smart power distribution equipment and solutions, and new energy products. The following table sets forth a breakdown of our revenue by product categories, both in absolute amounts and as percentages of the revenue generated from our smart power distribution and utilization business, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Smart power utilization						
equipment and solutions	4,423,330	52.4	5,173,819	46.5	4,223,444	37.8
Smart power distribution						
equipment and solutions	3,932,846	46.6	5,827,984	52.4	6,503,860	58.3
New energy products	80,168	1.0	118,326	1.1	435,357	3.9
Total	8,436,344	100.0	11,120,129	100.0	11,162,661	100.0

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With nearly four decades of deep industry expertise, we have established a solid foundation in the domestic market, providing a comprehensive and differentiated product matrix. According to Frost & Sullivan, we ranked first in China by revenue in the smart power distribution and utilization equipment and solutions industry in 2025, with a market share of 5.0%. Leveraging our leading position in the China market, we have successfully expanded our presence into the global market. In 2025, our smart meters ranked first worldwide by sales volume for the sixth consecutive year, according to Frost & Sullivan. As of December 31, 2025, we serve approximately 70 countries and regions worldwide. Notably, our business has covered 20 countries in Europe, making us one of the Chinese companies with the most extensive European market coverage in the industry.

During the Track Record Period, our business growth was primarily driven by our continued focus on overseas strategy and localized operations. For our smart power utilization equipment and solutions, we have deeply penetrated markets across Asia, Africa, Latin America, the Middle East, and Europe, and secured our first major smart meter order in the United States in 2025. For our smart power distribution equipment and solutions, we focus on advantaged markets including Europe, the Middle East and Latin America. We have also enhanced our localized operations by building a comprehensive global network. As of December 31, 2025, we had ten production bases (nine established and one under construction) and over 40 sales centers worldwide, which provide strong support for our overseas business expansion.

The following table sets forth a breakdown of our revenue by geography, in both absolute amounts and as percentages of our revenue generated from our smart power distribution and utilization business, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	6,475,698	76.8	8,406,628	75.6	8,381,890	75.1
Overseas ⁽¹⁾	1,960,646	23.2	2,713,501	24.4	2,780,771	24.9
Total	8,436,344	100.0	11,120,129	100.0	11,162,661	100.0

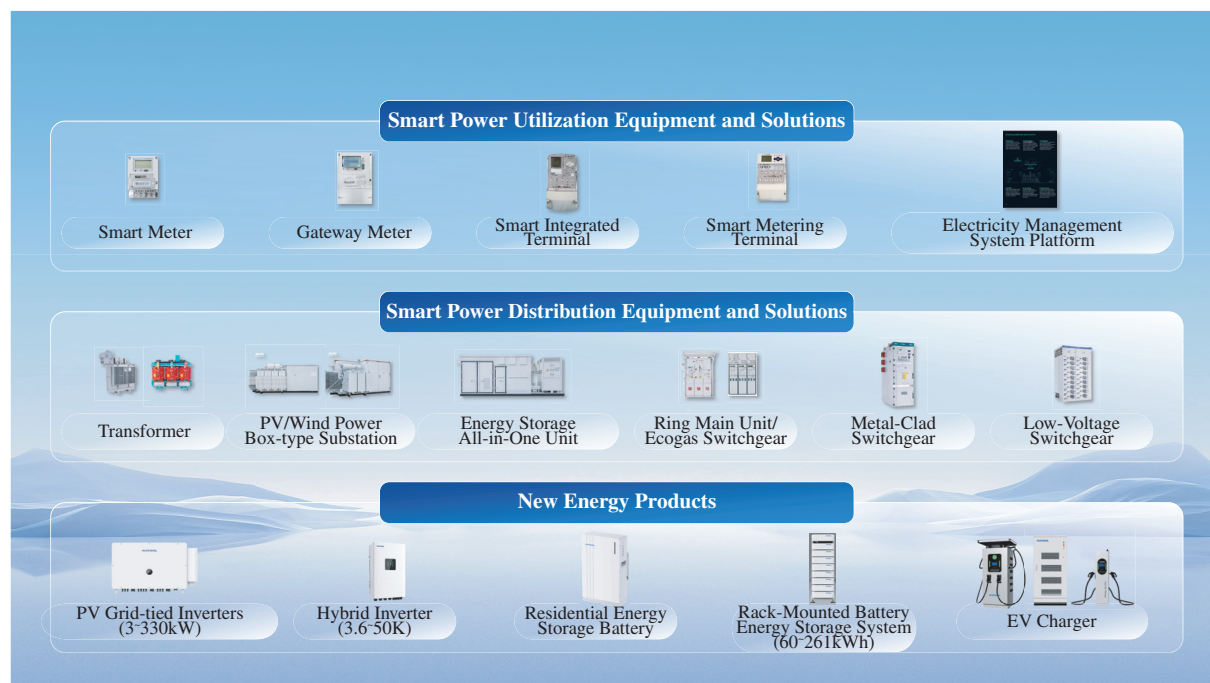
Note:

- (1) Comprising sales to customers in approximately 70 countries and regions, including Brazil, Saudi Arabia, Indonesia and Sweden.

Our Products

We offer a portfolio of products and services designed to address the smart energy management needs of our customers both domestically and internationally. Our solutions span the full value chain of source-grid-load-storage, encompassing smart meters, intelligent terminals, communication modules, system software, transformers, compact transformer substations, switchgear and power distribution boxes. Through this comprehensive product portfolio, we assist our customers in building reliable, high-quality power grid systems.

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Smart Power Utilization Equipment and Solutions

We have championed the adoption of domestically-produced high-end gateway meters, addressing key technological bottlenecks that had previously relied on imported equipment. Our capabilities in core metering algorithms and deployment of AI place us at the forefront of the industry. Building on these strengths, we have developed a new generation of smart meters and energy controllers, featuring wider measurement ranges, enhanced stability and greater intelligence. These products are specifically designed to meet the demanding requirements of new energy application scenarios in the PRC.

In global markets, we offer a comprehensive range of Advanced Metering Infrastructure (“AMI”) smart energy solutions, addressing the diverse needs of overseas utilities and grid operators. Our international offerings primarily comprise four integrated solutions: (i) next-generation AI smart grid solution, which is built on multi-protocol communication technologies including Wi-SUN, PLC and 4G; (ii) cloud-based SaaS product delivery solution; (iii) AI-powered integrated intelligent operation and maintenance solution; and (iv) edge-computing-based (ECU) smart power distribution solution, which enables real-time data processing at the network edge for faster response and reduced latency in distribution management.

According to Frost & Sullivan, our smart meters have ranked first globally in 2025 in terms of sales volume for six consecutive years since 2020.

The table below shows the details of our representative smart power utilization equipment and solutions:

Product	Description
Domestic Smart Meter	A full-range smart metering device covering single-phase and three-phase configurations for residential, commercial, industrial, and grid applications. All products have passed the dedicated testing and certification requirements of large national-level grid corporations. Our products are manufactured through automated production lines, with a designed service life of up to 18 years.



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Product	Description
International Smart Meter 	A smart metering device tailored for overseas markets, currently serving customers across approximately 70 countries and regions worldwide. Our products can be customized to meet the regulatory and technical standards of target markets, including EU MID, and U.S. ANSI, enabling us to address the diverse and stringent metering and safety requirements of different regions.
Gateway Meter 	A high-precision metering device, which satisfies the dedicated testing and certification requirements of large national-level grid corporations, and have participated in setting industry standards. With significant market shares in various provinces across the Chinese Mainland, our gateway meters have established a strong presence and effectively reduced the market’s historical reliance on imported products. It achieves the highest Class E metering accuracy in the industry, operates with a zero-failure record, and is protected by multiple invention patents.
Smart Integrated Terminal 	An intelligent field device that adheres to a specialized architecture that provides a specialized terminal for each distribution zone and a specialized encryption key for each communication channel. This principle ensures comprehensive coverage and highly secure data transmission, effectively addressing the multi-professional operational requirements of departments including marketing, equipment management, and dispatch, while significantly enhancing their ability to monitor and control activities within these distribution zones. Our smart integrated terminal also supports seamless interaction with critical platforms and systems for electricity companies such as Meter Data Collection (MDC) master stations, Distribution Automation (DA) master stations (including cloud-based DA platforms), IoT Management Platforms, and Dispatch Automation Systems. Moreover, it incorporates security features to safeguard device access, software systems, and data exchange protocols.
Smart Metering Terminal 	An intelligent data acquisition device and control terminal device designed for installation in public and dedicated transformer distribution zones. Built on the Power HarmonyOS operating system, it features modular hardware design with software-defined functionality. It supports multi-source data collection, large-capacity storage, and high-performance computing, providing capabilities including electricity metering, data acquisition, load control and electricity consumption management.

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Product	Description
Electricity Management System Platform 	A comprehensive software platform integrating head-end system (HES), network management system (NMS), field device management (FDM), MDM, Billing, and other systems, powered by big data and AIoT technologies. Designed for intelligent management across all smart electricity consumption scenarios, the platform delivers end-to-end digitalized operations spanning the full value chain, from device sensing and data acquisition through to intelligent analytics and operation and maintenance decision-making. Our platform provides grid operators with a unified, fully connected management solution.

Our smart power utilization equipment and solutions have the following advantages:

- High-Precision Metering and Multi-Tariff Support.** Our smart metering products generally achieve active energy accuracy of Cl.1 and reactive accuracy of Cl.2, meeting the prevailing standards for residential and commercial applications. Certain products, such as our data concentrator units, attain accuracy of up to Cl.0.5S, satisfying the more stringent requirements for industrial and grid-settlement applications. The products support up to 8 tariffs (TOU), accommodating complex tiered pricing structures across different markets.
- Versatile Communication and Modular Architecture.** Our products support a broad range of communication protocols, including 4G/3G/GPRS/LTE-M/NB-IoT/G3-PLC/HPLC/PRIME/RF/Wi-SUN, through interchangeable modular communication units with local and remote firmware upgrade capability, ensuring long-term adaptability to evolving network technologies and reducing lifecycle costs for utilities.
- High Security and Anti-Tampering.** The products incorporate DLMS security suite with advanced encryption standard (AES) and elliptic curve cryptography (ECC) encryption for robust data protection. Comprehensive anti-tampering features — including abnormal wiring, cover removal and bypass detection — effectively safeguard utility revenue.
- End-to-End System Solutions.** Beyond terminal devices, we offer complete system solutions spanning AMI, network management system (NMS), prepayment vending management and field data management (FDM), all supporting multi-vendor interoperability and third-party integration to enable full-process digitalization from deployment to operations.

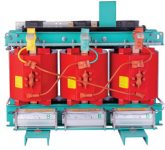
Smart Power Distribution Equipment and Solutions

We offer a comprehensive range of smart power distribution equipment and solutions covering all major product categories for voltage levels of 35kV and below, addressing the full spectrum of mainstream distribution needs. Our product portfolio primarily includes transformers, ring main units, eco-friendly gas-insulated switchgear, intelligent power distribution terminals, integrated primary and secondary equipment, high and low voltage switchgear assemblies and intelligent prefabricated substations.

In addition, as part of our commitment to sustainable development, we have independently developed a range of energy-efficient and environmentally conscious products, including new energy-efficiency transformers, compact transformers, compact ring main units and eco-friendly gas-insulated switchgear, together with their core components. We have also made early-mover investments in large-capacity compact transformer substations, large-current centralized switchgear and low-voltage switchgear cabinets to capture anticipated growth in these segments.

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The table below shows the details of our representative smart power distribution equipment and solutions:

Product	Description
Dry-Type Power Transformer 	A dry-type distribution transformer developed using advanced technology from Germany, with Class H insulation materials and a vacuum pressure mirror-casting process, achieving Class H insulation grade epoxy resin encapsulation. Suitable for power distribution systems operating at 35kV and below at 50Hz or 60Hz, the product is widely deployed across residential developments, commercial buildings, public facilities, industrial and mining enterprises, power generation facilities, and urban and rural electricity networks, serving as an ideal green and environmentally friendly power distribution solution.
Oil-immersed Distribution Transformer 	A core power equipment that steps down high-voltage electricity for distribution to end users, utilizing oil-paper insulation to ensure safe and stable operation. The product is designed to withstand extreme weather conditions with high environmental resilience, and features a well-engineered structure that accommodates grid load fluctuations. It is characterized by high operational stability, low noise levels, and a wide range of available capacity configurations, making it suitable for diverse grid deployment environments.
PV/Wind Power Box-type Substation  	A prefabricated high-voltage/low-voltage substation unit purpose-built for solar and wind power generation applications, integrating high-voltage switchgear, an oil-immersed step-up transformer, low-voltage switchgear, and associated auxiliary equipment within a single enclosure. Designed to step up the low-voltage output from PV grid-tied inverters or wind turbine generators to 35kV via an oil-immersed transformer, enabling power transmission through 35kV overhead lines to the grid. Our product represents an ideal supporting equipment solution for utility-scale solar and wind power generation systems.
Energy Storage All-in-One Unit 	An energy storage converter integrated transformer substation, which is a key component of energy storage systems, integrating a power conversion system, transformer, high-voltage switchgear, low-voltage switchgear, and associated auxiliary equipment within a single prefabricated high-voltage/low-voltage substation unit. It supports grid connection at voltage levels of 35kV and below. Our product is applicable across a broad range of scenarios including commercial energy storage, grid peak-shaving, and renewable energy storage.

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Product	Description
Ring Main Unit 	A compact medium-voltage switchgear solution that integrates high-voltage switching equipment, busbars, and auxiliary components within a single enclosure, designed to enable ring-network power supply, line sectioning, switching, and short-circuit protection in distribution networks. The product is widely used in residential communities, industrial parks, compact transformer substations, and urban cable networks. It features a small footprint, high reliability, and advanced design, with flexible configuration options to accommodate a wide variety of site conditions.
Metal-Clad Switchgear 	A medium-voltage distribution product designed for power transmission, distribution, and conversion, enabling effective protection, monitoring, and control of electrical equipment. Featuring an advanced design, flexible electrical scheme combinations, and high capacity, our product is primarily used in power plants, small-to-medium generator step-up applications, secondary substation reception and transmission, and industrial and mining enterprise power distribution.
Low-Voltage Switchgear 	A low-voltage assembled switchgear product used for power transmission, distribution, and conversion, offering effective protection, monitoring, and control of electrical equipment. Our product is structurally robust, flexibly designed, and easy to operate, with highly adaptable electrical scheme combinations and large capacity. Available in fixed and drawer-type configurations, it incorporates a proprietary busbar system using C-shaped copper busbars, delivering outstanding performance in current-carrying capacity, mechanical strength, thermal dissipation, and hole-free connectivity, representing a significant advantage over comparable products in the market.

Our smart power distribution equipment and solutions have the following advantages:

- **Modular Design and Flexible Configuration.** Our products are engineered around independent, highly interchangeable functional units that enable flexible system configuration tailored to specific customer requirements, while supporting on-site expansion and module replacement.
- **Fully Insulated, Hermetically Sealed and Long Service Life.** Our ring main unit products employ fully insulated and hermetically sealed structures, with all live conductors fully enclosed within a stainless steel gas-insulated enclosure filled with insulating gas, achieving an annual gas leakage rate of no more than 0.05%. Comprehensive mechanical and electrical interlocking mechanisms are incorporated throughout, and the use of premium-quality materials ensures a minimum service life of 30 years.
- **Extreme Environment Adaptability.** The products are designed to operate reliably at high altitudes, across a wide temperature range, and under harsh conditions including strong wind, sandstorms and desert environments. In particular, certain products are rated for altitudes of up to 5,000 meters and an operating temperature range of -40°C to 45°C.

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- **Intelligence and IT/OT Convergence.** We integrate information technology (IT) and operational technology (OT) to deliver real-time monitoring, telemetry and remote control capabilities for distribution equipment, enhancing operational efficiency and fault response speed.
- **Compact Design and High Integration.** Our products feature a highly integrated and compact architecture that significantly reduces physical dimensions compared to traditional equipment. This space-saving design not only lowers engineering and installation costs for our customers but also enables flexible deployment in densely populated urban areas and complex industrial environments.
- **Environmental Sustainability.** We incorporate environmental considerations into the design and manufacturing of our smart power distribution equipment and solutions. For example, our smart power distribution equipment and solutions exported to Greece designed and manufactured in strict compliance with the environmental standards of the European Union. We developed energy-efficient and environmentally conscious products, achieving the effects of significant carbon emission reduction and enhanced energy efficiency throughout the product lifecycle.

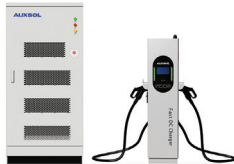
New Energy Products

Our renewable energy product portfolio spans the key spectrum of clean energy infrastructure, encompassing solar inverters, electric vehicle charging equipment, and energy storage products. We have established a strong presence across both domestic and global markets, with proprietary technology underpinning each product category.

The table below shows the details of our representative new energy products:

Product	Description
PV Grid-Tied Inverter (3-330kW) 	A power conversion device that converts DC electricity generated by solar panels into AC electricity for grid injection. It adopts a multi-string independent MPPT design to minimize the impact of shading and module mismatch, thereby maximizing energy yield. With wide power coverage, flexible installation, and IP66 protection, it is capable of operating reliably across harsh environments and is suitable for commercial and distributed solar installations.
Hybrid Inverter (3.6-50K) 	An intelligent energy management device that integrates solar energy aggregation, DC/AC conversion, and automatic on-grid/off-grid switching with multi-source energy coordination into a single system. It supports simultaneous connection of solar panels, batteries, grid, and loads, with high conversion efficiency, stable operation, strong anti-interference capability, remote monitoring, and multiple layers of safety protection, making it suitable for high-power three-phase load scenarios.

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Product	Description
Residential Energy Storage Battery 	A residential energy storage solution based on lithium iron phosphate battery technology, available in 5kWh, 10kWh, and 16kWh configurations to suit different household energy needs. Designed with portability and ease of installation, our product operates reliably across a wide range of environmental conditions and supports multiple communication protocols with multilingual settings, making it suitable for global deployment. It serves as an ideal backup power solution for homes with rooftop solar, and supports multi-unit expansion to meet growing energy demands.
Rack-Mounted Battery Energy Storage System (60kWh-261kWh) 	A modular energy storage system designed for scalable capacity expansion through hot-swappable battery units. Featuring a space-efficient rack design, high-quality battery cells with extended cycle life, and high charge/discharge efficiency, the system is equipped with an intelligent BMS that monitors cell operating status in real time to enable precise energy balancing and management. It supports RS485 and CAN communication protocols for remote monitoring and data upload, with multiple layers of safety protection.
All-in-One EV Charger 	A compact, integrated electric vehicle charging unit built for reliable performance across a full operating temperature range of -30°C to 55°C, with an IP55 ingress protection rating. It supports a wide range of grid voltage standards, including 380V, 400V, 440V, and 480V, making it readily deployable in diverse international markets. The unit features a swing arm design and built-in overhead lighting for ease of use. It has an ultra-low standby power consumption of as little as 18.87W, and dynamic power distribution management to maximize energy efficiency.
Split EV Charger 	A modular electric vehicle charging system designed for high-density charging environments, operating across a full temperature range of -30°C to 55°C with an IP55 protection rating. Its compact footprint and space-optimized design make it well suited for locations where floor space is limited. The system supports flexible gun configurations ranging from 1 to 6 dual-gun modules, is compatible with 380V, 400V, 440V, and 480V grid standards, and incorporates dynamic power distribution management to maximize energy utilization efficiency.

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Our new energy products and systems have the following advantages:

- **High-Efficiency Energy Conversion Technology for Hybrid Inverters.** Our hybrid inverters serve as the core equipment of integrated PV-storage grid-connected and off-grid systems, covering residential, commercial and industrial, and microgrid applications. Our hybrid inverters employ a proprietary high-efficiency power topology architecture and optimized control algorithms, achieving a maximum power point tracking (“MPPT”) efficiency of up to 99%.
- **Full-Scenario Adaptability.** Our hybrid inverters are designed to accommodate variations in grid standards, load types and installation environments across different countries and regions, featuring 10 built-in operating modes covering five core application scenarios and 50 sub-scenarios.
- **High Reliability and Low Failure Rate.** Our hybrid inverters have undergone over 300 reliability test verifications and incorporate comprehensive safety protection mechanisms, including overvoltage, overcurrent, anti-islanding and insulation detection. Our field maintenance failure rate is controlled at approximately 5,000 ppm, which we believe is at the forefront of the industry.
- **Modular Battery System Technology.** Our rack-mounted modular battery systems (60-261 kWh) support hot-swapping and flexible capacity expansion, with high integration density that reduces installation space and improves deployment efficiency. The systems incorporate high-quality battery cells with long cycle life and feature an intelligent battery management system for cell-level monitoring and precise equalization management with multiple layers of safety protection.

Sales and Marketing

Our Sales Model

Depending on the breadth and scale of our sales, we have developed effective sales strategies for various sales channels and regions. As of December 31, 2025, we had 700 sales personnel for our smart power distribution and utilization business. Our sales and marketing team is responsible for formulating sales plans, identifying and pursuing sales opportunities, tracking and following up on orders, and overseeing and managing our collaboration with our global sales network.

We have implemented a hybrid direct sales and distribution model. The table below sets out a breakdown of our revenue by sales channel, in both absolute amounts and percentage of our revenue generated from our smart power distribution and utilization business for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Direct Sales	7,433,699	88.1	9,914,894	89.2	10,242,662	91.8
Distribution	1,002,645	11.9	1,205,235	10.8	919,998	8.2
Total	8,436,344	100.0	11,120,129	100.0	11,162,661	100.0

Direct Sales

We conduct direct sales primarily to enterprise customers. Leveraging our diverse product portfolio and established reputation, we have built a solid customer base centered on the power grid and electricity industry for our power distribution and utilization business. For example, we have established long-term

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service relationships with key customers including two large national-level grid groups and the top five power generation groups and their subsidiaries, and regional power companies. We also catered to customers in emerging industries, such as new energy central state-owned enterprises, data centers and energy storage companies.

Given the nature of our customer base, which predominantly consists of central and state-owned enterprises in the power sector, we secure most of our products and solutions contracts via competitive public tendering. In accordance with the Bid Invitation and Bidding Law of the PRC (《中華人民共和國招標投標法》), the bid invitation and bid submission activities for projects required by law are to be subject to bid invitation. Our dedicated sales team keeps track of relevant websites to identify projects suitable for us to participate in the bidding. In determining whether to submit a bid, we will conduct an assessment, taking into account various factors including, but not limited to, scope of work involved, expertise and qualifications required and prior experience. If we decide to participate in a bid or negotiation of a project, we will conduct an assessment, including cost enquiries, cost compilation, and cost and pricing review, to decide an acceptable price.

Distributorship

We strategically utilize distribution channels to complement our direct sales model. In certain overseas markets, we engage local distributors for our new energy products and smart power utilization equipment and solutions to leverage their local expertise to serve end customers. This collaborative approach allows us to focus on product quality and technological innovation while enhancing our market expansion capabilities and allows us to serve a broader customer base in a cost-effective manner. In the domestic market, we also adopt the distribution model for a small portion of our products. This distribution approach is in line with industry norms as advised by Frost & Sullivan. As of December 31, 2023, 2024 and 2025, we had 50, 59 and 84 distributors, respectively. In 2023, 2024 and 2025, our revenue from our distributors for our smart power distribution and utilization equipment and solutions amounted to RMB1,002.6 million, RMB1,205.2 million and RMB920.0 million, respectively, representing 11.9%, 10.8% and 8.2% of our revenue from our smart power distribution and utilization business for the corresponding years.

Our relationship with our distributors is a buyer and seller relationship. During the Track Record Period and up to the Latest Practicable Date, we have maintained good business relationships with our distributors. The following table sets forth the total number of our distributors and their movements during the Track Record Period.

	For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year ⁽¹⁾	43	50	59
Addition of new distributors ⁽²⁾	22	26	49
Termination of existing distributors ⁽³⁾	15	17	24
Net increase in distributors	<u>7</u>	<u>9</u>	<u>25</u>
Number of distributors at the end of the year	<u>50</u>	<u>59</u>	<u>84</u>

Notes:

- (1) The numbers of distributors in this table are calculated on entity level, combining distributors belonging to the same group.
- (2) New distributors refer to distributors who (i) had at least one transaction with us in the relevant year; and (ii) did not have any transaction with us in the immediately preceding financial year.
- (3) Terminated distributors refer to distributors who (i) did not have any transaction with us in the relevant year; and (ii) had at least one transaction with us in the immediately preceding financial year.

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During the Track Record Period, the new distributors we had in each year were primarily due to the growth of our business and expansion of our sales network. To the best of our knowledge, during the Track Record Period, all of our distributors were Independent Third Parties.

Overseas Distributorship

We consider a number of selection and evaluation criteria in selecting overseas distributors while taking regional differences into account, including, among others, their industry experience, market coverage, reputation and credibility, financial conditions, management capabilities, legal compliance status, understanding of our brand concept and business philosophy and warehousing and logistics capabilities. Only candidates that pass our selection and evaluation criteria will be qualified as our contracted distributors.

We only have direct contract with our distributors, which may further distribute our products to their sub-distributors. We generally do not enter into agreements with the sub-distributors. Thus we largely rely on our distributors to manage their sub-distributors’ activities and to monitor the performance of such sub-distributors, if any. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, there was no material non-compliance with the terms and conditions of our agreements with overseas distributors.

We typically enter into distribution agreements with our overseas distributors. Set out below are the key terms of standard distribution agreements we enter into with our overseas distributors:

- ***Duration:*** The duration of the distribution agreements is determined on a case-by-case basis depending on the specific distributor.
- ***Sales target:*** We may set sales target for distributors. Our sales target serve as reference for us to evaluate the performance of distributors and provide rebates to distributors, if applicable, while offering us the flexibility to adjust our sales arrangement with distributors.
- ***Price adjustment:*** We may revise the product price list upon mutual agreement, based on factors including price of competing products, raw material price, exchange rate and market condition.
- ***Purchase orders:*** Distributors shall submit purchase orders specifying product models, quantities, delivery locations, and required delivery dates. Distributors assume full liability for all purchase orders placed by sub-distributors designated by them.
- ***Marketing and advertisement:*** Distributors are authorized to use our brand materials for promoting and selling our products.
- ***Return of products:*** We only allow our distributors to return products due to product quality issues.
- ***Compliance obligations:*** Contracting parties shall comply with applicable data security and privacy protection laws.
- ***Termination:*** Parties are entitled to terminate the distribution agreement if the distributors materially breach the contract and fail to cure the breach within a reasonable period of time.

Domestic Distributorship

During the Track Record Period, our distributorship in China primarily comprised distribution through a centralized procurement platform designated by a large-scale grid group, which is the end customer of our smart power distribution and utilization equipment. The centralized procurement platform was ultimately controlled by such large-scale grid group. The large-scale grid group adopted this sales

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model primarily to streamline its centralized procurement arrangements and enhance procurement efficiency. Our revenue generated from this sales model gradually decreased during the Track Record Period due to the internal arrangements of such large-scale grid group, which subsequently shifted to direct sales with us.

Management of Distribution Network

We have established a series of management policies to oversee our distributors and ensure our distribution network operates in an orderly manner that protects our brand reputation and commercial interests.

- ***Distributor qualification.*** We maintain a structured qualification and appointment process for our distributors. Prior to appointment, prospective distributors are required to submit relevant qualification documents, including relevant industry expertise, local market knowledge, and established customer networks. We conduct due diligence on prospective distributors, including review of their business credentials, track record, and financial standing, before entering into agreements.
- ***Contractual framework.*** We enter into written distribution agreements with each of our distributors, which set out clearly defined rights and obligations governing the distributor relationship. Distributors are required to strictly comply with the contract terms and we reserve the right to monitor our distributors’ compliance with these obligations.
- ***Quality control and after-sales service standards.*** Distributors are required to notify us promptly of any product quality issues identified in the market. We usually require our distributors to provide after-sales services to end customers in accordance with our quality standards and service commitments. We monitor distributor service quality and may require rectification where service standards are not met.
- ***Ongoing monitoring and performance review.*** We conduct multi-tiered reviews of our distributors to ensure continued compliance with our qualification standards and business requirements. Our review process includes both regular reviews, which are conducted on a semi-annual basis covering key performance dimensions, and random reviews, which are triggered when material changes in a distributor’s circumstances come to our attention.

Branding and Marketing

Our sales and marketing strategy is centered on building a stable and unified brand image and reputation to drive sustainable business growth. We achieve this through a multi-faceted approach that leverages our extensive global network and blue-chip customer base, our technology-driven and customer-centric service model, and our product-focused brand building initiatives.

We have established an extensive and deeply integrated global network that provides comprehensive market coverage. Deeply rooted in the PRC for nearly four decades, we operate five regional divisions and 31 offices across the country, achieving full coverage of both grid and end-user markets and establishing significant brand recognition. Concurrently, we have systematically cultivated our overseas presence for over a decade, with business spanning Europe, the Middle East, Asia, Africa, and Latin America. Notably, our operations cover 20 countries in Europe, making us one of the Chinese power grid equipment companies with the broadest European country coverage in our industry according to Frost & Sullivan. As of December 31, 2025, our global footprint comprised ten production bases (nine established and one under construction), four R&D centers, and over 40 sales centers, with our business covering approximately 70 countries and regions. This expansive network supports a high-quality customer base focused on the power and grid sector. Our domestic customers mainly include two large national-level grid

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groups and the top five power generation groups and their subsidiaries, and regional power companies. We also catered to customers in emerging industries, such as new energy central state-owned enterprises, data centers and energy storage companies. Internationally, our customers mainly include national-level power grid companies.

We primarily adopt a customer-centric service model underpinned by our profound technical expertise. Each of our domestic and overseas offices and sales centers is staffed with dedicated technical, sales, and after-sales personnel to provide end-to-end support at every stage of customer engagement. Upon receiving an enquiry, our teams are capable of promptly producing a preliminary technical solution and we maintain continuous follow-up throughout the project lifecycle until each matter is fully resolved to the customer’s satisfaction. In 2025, our average customer satisfaction rate was approximately 96%, reflecting a high level of customer recognition and service quality. We believe this integrated, responsive, and customer-centric service model has been instrumental in building long-term customer relationships and supporting our business growth.

Our brand recognition is further driven by a product-centric sales approach and targeted marketing initiatives. We believe that superior technical capability and product quality are our most effective marketing tools. Accordingly, we actively participate in the formulation of industry standards and technical specifications. This engagement ensures we remain at the forefront of technological trends and regulatory requirements, while our ability to rapidly respond to newly promulgated standards demonstrates our R&D strength. In parallel, we are committed to executing targeted offline marketing initiatives by actively participating in major domestic and international industry exhibitions. These events serve as critical platforms for us to showcase our comprehensive product portfolio and latest technological innovations to a global audience, allowing us to engage directly with potential customers and enhance our brand visibility across key regional markets.

Pricing

We price our products based on a variety of factors, including the market maturity, penetration rate, spending power, competition landscape and cost of sales. In addition, we also determine our prices with reference to public tenders or tenders by solicitation.

Third-Party Payment Arrangements

During the Track Record Period, a limited number of our customers settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements (such arrangements, “**Third Party Payment Arrangements**”). In 2023, 2024 and 2025, the number of customers involved in Third Party Payment Arrangements (the “**Relevant Customers**”) was 44, 43 and 33, respectively. The corresponding transaction amount was RMB117.7 million, RMB96.3 million and RMB57.8 million in 2023, 2024 and 2025, respectively, accounting for 1.0%, 0.7% and 0.4% of our total revenue for the same periods. During the Track Record Period, mainly included (i) customers settling payments through their affiliated entities, including customers’ subsidiaries or entities which are under common control with them, who are not parties to the relevant contract; (ii) customers requiring to settle payments through persons affiliated with the Relevant Customers or entities related to the Relevant Customers, such as shareholders, legal representatives, or employees; and (iii) customers requiring to settle payments through business partners of the Relevant Customers, who had other business transactions with the Relevant Customers and facilitated the payment arrangements to settle the outstanding payables.

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To the best of our knowledge, during the Track Record Period, Third-party Payment Arrangements, which involved a non-contractual counterparty settling payment owed to us, were primarily utilized due to: (i) centralized financial management by large corporate groups, where payments were made by entities under common control of the Relevant Customers; and (ii) commercial convenience or project execution needs, where payments were settled by shareholders, legal representatives, employees or business partners on behalf of the Relevant Customers. According to Frost & Sullivan, such arrangements are not uncommon business practices in the power equipment and solutions industry in the Chinese Mainland.

In June 2026, we enhanced our internal control measures by promulgating detailed guidelines on the handling of third-party payments, which, among others, provide that: (i) third-party payment arrangements are generally disallowed, save in limited circumstances upon customer request; our staff are required to inform contractual counterparties of our internal requirements and request that payments be made through bank accounts held in the names of the relevant contractual counterparties; (ii) where a customer (other than a large state-owned enterprise with centralized payment arrangements) requests to maintain existing third-party settlement practices, the paying third party must enter into a tripartite agreement with us and the contractual customer to formalize its payment obligations and settlement arrangements; (iii) where the customer is a large state-owned enterprise that adopts centralized payment arrangements, we must at least obtain a payment instruction issued by the designated paying entity, confirming its authority to make payment on behalf of the contractual customer; and (iv) any request for payment by an entity other than the contractual counterparty must be subject to strict internal assessment and proper record-keeping. As of the Latest Practicable Date, we had implemented the foregoing measures and did not accept payments from third parties for settlement unless approved and supported by the aforesaid documents. As confirmed by our independent internal control consultant, it did not discover any material deficiencies during the internal control reviews relating to our Third Party Payment Arrangements.

As advised by our PRC Legal Advisors, our Third-Party Payment Arrangements do not violate the mandatory provisions of PRC laws and regulations such as the Civil Code. Further, the risk of our Third-Party Payment Arrangements being deemed as constituting the Crime of Money Laundering and subject to relevant criminal liability under the Article 191 of the Criminal Law of the PRC is relatively low. The above views were primarily based on the grounds: (i) these arrangements are initiated by the Relevant Customers for the purpose of genuine business transactions; (ii) we have never proposed or initiated any Third-Party Payment Arrangements for the purpose of circumventing relevant laws and regulations in China or for any other reason and we have entered into the third-party payment agreement with or received the payment authorization notice from the third party payor and/or the customers since 2025; (iii) we have not encountered any incidents demanding us to return payment in relation to relevant transactions; (iv) we have not been subject to any settled or ongoing criminal sanctions, public security investigations or administrative penalties by any competent authorities in relation to money laundering; and (v) nothing came to our attention that would cause our Directors to doubt the genuineness of relevant transactions or the good faith of relevant parties involved.

After-sale Services

We aim to provide high-quality and comprehensive after-sales services to improve customer satisfaction and build strong relationships with our customers, which will in turn enhance customer loyalty and drive business growth.

As of December 31, 2025, in addition to our domestic service network in Chinese Mainland, our after-sales service network comprises over twelve overseas service points, spanning key markets across Europe, Latin America, Asia and the Middle East. In addition, we have established an after-sales service team for both our domestic and overseas sales networks. Our service personnel are required to meet strict service standards, and their performance is regularly monitored and evaluated. For certain products sold through our overseas distributors, we also engage the distributors to provide after-sale services to end customers. To ensure consistent service quality across our distribution network, we provide comprehensive technical training and ongoing support to our distributors' service personnel, equipping them with the necessary expertise to maintain our product quality standards and customer service levels. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any customer complaints that would have a material and adverse effect on our business, financial condition or results of operations.

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Under our general terms and conditions of sale and in accordance with industry practice, we typically provide a limited warranty on our products providing for the return, repair or replacement of defective items. The terms of the warranties provided by us differ depending on the type of products, customer and geographic market. For our domestic markets, we primarily provide a free warranty period of one to five years. Beyond the warranty period, we offer lifetime after-sales services with technical support, discounted maintenance and repair services. For our overseas markets, we primarily provide a free warranty period ranging from five to six years, reflecting the varying customer requirements and competitive dynamics in different regions.

Research and Development

Comprehensive R&D Framework

As a leading enterprise in the smart power distribution and utilization sector, our commitment to research, development, and innovation has been a cornerstone of our operations since inception. Through sustained investment, we have built a robust portfolio of core technologies and successfully launched innovative products that meet emerging market demands. Our active involvement in formulating industry standards and technical specifications has further strengthened our influence within the sector.

As of December 31, 2025, we had 998 dedicated R&D personnel in our smart power distribution and utilization segment, ensuring the maturity and professionalism of our team. During the Track Record Period, our R&D expenses for smart power distribution and utilization sector were RMB468.6 million in 2023, RMB523.3 million in 2024, and RMB607.3 million in 2025. This investment reflects our dedication to cultivating a skilled engineering team and actively recruiting high-quality experts in power electronics and automation.

Our commitment to excellence is underscored by our achievement of CMMI V2.0 Level 5 certification, the highest recognition in the Capability Maturity Model Integration framework for software development. As of December 31, 2025, we operate four R&D centers, supported by a provincial-level enterprise technology center, a post-doctoral research workstation, and an industrial design center. In terms of testing and verification capabilities, we operate an IAS 17025-accredited laboratory and a CNAS-certified national laboratory. Our suite of proprietary in-house laboratories — comprising an EMC laboratory, an AMI communications laboratory, a reliability laboratory, a failure analysis facility, and an outdoor simulation test station — provides a robust foundation for our research activities and product development programs. These facilities have enabled us to develop deep expertise in core technologies and produce several breakthrough innovations, including our energy controller — recognized as the first-of-its-kind product in our province — and our gas-insulated switchgear, a first domestically developed product in the PRC.

Looking ahead, our strategic R&D objectives focus on creating a pipeline of next-generation products, enhancing operational efficiency, and driving technological breakthroughs. We regularly evaluate and refine our R&D processes, incorporating feedback from project assessments and best industry practices.

R&D Process

We have prioritized R&D since our inception, building an advanced product portfolio through sustained investment and continuous innovation. We have established a comprehensive, multi-tiered R&D architecture supported by our Product Lifecycle Management (PLM) system, which provides rigorous oversight and documentation throughout the entire development cycle. By cultivating a team of skilled engineering professionals and actively recruiting top-tier technical experts, we continuously enhance our independent innovation capabilities and strengthen our core technical competencies.

We have established a standardized new product development process comprising the following five stages:

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- ***Project Initiation.*** Upon identification of a market opportunity or customer need, the project team prepares initiation materials, including market analysis, feasibility assessment, resource plans, and budget estimates. These materials are reviewed by cross-functional teams to evaluate strategic fitness and resource allocation. Upon approval, a project kick-off meeting is held to formally launch the project, designate team responsibilities, and establish development milestones.
- ***Design Review.*** The project team translates customer requirements and market insights into detailed technical specifications and design parameters, and develops an overall design plan. Design reviews are conducted to ensure alignment between product specifications and customer expectations.
- ***Detailed Design and Prototype Development.*** Our engineering teams develop comprehensive detailed designs, including structural drawings, component specifications, and bills of materials. All technical documentation undergoes internal review to ensure technical accuracy, compliance with industry standards, and manufacturability. Upon approval, we proceed with prototype fabrication and conduct prototype testing to identify and address any issues.
- ***Mass Production Approval.*** Following successful prototype testing, our project management department conducts a mass production readiness review, evaluating functional performance, technical specifications, manufacturing feasibility, and cost targets. Upon satisfactory evaluation, a formal Mass Production Approval Notice is issued, authorizing the transition to full-scale production.
- ***Project Closure and Documentation.*** Upon receiving the Mass Production Approval Notice, the heads of factories conduct a final verification review to confirm production readiness at their respective facilities, ensuring that manufacturing processes, equipment, quality control systems, and personnel training are adequately prepared. Following approval, the project is formally closed and all documentation is archived in our PLM system.

Key Innovation

Relying on our R&D efforts, we have established a robust portfolio of proprietary technologies for our smart power distribution and utilization business. As of December 31, 2025, we held over 450 intellectual property rights in Chinese Mainland, comprising over 300 invention patents, over 130 utility model patents, over six design patents, over 70 software copyrights, as well as three important integrated circuit layout designs, with applications under review. For details, see “— Intellectual Property.”

We have developed a comprehensive suite of proprietary technologies and innovative solutions for our smart metering products, encompassing high-precision measurement technology, cost-effective design capabilities, and advanced communication systems. These technical capabilities have enabled us to achieve strong performance and secure successful large-scale deployments in both domestic and international markets. Our technical capabilities have been widely recognized by customers. In the annual performance assessments conducted by the large national-level grid corporation on product samples, our smart meters have consistently delivered outstanding results. We have achieved significant technological advancements in our smart power distribution equipment and solutions through continuous R&D investment and innovation. Our proprietary technologies span transformer design, switching equipment, and compact substation solutions. For details, see “—Our Products” in this section.

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Manufacturing and Production

Production Facilities

As of December 31, 2025, we had ten production bases in total, including nine established in the PRC, Brazil, Indonesia, Poland, Germany, Mexico and Kenya, and one under construction in Brazil. These facilities collectively encompass robust capacity for efficient manufacturing, research, and distribution of our high-quality products. The following images set forth our nine established production bases:



High-tech Zone Base,
Ningbo, China



Qianwan Base, Ningbo, China



Cicheng Base, Ningbo, China



Brazil



Indonesia



Mexico



Germany



Poland



Kenya

As of December 31, 2025, we owned all of the machinery and equipment used in our production processes, mainly including surface mount technology machines, automated storage and retrieval systems, component insertion machines, and burn-in room. The life span of our manufacturing machinery and equipment is generally five to 15 years, and as of December 31, 2025, our major machinery and equipment had been in operation for approximately two to five years. We usually calculate the depreciation of our machinery and equipment on a straight-line basis to write off the cost of each item to its residual value over its estimated useful life. We perform routine and preventative maintenance on our manufacturing machinery and equipment to ensure their proper functioning. We typically replace or upgrade our machinery and equipment when they reach the end of their estimated useful life or when technological advancements require us to enhance our production efficiency. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material interruption to our production process due to machine or equipment failure.

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Production Capacity

The following table sets forth the designed capacity, production volume and utilization rate for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Designed capacity (in thousand units)	21,400	29,205	30,230
Production volume (in thousand units)	18,571	25,498	24,068
Utilization rate ⁽¹⁾	86.8%	87.3%	79.6%

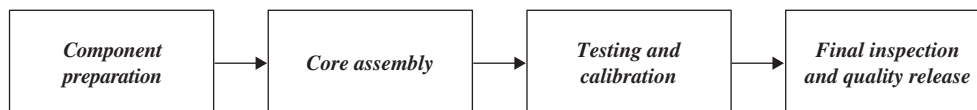
Note:

- (1) The utilization rate equals to the production volume divided by the designed capacity during the same period.

Our capacity utilization rate increased from 86.8% in 2023 to 87.3% in 2024, primarily driven by the increased production volume attributable to our sales growth amid rising market demand for our products. In view of the strong demand for our products in overseas markets, we further expanded our production capacity for overseas sales in 2025 to meet such demand. However, our capacity utilization rate decreased from 87.3% in 2024 to 79.6% in 2025, primarily attributable to a decline in domestic production volume during the year.

Production Process

Our production processes follow a standardized framework across our product lines, comprising four key stages: (i) component preparation; (ii) core assembly; (iii) testing and calibration; and (iv) final inspection and quality release. While specific procedures vary by product type, this systematic approach ensures consistent quality and performance across our smart power distribution and utilization equipment and solutions. The following diagram illustrates the typical flow of our production process:



- **Component preparation.** This stage involves preparing the fundamental components required for product assembly. For our smart power utilization business, we primarily procure raw materials including chips, electronic components, customized parts, and structural components. For our smart power distribution business, these include bulk commodities including copper, iron and mineral insulating oil, structural components, electrical components, and other auxiliary materials.
- **Core assembly.** We integrate prepared components into functional modules. For smart meters, this involves assembling populated circuit boards with housings, display modules, and terminal blocks. For transformers and substations, this encompasses transformer body assembly and installation of secondary wiring and electrical components. For inverters, this includes integration of circuit boards with thermal management components and protective enclosures.
- **Testing and calibration.** Each product undergoes rigorous testing procedures tailored to its functional requirements. Smart meters undergo burn-in testing and precise calibration to ensure measurement accuracy, followed by configuration of communication settings, meter identification, and tariff structures. Power distribution products undergo electrical performance verification and parameter validation. Inverters undergo functional circuit testing to verify electrical continuity, component functionality, and circuit performance against design specifications.

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- ***Final inspection and quality release.*** Every product undergoes comprehensive final inspection covering appearance quality, electrical performance, measurement accuracy verification, and compliance with applicable standards. Only products that pass all inspection criteria are released to finished goods inventory for customer delivery.

Intelligent Production

We have implemented a comprehensive digitization strategy across our entire production and manufacturing chain, deploying advanced automation technologies to enhance operational efficiency, product quality and production consistency. In assembly, we utilize industrial robots, charge-coupled device (CCD) vision guidance and PLC flexible control to achieve highly automated operations. In testing and calibration, we employ intelligent electrical testing systems and machine vision technology to automate voltage testing, error adjustment and accuracy verification. In logistics, we leverage management systems integrating AS/RS with automated guided vehicle (AGV) intelligent scheduling for optimized material flow. In transformer manufacturing, we apply advanced robotic lamination and automated grinding technologies for enhanced precision. For example, our Ningbo Qianwan Base, which was completed and commenced operations in March 2025, has achieved an automation rate up to approximately 80% for iron core components utilized in our smart power utilization equipment and solutions. We have also implemented an integrated Advanced Planning and Scheduling (APS) system that transitions production planning from manual to automated control, and have optimized our manufacturing-to-delivery workflow by integrating supplier systems to enable precise advance material preparation.

We have constructed a comprehensive digital operations platform that integrates our entire value chain. By deploying next-generation information technologies — including the Internet of Things, image recognition, artificial intelligence and big data analytics — we have created an intelligent digital ecosystem enabling comprehensive connectivity among people, machines and materials throughout our operations. Our information technology infrastructure encompasses integrated systems including SAP, PLM, MES, CRM, WMS, SRM, APS, QMS and CSS, achieving end-to-end information flow and digitalized management across all production processes. We are concurrently advancing our overseas digital strategy, focusing on establishing a secure, controllable and continuously upgradable technology foundation for our global operations. Through deep integration connecting marketing, planning, procurement, logistics, manufacturing and sales, our comprehensive digital operations platform enables fully digitalized operations from order management through to delivery.

Procurement and Supply Chain Management

Materials, Parts and Components

Our products are composed of essential raw materials and components that ensure superior performance and reliability. The raw materials and components we mainly use in our manufacturing process of our smart power utilization equipment and solutions include chips, electronic components, customized parts, and structural components, while for our smart power distribution equipment and solutions, we mainly use bulk commodities including copper, iron and mineral insulating oil, structural components, electrical components and other auxiliary materials. We meticulously select and source these raw materials and components from reputable suppliers who adhere to our stringent quality standards. By fostering strong relationships with our suppliers and implementing rigorous quality control measures, we ensure the integrity and consistency of our components throughout the supply chain. This commitment to high-quality sourcing is pivotal in delivering products that meet and exceed customer expectations while supporting our sustainability and cost-efficiency goals.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material shortfall in the supply of raw materials that would, individually or in the aggregate, have any material adverse impact on our manufacturing plans, results of operations, financial condition or growth prospects.

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To mitigate the impact of raw material price fluctuations, we have adopted the following measures: (i) maintaining a diversified supplier base for core materials to avoid single-source dependency; (ii) conducting annual competitive tenders for major material categories to establish annual contract pricing; (iii) incorporating price adjustment clauses linked to market indices in supplier agreements to share price volatility risks; and (iv) exploring new technologies, processes, and alternative materials to achieve cost optimization through technical innovation.

Supplier Management

A stable and reliable supply chain system is paramount to the effective production management and cost control of our business. To minimize the risk of reliance on any single supplier and maintain sourcing stability and bargaining power, we generally retain multiple suppliers for our principal raw materials and equipment. We have established supplier qualification and supplier management procedures. For new suppliers, we conduct qualification assessments and due diligence, verify the samples provided, and perform an approval review. Approved suppliers are then included in a list of qualified suppliers. During the Track Record Period, we primarily source our raw materials and equipment from reputable suppliers in China, with pricing and quality benchmarks set in line with industry standards. We cultivate long-term partnerships with our key suppliers to facilitate timely delivery and regularly assess them across the quality of products or service provided, lead time, and pricing.

We have successfully digitalized the entire supply chain process, encompassing sales demand forecasting, production planning, order placement, supplier order acceptance, shipment, material warehousing, and financial settlements. This comprehensive integration enables end-to-end information and digital management. Utilizing our SRM system, we achieve seamless data interconnectivity with supplier systems and facilitate shared planning initiatives. We maintain communication with our suppliers to share key operational metrics to enable effective monitoring and management of the supply chain. This digital synergy allows for strategic planning and effective inventory management, driving overall supply chain excellence.

Quality Control

We maintain rigorous quality assurance policies and processes to ensure that our products conform to product specifications and applicable industry standards. All products undergo strict internal quality assurance testing throughout their lifecycle, from design and manufacturing through to performance verification. For products identified as non-conforming during quality inspections, we have established systematic remedial procedures: isolated quality issues are addressed through direct rework or repair, while batch quality issues are subject to root-cause analysis and comprehensive rework plans by the relevant department. All reworked or repaired products undergo re-inspection to verify conformance with quality standards before release. As of December 31, 2023, 2024, and 2025, the balance of our product quality warranty provisions amounted to RMB25.9 million, RMB31.8 million, and RMB27.2 million, respectively. The amount of the provision for the warranties is estimated based on contractual terms, historical experience on cost incurred on the past warranty claims and volumes of products sold. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material safety or quality incidents in relation to our products, and had not experienced any product liability claim due to quality issues that was material to our business, results of operations or financial position.

We are an active participant in the development of industry standards, both domestically and internationally. We hold membership in a number of leading standards organizations, including as an entity member of the IEEE, and as a member of the G3 Alliance, the Prime Alliance and the Wi-SUN Alliance. We also serve as a vice-chairman member of the Electrical Instruments Branch of China Instrument and Control Society (中國儀器儀表行業協會電工儀器儀表分會副理事長單位), a member of China Electric Power Enterprise Federation (中國電力企業聯合會會員單位) and a director member of China Electric Power Development Association (中國電力發展促進會理事單位). In terms of standards development, we have taken a leading role in drafting IEEE P3197, an international standard governing data transmission interfaces for smart meters. In addition, we have participated in the revision and formulation of a number of national standards in the PRC, including GB/T 17215, GB/T 1984 and GB 20052.

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We have established a comprehensive product recall mechanism. Where any delivered product is found to have, or is likely to have, batch quality defects or safety hazards, we will initiate a recall. Our General Manager is responsible for recall decisions and overall oversight, and all relevant departments will carry out their respective responsibilities, including customer communications, product investigations and the storage and labelling of non-conforming products, and work collaboratively throughout the recall process. The recall process follows a structured four-stage workflow: (i) recall information confirmation; (ii) recall initiation; (iii) investigation of recalled products; and (iv) recall evaluation and archiving. During the Track Record Period and up to the Latest Practicable Date, we had not initiated any material product recall due to quality issues.

Logistics, Transportation and Inventory Management

We maintain a digitalized inventory management system to ensure efficient management of finished products, semi-finished goods, components and raw materials. Our warehousing operations utilize automated storage and retrieval systems and intelligent shelving, integrated with our SAP and WMS systems, to achieve real-time inventory visibility and eliminate information silos between warehousing and production. The system continuously monitors real-time material consumption against production schedules and automatically triggers replenishment when inventory levels fall below predetermined thresholds, enabling precise inventory control and avoiding overstocking or understocking.

We have deployed automation systems across our facilities to streamline material movement and enhance production efficiency. Our operations utilize overhead conveyor systems, automated stacking cranes, shuttle vehicles, automated guided vehicles, automated guided carts and industrial robots to execute material transfers, significantly improving material flow efficiency, human-machine collaboration and production safety.

We have established long-standing partnerships with leading domestic and international logistics providers to ensure efficient and timely delivery of our products to customers worldwide. For domestic deliveries, we collaborate with a 3A-certified logistics partner through an integrated management platform covering transportation planning, warehousing and information sharing. For international deliveries, we work with multiple top-tier logistics companies to provide comprehensive global network coverage. Our transportation operations are supported by an advanced digital management system that enables real-time shipment tracking to ensure efficient, secure and timely product delivery.

OUR MEDICAL SERVICES BUSINESS

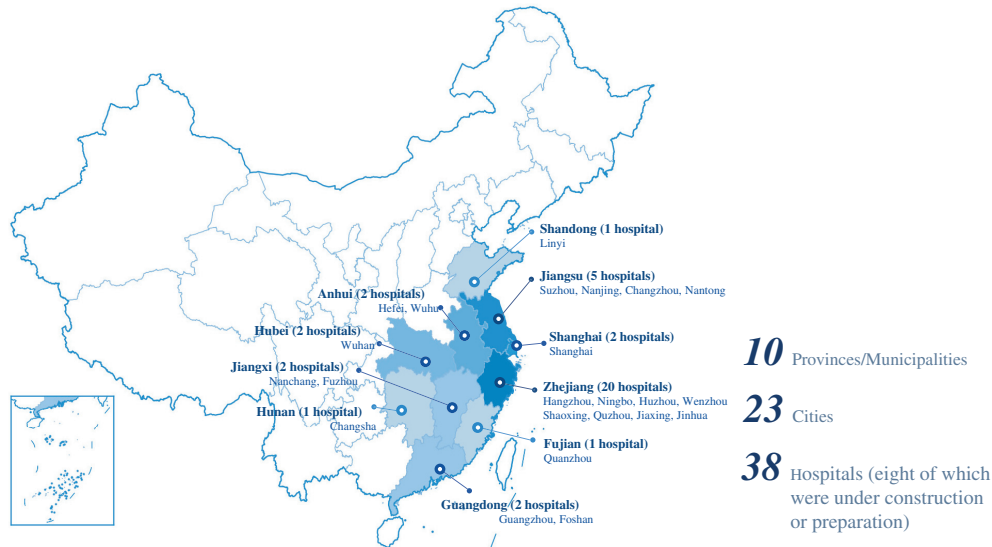
In addition to our power distribution and utilization business, we have developed the medical services segment focused on hospital development, operations, and investment. Since 2015, we have systematically expanded our hospital network across China’s key economic regions, including the Yangtze River Delta and Pearl River Delta areas. Our medical services business centers on creating a high-quality specialized rehabilitation hospital chain characterized by critical care rehabilitation, neurological and functional rehabilitation, and geriatric rehabilitation. As of December 31, 2025, we had 38 hospitals, including 32 specialized rehabilitation hospitals. Among these, eight hospitals, including seven rehabilitation hospitals, were under construction or in preparatory stages. In 2023, 2024 and 2025, our revenue generated from medical services amounted to RMB2,782.5 million, RMB3,258.1 million and RMB2,975.7 million, respectively, representing 24.3%, 22.3% and 20.7% of our total revenue for the corresponding years.

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Our Network of Hospitals

Set out below is an illustration of the locations of our hospitals as of December 31, 2025:

Our Network of Hospitals



In the early stages of our expansion into the medical services business, our growth was primarily driven by strategic acquisitions of existing hospitals, which allowed us to rapidly establish our presence in the rehabilitation medical market. As we deepened our understanding of the rehabilitation medical sector, we undertook a strategic pivot starting from 2024, shifting our growth model towards self-established hospital development. This transition reflects our increasing confidence in our proprietary hospital development and operational capabilities, as well as our commitment to building a more organically integrated and sustainable rehabilitation medical network.

This strategic reorientation is clearly evidenced by our hospital expansion data. At the beginning of 2023, our hospital network comprised 18 hospitals in total, of which 11 were acquired and seven were self-established. Over the subsequent two years, we accelerated our self-establishment programme, with nine new self-established hospitals opening in 2024 alone, compared to only one newly acquired hospital during the same period. By the end of 2024, our total hospital network had grown to 38 hospitals, comprising 17 acquired hospitals and 21 self-established hospitals. Among these, eight hospitals were under construction or in preparatory stages. Notably, self-established hospitals have come to outnumber acquired hospitals, accounting for approximately 55% of our total hospital network. Entering 2025, having achieved a robust network scale, we strategically recalibrated our focus towards optimizing our current footprint and transitioned into a phase of steady, high-quality development. Rather than pursuing further quantitative expansion during this period, we prioritized refining internal operational efficiencies, integrating our existing medical service resources, and consolidating our foundational capabilities. In 2025, we did not have newly added hospitals.

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The following table sets forth certain key operational and financial information of our hospitals for the years indicated. The slight decrease in our overall operational metrics during the Track Record Period was mainly attributable to the implementation of stricter national medical insurance policies and our strategy to maintain steady, high-quality development instead of continuous expansion.

	For the year ended December 31,		
	2023	2024	2025
Outpatient visits (in thousand)	1,086	1,068	989
Average spending per outpatient visit (RMB) . .	479	515	525
Inpatient discharges (in thousand)	61	69	63
Average spending per inpatient visit (RMB) ⁽¹⁾ . .	29,991	34,877	36,287
Average length of stay per inpatient visit (days) ⁽²⁾	22	26	31
Number of surgeries	14,972	14,413	12,307
Number of registered beds	3,527	4,964	5,997

Notes:

- (1) Average spending per inpatient visit is calculated as total discharge expenses divided by the number of inpatient discharges.
- (2) Average length of stay per inpatient visit is calculated as total inpatient days for discharged patients divided by the number of inpatient discharges.

Our Medical Services Offerings

Our Rehabilitation Services

As of December 31, 2025, we had a comprehensive network of 38 hospitals, comprising 32 specialized rehabilitation hospitals and six general hospitals or physical examination institutions, with rehabilitation serving as our core medical specialty. Among these, eight hospitals, including seven rehabilitation hospitals, were under construction or in preparatory stages. Our rehabilitation services focus on critical care rehabilitation and neurological and functional rehabilitation. We have developed an integrated critical care model combining critical care medicine, comprehensive rehabilitation therapies and hyperbaric oxygen treatment. By capitalizing on the critical early intervention window following acute illness or injury, our treatment protocols are designed to improve recovery outcomes for patients transitioning from critical illness to functional independence. Our rehabilitation and medical services have the following six key features.

- **Early Ventilator Support with Hyperbaric Oxygen Therapy.** We admit mechanically ventilated critically ill patients directly into our hyperbaric oxygen chambers, where ventilator support and hyperbaric oxygen therapy are administered concurrently, accelerating physiological recovery and improving clinical outcomes during the acute phase of critical illness.
- **Ventilator Weaning.** Our ventilator weaning center employs standardized, evidence-based protocols to systematically and safely liberate patients from mechanical ventilation, reducing weaning time and minimizing complications associated with prolonged ventilator dependence.
- **Coma Arousal and Consciousness Recovery.** We are committed to building our coma arousal and consciousness recovery center that utilize multiple therapeutic modalities to promote consciousness recovery in patients with disorders of consciousness. These therapeutic modalities mainly includes spinal cord stimulation (SCS), deep brain stimulation (DBS),

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transcranial magnetic stimulation and median nerve stimulation. These treatments have effectively enabled some patients who have been in a persistent coma for more than three months to emerge from a vegetative state.

- **Hyperbaric Oxygen Chamber Therapy.** Our advanced hyperbaric oxygen facilities accommodate critically ill patients, including those requiring concurrent mechanical ventilation support, enabling early intervention that enhances cellular oxygenation and accelerates functional recovery.
- **Early Rehabilitation Intervention.** Our rehabilitation specialists initiate bedside therapy during the acute and sub-acute phases of critical illness, implementing early mobilization and functional training protocols to prevent deconditioning, reduce complications and promote faster recovery of motor and cognitive functions.
- **Comprehensive Supportive Care and Complication Prevention.** Through integrated diagnostic and therapeutic techniques, we maintain critically ill patients’ vital organ functions and actively prevent complications of underlying diseases.

Our Medical Facilities and Equipment

We aim to provide high-quality medical services to our customers and/or patients. Our hospitals are equipped with advanced medical, surgical, and rehabilitation equipment. These facilities enable us to provide highly effective interventions across oncology, pain management, and orthopedic rehabilitation, effectively facilitating faster functional recovery, minimizing pain and postoperative complications, and improving patients’ overall quality of life. Our key advanced equipment, among others, includes:

Oncology Rehabilitation Equipment

Our oncology rehabilitation relies on high-precision diagnostic and therapeutic equipment to treat primary tumors while managing secondary functional impairments caused by tumors or subsequent chemo/radiotherapy. We are equipped with world-class diagnostic imaging systems, which provide ultra-high-resolution imaging for early tumor detection, precise staging, and efficacy evaluation.

For oncology radiotherapy, we utilize advanced radiotherapy platforms such as Medical Electron Linear Accelerators, and Gamma Knife. These systems deliver highly conformal radiation doses to tumor targets while sparing surrounding healthy tissues. Furthermore, our Deep Tumor Hyperthermia equipment serves as a powerful adjunctive therapy. Together, this comprehensive equipment matrix allows us to effectively alleviate cancer-related pain, respiratory dysfunction, and lymphedema, significantly enhancing the survival rate and life quality of oncology patients.

Pain Rehabilitation Equipment

To address various pain-inducing conditions such as cervical/lumbar spondylosis, soft tissue injuries, osteoarthritis, and myofascial pain syndrome, we deploy a diverse range of modern physical therapy and traditional Chinese medicine rehabilitation devices. Our core equipment includes Ultrasound Therapy Instruments (超聲治療儀), Low-Frequency Pulse Spastic Muscle Therapy Instruments (低頻脈沖痙攣肌治療儀), and Ultrashort Wave Therapy Devices (超短波治療儀). These machines utilize acoustic waves and electromagnetic fields to improve local blood circulation, reduce inflammation, and relieve muscle spasms.

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In addition, we integrate traditional Chinese medicine treatments with modern technology through the use of Directional Drug Delivery Instruments and Medical Fumigation Machines, which facilitate deep tissue penetration of therapeutics. We also utilize advanced Platelet-Rich Plasma preparation equipment for regenerative joint treatments. By combining these advanced devices with psychological evaluation and micro-minimally invasive procedures, we offer a holistic approach to effectively mitigate or eliminate patient pain and restore daily functionality.

Orthopedic Rehabilitation Equipment

Our orthopedic rehabilitation adopts a MDT approach to formulate individualized treatment plans that span a complete continuum of care, from pre-operative evaluation and surgical intervention to post-operative rehabilitation. To support this integrated model, we have established advanced surgical environments, including Class 100 operating rooms, equipped with cutting-edge surgical tools such as C-arm fluoroscopy machines, ConMed arthroscopes, surgical microscopes, and plasma scalpels. These facilities empower us to perform a wide range of procedures, from minimally invasive arthroscopy to complex joint reconstructions and severe trauma repairs.

For postoperative functional recovery, we utilize intelligent rehabilitation devices, notably Orthopedic Exoskeleton Robots, Joint Function Exercise Instruments, and Electric Standing Beds. These devices provide precise, quantifiable, and repetitive movement training, effectively preventing muscle atrophy, joint stiffness, and deep vein thrombosis following orthopedic trauma. Driven by these advanced facilities, our hospitals have achieved strong clinical outcomes and high patient volumes.

Our Medical Professionals

We have built a multidisciplinary medical team consisting of skillful and experienced medical professionals to consistently maintain the high quality of our hospital services. As of December 31, 2025, we had 1,127 physicians, 3,732 technical, pharmaceutical and nursing medical professionals, as well as 166 other medical professionals.

In the PRC, licensed doctors are subject to periodic assessment of their professional skills, achievements and professional ethics by institutions or organizations authorized by the public health department in the PRC. There are three professional qualification ranks for doctors, which are, from the lowest to the highest rank: (i) junior qualification for resident doctors (住院醫師) who must have a medical degree, and typically undertake entry-level tasks such as patients’ medical records preparation and practice under the supervision of attending doctors or other superiors; (ii) mid-end qualification for attending doctors (主治醫師) who may supervise resident doctors and typically undertake routine clinical treatments, teaching, research and diseases prevention tasks; and (iii) senior qualification for associate chief doctors (副主任醫師) and chief doctors (主任醫師) who typically command the highest level of medical capability in a specific discipline and are generally the head of a clinical practice, and may supervise attending and resident doctors, direct research work of a specific discipline, as well as undertake complex and rare clinical treatments.

As of December 31, 2025, each of the physicians practicing at our hospitals had obtained the physician qualification certificate, and each of the other medical professionals practicing at our hospitals (except for physician assistants) had obtained the necessary qualification certificate for his or her medical practice in the PRC as of the same date. We also closely monitor the qualification registration and licensing records on a continuing basis to ensure that all physicians practicing at our hospitals comply with all applicable requirements under PRC laws and regulations, in particular, each physician’s practice is within the scope of his or her qualification and license. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaints or material penalties in relation to physicians of our hospitals practicing beyond the scope of their respective licenses.

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Our Smart Medical and Information Technology System

During the Track Record Period, we have actively pursued a comprehensive digital transformation across our medical services, leveraging artificial intelligence as a core driver to enhance patient experience and clinical quality. Our smart medical and information technology system, which is internally developed by our dedicated R&D team, is implementing AI-enabled applications throughout the entire patient care process, from initial consultation and diagnosis through treatment delivery and post-care follow-up. We are also developing an integrated patient services mini-program that will provide patients with unified access to appointment scheduling, medical records, and payment processing through mobile devices. These digital initiatives are systematically advancing the intelligent upgrade of our medical services, and creating an efficient, secure, and patient-centered medical ecosystem.

In addition, we have implemented a Hospital Information System (HIS) across all of our operating hospitals. Our HIS streamlines the daily operations by digitizing and integrating core processes including the management of patient records and billing history, outpatient registrations and inpatient admissions. This digital infrastructure enhances operational efficiency, improves data accuracy, reduces administrative burden on medical staff, and enables real-time access to patient information for better clinical decision-making.

We continuously implement intelligent technologies and digital solutions to optimize patient experience and operational efficiency. We have digitalized key service touchpoints including online appointment registration and online bill payment. These digital innovations not only improve patient satisfaction and convenience but also expand our brand awareness within our target market.

Patient Complaints Management

We have implemented a standardized complaint management system and a dedicated complaint management platform to collect patient feedback in a timely, accurate, and comprehensive manner. Our operational human resources department is responsible for initial handling, investigation, and resolution coordination, while our patient service team conducts follow-up visits and satisfaction surveys to ensure complaints are properly addressed. Patients may submit complaints through multiple channels, including: (i) inpatient evaluation and follow-up calls automatically triggered by our system on the third day and the 40th day after admission; (ii) third-party satisfaction surveys conducted semi-annually; (iii) in-person visits to our hospital customer service center; (iv) telephone hotline; and (v) other methods. Our patient service team handles patient complaints on a daily basis to ensure timely response and resolution. We have established response timeframes based on the severity of issues: regular issues are addressed on-site; issues requiring investigation and verification are resolved within three, five, or seven working days depending on complexity; and more complex situations are escalated to hospital management and resolved within one working day.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material patient complaints, nor did we encounter any material medical incidents, that would have a material and adverse effect on our business, financial condition or results of operations.

Branding and Marketing

Our branding and marketing strategy primarily leverages our strong reputation built on specialized medical expertise and established physician brands. Our presidents and chief doctors are recognized specialists with significant professional influence in our operational region, which serves as a cornerstone for patient acquisition. We also rely substantially on word-of-mouth recommendations and organic patient referrals, which have enabled us to establish a solid patient base within our service area.

We have established digital platforms, including WeChat subscription accounts “Mingzhou Yiliao (明州醫療)” and mini-programs “Mingzhou Kangfu (明州康復),” to enhance patient engagement and brand visibility. Through these channels, we provide comprehensive information regarding our medical services, appointment procedures and patient care protocols. These digital platforms serve as important brand-building tools, showcasing our medical team expertise, clinical achievements, accreditations, and health education content that reinforce our positioning as a trustworthy medical provider.

BUSINESS

Pricing

Pricing for Medical Services

In terms of medical service pricing, private for-profit hospitals are generally entitled to set the prices of medical services at their discretion based on their cost structures, market demand and other factors. However, if a medical institution is a Medical Insurance Designated Medical Institution, it may only charge medical fees according to pricing guidelines established by local medical authorities and public medical insurance providers. These guidelines specify the permissible fee ranges for patients covered by PRC public medical insurance programs under the PRC public social insurance regime.

As of December 31, 2025, our 28 hospitals were Medical Insurance Designated Medical Institutions (醫保定點醫療機構). For services covered by public medical insurance programs, we strictly adhere to the pricing guidelines established by the relevant local healthcare administrative authorities. For high-end and tailored medical services that are not covered by the pricing guidelines, we take into account the market price for similar medical services in the region and price our medical services based on certain factors, including complexity of the treatment, operating expenses, local market conditions and competitors' pricing of similar services.

Implementation of the DRG Payment System

Since 2019, the PRC government has promoted a Diagnosis-Related Group (DRG) based payment system for inpatient services. Under the DRG system, medical insurance reimbursement is made based on a pre-determined rate for each diagnosis group, rather than on the actual costs incurred. This system is designed to incentivize hospitals to improve efficiency and control costs. While not yet mandatory nationwide, its adoption is encouraged, and Medical Insurance Designated Medical Institutions in regions where the system is implemented must comply. As of December 31, 2025, our 22 hospitals adopted the DRG system.

The DRG system sets a standard reimbursement amount for each treatment group. If a hospital's actual costs exceed this amount, it must bear the excess. The majority of our patients are covered under the government's public medical insurance program, and we claim consideration for medical services provided from the relevant government medical insurance authorities. Consequently, we recognize revenue when the related medical services have been rendered to patients. As the reimbursement amounts are subject to the government's annual quota approval process, they are treated as variable considerations and estimated using the expected value approach, based on historical practice and all reasonably available information at the time of recognition. Any variance between our estimated variable consideration and the agreed annual quota agreed by the government is recorded as a revenue adjustment in the period in which the annual quota is agreed. In 2023, 2024 and 2025, we recorded upward revenue adjustments of RMB8.5 million, RMB0.9 million and RMB30.1 million, respectively, following such settlements. We typically receive the majority of our reimbursement payments in two to three months.

Procurement and Supply Chain Management

We mainly purchase pharmaceuticals, medical equipment and consumables for operations. We select our suppliers based on stringent criteria and applicable laws and regulations to ensure the quality of our supplies. When selecting suppliers, we conduct a comprehensive assessment of factors such as product offerings, qualifications, reputation, quality stability, and delivery schedule. Our suppliers are required to possess all licenses and permits necessary to conduct their operations, including GMP Certificate and/or GSP Certificate. Only those suppliers which fulfill all our selection criteria are selected.

Our medical supplies are primarily sourced within the PRC. Depending on the different types of supplies and our relationships with the suppliers, the terms of the supply agreements with our suppliers vary. We generally have long-term agreements with our suppliers. We are typically given credit terms of 90 days by suppliers of our medical supplies. Our suppliers are generally responsible for arranging the delivery to our hospital at their own costs. For all of the products ordered, an initial inspection is conducted by our warehouse management team upon delivery to verify packaging, labeling, and general

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condition. Products are then distributed to the relevant departments for detailed quality checks: pharmaceuticals are reviewed by the pharmacy department, consumables are verified by the finance department, and equipment is inspected by the general affairs or equipment management department. Quality checks cover expiration dates, packaging, product description and other quality indicators to ensure strict quality control.

We arrange the centralized procurement for our hospital business and supply of pharmaceuticals, medical equipment and consumables business to obtain a lower price and save costs. The medical institutions will evaluate and select qualified suppliers through centralized bidding or negotiation, and agreed procurement volumes are used in exchange for lower prices. We believe centralized procurement allows us to achieve economies of scale and to better control the quality of the pharmaceuticals, medical equipment and consumables we procure. During the Track Record Period, we had not experienced any significant fluctuation in the prices of our supplies.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material shortfall in the supply of pharmaceuticals, medical equipment and consumables, that would, individually or in the aggregate, have any material adverse impact on our business, financial condition or growth prospects.

Inventory Management

Our medical supplies, including pharmaceuticals, medical equipment and consumables are delivered by our suppliers in accordance with the terms of the supply contracts. Upon inspection by our quality control team, the medical supplies are then put into storage areas with controlled temperature and humidity in accordance with the storage requirements of the medical supplies and applicable laws and regulations. We have specific warehouse and storage for our inventory of pharmaceuticals, medical equipment and consumables and do not engage any third-party warehouse companies. In addition, our inventories are strictly organized in terms of admission and expiry dates. Pharmaceutical expiry dates are closely monitored to ensure expired items are not administered and are safely disposed of in accordance with applicable laws and regulations. We regularly carry out physical inventory stock-takes and assessments to reconcile our internal records. Once the pharmaceuticals or supplies are expired, or the medical equipment have reached the end of their service lives, we safely dispose of them in accordance with applicable laws and regulations, and such medical supplies are written off accordingly.

During the Track Record Period, we were in compliance with the applicable laws and regulations in relation to the storage of medical supplies in all material aspects.

OUR CUSTOMERS

During the Track Record Period, our customers for our smart power distribution and utilization business primarily consisted of two large national-level grid groups and the top five power generation groups and their subsidiaries, and regional power companies. We also catered to customers in emerging industries, such as new energy central state-owned enterprises, data centers and energy storage companies.

During the Track Record Period, our customers of the medical services business segment primarily consisted of patients. We receive payments primarily from (i) public medical insurance programs under the PRC public social insurance regime; and (ii) patients who finance their medical treatments themselves and/or are funded by commercial insurance providers. Our largest customers for our medical services business in each year during the Track Record Period contributed to around or less than 0.05% of our total revenue in the respective year. We generally grant our customers credit periods ranging from 30 to 180 days.

During the Track Record Period, we did not experience any material disputes with our customers that would, individually or in the aggregate, have a material adverse impact on our results of operations, financial condition and growth prospects. For the years ended December 31, 2023, 2024 and 2025, our revenue generated from sales to our five largest customers in each period in aggregate amounted to RMB4,807.3 million, RMB5,466.9 million and RMB5,333.0 million, respectively, representing 41.9%,

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37.4% and 37.1% of our total revenue in the corresponding periods. For the same periods, our revenue generated from sales to our largest customer amounted to RMB3,197.9 million, RMB3,022.0 million and RMB2,719.5 million, respectively, representing 27.9%, 20.7% and 18.9% of our total revenue in the corresponding periods.

The following table sets forth details of our five largest customers during the Track Record Period.

Customer	Background	Products Sold	Commencement of Business Relationship (Since)	Revenue (RMB'000)	% of Total revenue (%)
<i>For the year ended December 31, 2023</i>					
Customer A . . .	Affiliates of a company registered in Beijing, primarily engaging in the power transmission and distribution.	Smart power distribution and utilization equipment and solutions	2001	3,197,858	27.9
Customer B . . .	Affiliates of a company registered in Guangdong Province, primarily engaging in the power transmission and distribution.	Smart power distribution and utilization equipment and solutions	2004	879,578	7.7
Customer C . . .	Affiliates of a company headquartered in Saudi Arabia, primarily engaging in the manufacturing and supply of electrical products.	Smart power utilization equipment and solutions	2021	322,533	2.8
Customer D . . .	Affiliates of a state-owned company headquartered in Indonesia, primarily engaging in the power generation, transmission, distribution and electricity supply.	Smart power distribution and utilization equipment and solutions	2021	220,709	1.9
Customer E . . .	A company headquartered in Shenzhen, primarily specializing in smart power metering, power equipment, and new energy EV charging solutions.	Smart power utilization equipment and solutions	2015	186,632	1.6
Total				4,807,310	41.9
<i>For the year ended December 31, 2024</i>					
Customer A . . .	Affiliates of a company registered in Beijing, primarily engaging in the power transmission and distribution.	Smart power distribution and utilization equipment and solutions	2001	3,022,023	20.7
Customer B . . .	Affiliates of a company registered in Guangdong Province, primarily engaging in the power transmission and distribution.	Smart power distribution and utilization equipment and solutions	2004	1,060,221	7.3
Customer C . . .	Affiliates of a company headquartered in Saudi Arabia, primarily engaging in the manufacturing and supply of electrical products.	Smart power utilization equipment and solutions	2021	645,827	4.4
Customer F . . .	Affiliates of a company headquartered in Beijing, primarily engaging in building construction, property development, and related services.	Smart power distribution equipment and solutions	2021	377,383	2.6
Customer G . . .	Affiliates of a company headquartered in Beijing, primarily engaging in clean energy and infrastructure development, engineering design and construction services.	Transformer, box-type substation, and accessories	2022	361,494	2.5
Total				5,466,949	37.4

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Customer	Background	Products Sold	Commencement of Business Relationship (Since)	Revenue (RMB'000)	% of Total revenue (%)
<i>For the year ended December 31, 2025</i>					
Customer A . . .	Affiliates of a company registered in Beijing, primarily engaging in the power transmission and distribution.	Smart power distribution and utilization equipment and solutions	2001	2,719,547	18.9
Customer B . . .	Affiliates of a company registered in Guangdong Province, primarily engaging in the power transmission and distribution.	Smart power distribution and utilization equipment and solutions	2004	1,268,439	8.8
Customer H . . .	Affiliates of a company registered in Hebei Province, primarily engaging in the power transmission and distribution.	Smart power distribution equipment and solutions	2023	572,099	4.0
Customer I . . .	A company registered in Greece, primarily engaging in the power transmission and distribution.	Smart power distribution equipment and solutions	2024	391,011	2.7
Customer G . . .	Affiliates of a company headquartered in Beijing, primarily engaging in clean energy and infrastructure development, engineering design and construction services.	Transformer, box-type substation, and accessories	2022	381,876	2.7
Total				5,332,971	37.1

None of our Directors, their respective associates or any Shareholders who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers for each year during the Track Record Period.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of providers of raw materials and components we mainly use in our manufacturing process. For our smart power distribution and utilization business, these primarily include chips, electronic components, customized parts, structural components, bulk commodities including copper, iron and mineral insulating oil, and other auxiliary materials. We also engage service providers for services such as the collection and provision of market information. In addition, we have suppliers for pharmaceuticals, medical equipment and consumables for our medical services business. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers that would, individually or in the aggregate, have a material adverse impact on our results of operations, financial condition and growth prospects. In addition, we believe that adequate alternative sources for such supplies exist, and we have duly established alternative options for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. Our suppliers typically grant us credit periods of approximately one to three months.

For the years ended December 31, 2023, 2024 and 2025, our purchases from our five largest suppliers in each period in aggregate amounted to RMB1,128.1 million, RMB1,058.4 million and RMB1,163.4 million, respectively, representing 14.0%, 11.3% and 13.2% of our total purchases in the corresponding periods. For the same period, our purchases from our largest supplier amounted to RMB468.5 million, RMB296.0 million and RMB314.4 million, respectively, representing 5.8%, 3.2% and 3.6% of our total purchases in the corresponding periods.

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The following table sets forth details of our five largest suppliers during the Track Record Period.

Supplier	Background	Supplies/ Services Purchased	Commencement of Business Relationship (Since)	Purchase Amount (RMB'000)	% of Total Purchases (%)
<i>For the year ended December 31, 2023</i>					
Supplier A	A company headquartered in Hubei Province, primarily engaging in the sales of metal materials and non-ferrous metals.	Raw materials	2009	468,485	5.8
Supplier B	A company headquartered in Jiangsu Province, primarily engaging in the development and manufacturing of winding wires.	Raw materials	2014	216,644	2.7
Supplier C	A company headquartered in Zhejiang Province, primarily engaging in manufacturing and sales of cable, wire and other metal materials.	Raw materials	2016	184,050	2.3
Supplier D	A company headquartered in Anhui Province, primarily specializing in metal materials processing and related trading services.	Raw materials	2017	147,220	1.8
Supplier E	A company headquartered in Shenzhen, primarily engaging in the development and sales of switch-mode power supply integrated circuits and related electronic components.	Raw materials	2019	111,695	1.4
Total				1,128,094	14.0
<i>For the year ended December 31, 2024</i>					
Supplier A	A company headquartered in Hubei Province, primarily engaging in the sales of metal materials and non-ferrous metals.	Raw materials	2009	295,971	3.2
Supplier D	A company headquartered in Anhui Province, primarily specializing in metal materials processing and related trading services.	Raw materials	2017	248,561	2.6
Supplier B	A company headquartered in Jiangsu Province, primarily engaging in the development and manufacturing of winding wires.	Raw materials	2014	196,041	2.1
Supplier F	A company headquartered in Jiangsu Province, primarily engaging in cable and wire manufacturing.	Raw materials	2022	177,836	1.9
Supplier C	A company headquartered in Zhejiang Province, primarily engaging in manufacturing and sales of cable, wire and other metal materials.	Raw materials	2016	140,039	1.5
Total				1,058,448	11.3
<i>For the year ended December 31, 2025</i>					
Supplier A	A company headquartered in Hubei Province, primarily engaging in the sales of metal materials and non-ferrous metals.	Raw materials	2009	314,406	3.6
Supplier F	A company headquartered in Jiangsu Province, primarily engaging in cable and wire manufacturing.	Raw materials	2022	295,326	3.4
Supplier C	A company headquartered in Zhejiang Province, primarily engaging in manufacturing and sales of cable, wire and other metal materials.	Raw materials	2016	189,006	2.1
Supplier D	A company headquartered in Anhui Province, primarily specializing in metal materials processing and related trading services.	Raw materials	2017	187,757	2.1
Supplier G	A company headquartered in Jiangsu Province, primarily engaging in the development and manufacturing of electrical copper conductors.	Raw materials	2014	176,911	2.0
Total				1,163,407	13.2

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None of our Directors, their respective associates or any Shareholders who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers for each year during the Track Record Period.

DATA PRIVACY AND DATA SECURITY

We recognize that our activities involve the collection, processing, and management of significant volumes of personal information, which are critical to our operational success and competitive advantage in both of our power distribution and utilization business and our medical service business. In smart power distribution and utilization business, the types of data we collect may include product performance and testing data generated during design validation and production processes, operational and supply chain data, specifications and technical documentation provided by customers and internal system usage data. In the medical services business, the main type of data we collect is the personal information of patients. To mitigate the inherent risks associated with data handling and to uphold the highest standards of data protection, we have established a comprehensive personal information protection management framework.

We have established a comprehensive information security management framework, underpinned by a suite of internal policies including the “Information Security Management System,” “IT Asset Management System,” “Information Security Asset Identification Control Procedures,” “Information Security Risk Assessment Management Procedures,” and “IT Emergency Response Management Standards.” Implementation of these policies is overseen by dedicated teams comprising IT department personnel, IT operations managers, and relevant departmental heads across both business segments.

Our technical safeguards employ a multi-layered defense architecture encompassing firewalls, Web Application Firewalls, zero-trust network access controls, vulnerability scanning, and penetration testing. These measures are reinforced by network admission controls for device and user authentication and regular high-availability exercises to validate system resilience. With respect to data confidentiality, we enforce strict data permission controls to ensure that no single user is able to access all business data. Generally, the system data is required to be stored on data center storage media, and the removal of data from the data center is strictly prohibited. The data export is subject to a desensitization assessment process conducted by the relevant business department. Sensitive data is encrypted both in transit and at rest, and all download operations across business systems are logged with detailed records — including personnel identity, time, and data volume — to ensure full traceability and auditability. For our medical services business, electronic medical records and patient file systems incorporate patient identity verification mechanisms to protect privacy, and clinical decision support systems are maintained to ensure the accuracy and regulatory compliance of medical data. We also conduct dedicated information security activities annually, training programs, technical upgrades, and security awareness campaigns to foster a strong information security culture among employees, with particular emphasis on patient privacy and medical data protection.

We conduct monthly internal reviews of our information security management system and carry out regular system spot checks covering user identification and authentication, access control, security auditing, data integrity and confidentiality, and privilege management.

Through these comprehensive measures, we not only comply with all applicable data protection laws but also build trust and confidence among our stakeholders by demonstrating our unwavering commitment to protecting personal information and respecting individual privacy. In the opinion of our PRC Legal Advisors, our data processing as described above falls within the scope of the relevant PRC laws and regulations on cybersecurity, data privacy and personal information protection. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or loss of data. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the laws and regulations related to data security in all material aspects.

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Our practices regarding the collection, use, storage, disclosure and transfer of various types of data may be subject to increased administrative scrutiny. For details, see “Risk Factors — Risks Relating to Government Regulations — We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security.”

INTELLECTUAL PROPERTY

We currently hold many intellectual properties related to our core technologies, and we devote significant time and resources to their development and protection. We rely on a combination of patent, trademark, copyright, domain name, trade secret and other proprietary rights protection laws in the PRC as well as confidentiality procedures and contractual provisions to protect our intellectual properties.

As of December 31, 2025, we had obtained over 440 registered patents in Chinese Mainland, including over 300 invention patents, as well as three important integrated circuit layout designs. We were also the registered owner of over 20 registered trademarks, over 70 software copyrights and over six domain names in Chinese Mainland. As of the same date, we had obtained four registered patents and over 170 registered trademarks overseas.

As of the Latest Practicable Date, our Directors believe that there is no legal impediment for the renewal of the above patents, copyrights, trademarks and domain names that would materially and adversely affect our business. For details, please refer to the paragraph headed “Appendix V — Statutory and general information — A. Further Information about Our Business — 2. Intellectual Property Rights.”

To safeguard and leverage our intellectual property assets, we have established a comprehensive intellectual property management framework. This framework is meticulously designed to align with national standards and our strategic business objectives, ensuring that all IP-related activities are systematically managed, protected, and utilized to enhance our competitive advantages. Our intellectual property management framework incorporates proactive risk management strategies to identify and mitigate potential risks. For instance, upon identifying potential conflicts in the design of our power distribution and utilization products, we evaluate the infringement risk and implement necessary design adjustments or pursues licensing agreements to ensure compliance and protect our market position. In the event of disputes, our established protocols facilitate timely and effective resolution through administrative and judicial channels.

To ensure the effective implementation of our intellectual property strategies, we maintain detailed management ledgers and classified archives, updated in accordance with our archival management policies. These records encompass patent management ledgers, copyright management ledgers, and patent value assessment forms. Such meticulous documentation ensures that all intellectual property assets are accurately tracked, maintained, and readily accessible for strategic decision-making.

SEASONALITY

Our business is subject to seasonal fluctuations. For our medical service business, we typically have fewer patient visits shortly before and after the Chinese New Year, which is in line with the medical service industry in the PRC. Our domestic smart power distribution and utilization business generally sees lower activity in the first quarter. This is primarily due to the suspension of projects and operations during the Chinese New Year holiday, as well as unfavorable weather conditions in winter. As a result, we expect our revenue and profitability to be slightly lower in the first quarter of each financial year during the Track Record Period.

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COMPETITION

The markets in which we operate are highly competitive. Our smart power distribution and utilization business is characterized by intense competition from both established international and domestic manufacturers. Our current and potential competitors also include private rehabilitation hospital, public rehabilitation hospitals and rehabilitation departments of general hospitals in our medical service business. We anticipate that these markets will continue to evolve and experience changes in technology, industry standards, regulatory requirements and customer preferences. To remain competitive, we must continually innovate and improve our products, services and operations to meet the changing needs of our customers and stay ahead of our competitors.

We believe that we are well-positioned to effectively compete on the basis of the factors listed above. However, some of our current or future competitors may have longer operating histories, greater brand recognition, better supplier relationships, larger customer bases or greater financial, technical or marketing resources than we do. We build our competitive edges and have been dedicated to the expansion of our global presence and the improvement in our operating efficiency. For details, see “Industry Overview.”

EMPLOYEES

The strength and talent of our workforce are critical to the success of our businesses, and we continually strive to attract, develop and retain personnel commensurate with the needs of our businesses in their operating environments. As of December 31, 2025, we had a total of 12,843 full-time employees, including 11,712 based in Chinese Mainland and 1,131 based overseas. The following table sets forth the numbers of our employees categorized by function as of December 31, 2025:

Function	Number
Technical	6,017
Manufacturing	3,997
Administrative	1,727
Sales and marketing	750
Finance and Accounting	217
Procurement	135
Total	12,843

We recruit our employees through recruitment websites, recruiters and internal referrals. In compliance with the relevant PRC laws and regulations, we enter into standard employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We also enter into standard confidentiality and non-compete agreements with key employees and departed personnel. We are committed to strictly complying with applicable laws, regulations and standards in different countries and regions related to workplace safety, providing a safe and healthy workplace for our employees and implementing an effective management system to help ensure employee safety and well-being. As required by laws and regulations in Chinese Mainland, we participate in various employee social security plans, including pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans.

Recognizing the importance of talent cultivation, we offer a diverse array of training and professional development opportunities to equip our employees with technical expertise. Every new employee participates in a comprehensive onboarding program with systematic trainings tailored to their functions and responsibilities, covering corporate culture, employee rights and responsibilities, workplace

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safety, data security and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. During daily operations, we organize technical and external training programs to continuously foster the professional skills for our employees at all levels.

We believe that we have maintained good working relationships with our employees, and have established a labor union to represent our employees for employee affairs. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operation.

INSURANCE

We consider our insurance coverage to be adequate and in accordance with the commercial practices in the industries in which we operate. Regarding our power distribution and utilization business, we have purchased property insurance covering all risks of physical loss, destruction or damage to the inventory of our products and our fixed assets. We also purchased work safety liability insurance to cover potential liabilities arising from workplace safety incidents and occupational hazards in our manufacturing operations. Regarding our medical service business, as advised by our PRC Legal Advisors, our hospitals are not required by any applicable laws or regulations of the PRC to maintain medical liability insurance. As part of our plan to evaluate the necessity of enrolling our hospitals in medical liability insurance and exploring suitable insurance products for our hospitals, we have enrolled most of our hospitals in medical liability insurance, renewable on an annual basis and gradually enrolled our other hospitals subsequently. In addition, we have purchased property all-risk insurance and public liability insurance to effectively mitigate potential operational risks.

We provide social security insurance, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees in Chinese Mainland and statutorily required insurance coverage for overseas employees. For our overseas bases, we provide overseas personal accident insurance and premium medical insurance, in addition to the mandatory insurance, to our employees to ensure their health and safety. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed.

However, our insurance policies may not cover all potential risks, and there can be no assurance that we will not experience losses or claims beyond the scope or limits of such coverage. See “Risk Factors — Risks Relating to Our Operations — Our limited insurance coverage may not cover all losses, which may increase our operational costs.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to ESG principles and have established a comprehensive ESG policy framework aligned with global standards and regulatory requirements. We will comply with the ESG reporting and disclosure requirements under Appendix C2 to the Listing Rules and publish ESG reports on an annual basis.

ESG Governance

We have established a three-tier ESG governance structure comprising (i) the Board and our Strategy and ESG Committee as the decision-making body, responsible for reviewing and approving ESG strategies, objectives and disclosure reports; (ii) the ESG work team as the management body, responsible for implementing ESG strategies and formulating ESG working plans; and (iii) our various functional departments as the operational body, providing timely feedback on ESG progress. To establish and improve our compliance governance system, we have integrated compliance governance details into key institutional documents such as ESG Management Measures (《ESG管理辦法》), Environmental Statement (《環境聲明》), Labor and Human Rights Statement (《勞工與人權聲明》), and Anti-Bribery and Anti-Fraud Statement (《反商業賄賂和反舞弊聲明》).

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Recognizing the risks and opportunities associated with ESG, we are also dedicated to identifying and addressing these factors through environmental impact assessments and management. We are exploring various measures to mitigate ESG-related risks while striving to balance cost-effectiveness with sustainable development. As of the Latest Practicable Date, we were awarded the MSCI ESG rating of “A,” the Wind ESG rating of “AA,” and the Huazheng Index ESG rating of “AA,” respectively. All of our ESG ratings have seen considerable growth compared to previous years. We are at a preliminary stage of studying the environmental impact of our operations and establishing ESG targets. We intend to implement achievable ESG targets upon the [REDACTED] that align with our expansion while minimizing environmental impact and risks. Furthermore, we are committed to fostering a culture of compliance, with a goal to ensure that all employees are well-informed of and adhere to relevant ESG regulations and requirements through cross-departmental collaboration.

Environmental Stewardship

Our dedication to environmental sustainability is evidenced by our robust environmental management systems and proactive initiatives aimed at minimizing our ecological footprint. We have achieved ISO 14001 Environmental Management System certification, underscoring our commitment to continuous improvement in environmental performance.

Energy

The energy types consumed by our power utilization and distribution business primarily include electricity for production and office use, gasoline for official vehicles, diesel for shuttle buses, and natural gas for staff canteens. The energy types consumed by our medical service business primarily include electricity for various medical institution operations, gasoline for official vehicles, diesel for shuttle buses, natural gas for staff canteens, and steam used for sterilization and other purposes. As of December 31, 2025, our Company and two of our subsidiaries had each obtained ISO 50001 Energy Management System certification.

Water Resources

We are committed to responsible water stewardship and actively fulfill our social responsibility in safeguarding water resources. Our water supply is sourced primarily from municipal water supply networks, and we did not encounter any material difficulties in securing adequate water sources during the Track Record Period. In the course of our operations, our power utilization and distribution business generates both domestic sewage and industrial wastewater, while our medical services business generates medical wastewater. Industrial wastewater undergoes treatment at on-site sewage treatment facilities to ensure compliance with applicable regulatory discharge standards prior to being discharged into the municipal sewage network. Medical wastewater is similarly treated on-site before discharge, and we engage qualified third-party testing institutions on an annual basis to conduct routine testing to ensure ongoing compliance with applicable public health and environmental standards.

Emissions

Waste

We have established comprehensive waste management procedures designed to ensure regulatory compliance in waste disposal and minimize our environmental footprint. Our power distribution and utilization business generates both hazardous waste, comprising cleaning waste liquids, waste packaging drums, and spent activated carbon, and non-hazardous waste, including general industrial solid waste such as waste packaging materials, defective products, and domestic garbage. Our medical services business generates hazardous waste in the form of medical waste, including disposable medical devices, waste needles, and expired pharmaceuticals, as well as non-hazardous waste consisting of domestic garbage. All hazardous waste and general industrial solid waste are transferred to qualified third-party disposal

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companies for proper treatment, while domestic garbage is collected and managed by municipal sanitation authorities. Medical waste is handled exclusively by government-designated medical waste collection entities in accordance with applicable regulations.

Greenhouse Gas Emission

Our greenhouse gas emissions related to operational activities of our power utilization and distribution business primarily include (i) Scope 1 direct emissions generated from the combustion of gasoline by official vehicles, the combustion of diesel by shuttle buses, and the combustion of natural gas in staff canteens, as well as fugitive emissions from refrigerants used in air-conditioning systems; and (ii) Scope 2 indirect emissions arising from purchased electricity consumed in production and office operations. As of December 31, 2025, our Company and three of our subsidiaries had each obtained ISO 14001 Environmental Management System certification. In response to the national target of carbon neutrality, we actively focus on reducing the greenhouse gas emissions generated during our operations.

Metrics and Indicators

We rely on various metrics to measure the impact of environmental risks, in line with industry standards. These metrics include the number of resources consumed, the amount of wastewater generated, and the amount of hazardous waste generated. The following table sets forth the information of our resource consumption and emissions during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Resource Consumption:			
Water consumption (m ³)	1,102,799.0	571,674.0	545,301.1
Water consumption intensity ⁽¹⁾ (m ³ /RMB million)	96.2	39.2	38.0
Purchased electricity consumption (MWh)	72,745.2	63,914.4	121,638.8
Purchased electricity consumption intensity ⁽¹⁾ (MWh/RMB million)	6.3	4.4	8.5
Emissions:			
Hazardous waste (tonnes)	704.9	402.2	2,078.8
Hazardous waste intensity ⁽¹⁾ (tonnes/RMB million)	0.06	0.03	0.14
Non-hazardous waste (tonnes)	12,729.0	13,887.7	19,883.5
Non-hazardous waste intensity ⁽¹⁾ (tonnes/RMB million)	1.1	1.0	1.4
Water waste (m ³)	603,088.0	717,273.0	863,513.0
Water waste intensity ⁽¹⁾ (m ³ /RMB million)	52.6	49.1	60.1
Greenhouse gas emissions (tonnes CO ₂ equivalent) ⁽²⁾	42,703.0	33,541.2	62,487.5
– Scope 1 (direct emissions) ⁽³⁾ (tonnes CO ₂ equivalent)	1,216.4	1,501.0	1,984.4
– Scope 2 (indirect emissions) ⁽⁴⁾ (tonnes CO ₂ equivalent)	41,486.6	32,040.2	60,503.1
Greenhouse gas emissions intensity ⁽¹⁾ (tonnes CO ₂ equivalent/RMB million)	3.7	2.3	4.4
– Scope 1 (direct emissions) intensity ⁽¹⁾⁽³⁾ (tonnes CO ₂ equivalent/RMB million)	0.1	0.1	0.1
– Scope 2 (indirect emissions) intensity ⁽¹⁾⁽⁴⁾ (tonnes CO ₂ equivalent/RMB million)	3.6	2.2	4.2

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Notes:

- (1) The amount used as the denominator for calculating intensity is our total revenue for the year indicated, in millions of RMB.
- (2) Total greenhouse gas emissions represent the sum of Scope 1 and Scope 2 greenhouse gas emissions.
- (3) Scope 1 emissions primarily result from the consumption of natural gas, gasoline for company vehicles and diesel for company buses during production and operational processes.
- (4) Scope 2 emissions primarily result from our purchased electricity and steam consumption.

Our resource consumption and emissions generally decreased from 2023 to 2024, primarily reflecting the results of our proactive resource conservation efforts across our operations. In particular, the significant decrease in water consumption was attributable to enhanced leak detection and repair programmes and ongoing energy efficiency improvements across our operations. Our resource consumption and emissions generally increased from 2024 to 2025, most notably in purchased electricity consumption, hazardous waste generation, and greenhouse gas emissions. Within our medical services business, the increase was attributable to two key factors. First, certain of our hospitals undertook systematic infrastructure upgrades and facility renovation works in 2025, including ward refurbishment, structural repairs, and environmental improvement works across multiple sites, which resulted in a temporary increase in energy consumption and waste generation during the construction period. Second, as we expanded our clinical and support workforce, our medical services business generated higher electricity consumption and greenhouse gas emissions for staff accommodation and daily hospital operations. Within our smart power distribution and utilization business, the increase in hazardous waste generation was primarily attributable to the commencement of operations at newly established production facilities.

Quantitative Targets and Implementation Measures

We are determined to enhance the environmental performance of our entire value chain, encompassing office operations, supplier selection, raw material inflow, manufacturing processes and waste management. Our goal is to improve energy efficiency and optimize energy usage to support sustainable business growth, while maintaining alignment with industry standards and best practices. To realize these long-term objectives, we are progressively optimizing production processes, improving energy efficiency, and increasing the proportion of green energy used in our operations.

In establishing the targets for the above metrics, we have taken into account our historical performance during the Track Record Period and conducted a thorough and prudent assessment of our anticipated business expansion, with a view to striking an appropriate balance between business growth and environmental protection in pursuit of sustainable development. Recognizing that the expansion of our business operations is expected to result in an increase in the number of employees and production scale, we have set a target for our smart power distribution and utilization segment to maintain our total emission and waste generation intensity at broadly comparable levels, with a targeted reduction of 5% by 2030 as compared to 2023 levels.

To implement these targets, we have undertaken several key measures across both of power utilization and distribution business and medical services business:

- ***Energy Management and Efficiency.*** We actively pursue strategies to reduce energy consumption across our operations, with a particular focus on electricity. We have established a comprehensive energy management framework underpinned by formal policies and dedicated oversight structures, including a dedicated energy management team for our power utilization and distribution business and the “Energy Management Policy” and related internal policies to standardize energy metering, accounting, and conservation requirements. In 2025, we completed energy audits for relevant product series and executed approximately 120 energy-saving technical renovation and management improvement projects spanning production processes and power equipment, achieving aggregate electricity savings of approximately 7.7

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million kWh, reducing carbon emissions by over 3,800 tonnes of CO₂ equivalent and generating cost savings of approximately RMB5.7 million. For our medical services business, we made meaningful progress in clean energy deployment in 2025, among which four hospitals completed the installation of rooftop PV systems, enabling on-site solar generation for self-consumption. In addition, one hospital has already been equipped with energy storage devices, and additional hospitals are currently advancing their energy storage projects.

- ***Water Resource Conservation.*** We have implemented systematic water conservation measures across both of our business segments. Our power utilization and distribution business conducts daily meter readings and comparative data analysis to promptly identify and repair pipeline leaks, thereby eliminating daily water losses of up to 80 tonnes per leak point. In addition, daily monitoring is performed at major water consumption points to detect abnormal usage patterns and minimize unnecessary resource losses. Our medical services business has formulated the “Pump Room Management Regulations” and maintains a regime of regular equipment inspections, preventive maintenance, and instrument calibration. Water conservation awareness is further promoted across medical institution premises through the use of conservation signage and the installation of flow control devices.
- ***Circular Economy and Waste Reduction.*** We actively promote circular economy principles throughout our operations. Through fine-grained classification of recyclable waste products, we generated approximately RMB75.7 million, RMB83.2 million and RMB98.4 million in sales of reusable waste products in 2023, 2024 and 2025, respectively. We also encourage the reuse of supplier transit packaging to minimize material waste across its supply chain.

Social Responsibility

Diversity and Employment

We believe our employees are our greatest asset and are committed to fostering a supportive, inclusive workplace with continuous professional development opportunities and comprehensive welfare benefits.

Our workforce reflects a strong commitment to diversity. As of December 31, 2025, 49.0% of our employees were female, with female colleagues playing significant roles across research and development, production management, and sales operations. We actively promote gender equality by providing ample career development opportunities for female employees. Our Board composition similarly reflects this commitment to diversity, comprising nine directors, including four female directors, as of December 31, 2025, bringing comprehensive perspectives and richer experience to our decision-making.

We have implemented a robust recruitment system emphasizing transparency, fairness, and meritocracy, utilizing both internal referrals and external talent acquisition strategies. Annual workforce plans and budget controls ensure tight alignment between human resources planning and our overall business strategy.

We are committed to respecting the dignity, individuality, and privacy of every employee, and adhere to a fair, transparent, and performance-driven compensation and promotion system aligned with market standards, job value, and individual contributions. We have designed distinct promotion paths for different types of talent, complemented by standardized evaluation criteria and procedures. We have also established a comprehensive, multi-tiered employee training system encompassing onboarding training, targeted skills training, management development programs, and external learning activities, including international forums.

Occupational Health and Safety

We strictly comply with the relevant laws and regulations on work safety and occupational disease prevention and control and are committed to providing employees with a healthy and safe working environment. We conduct regular monitoring of occupational hazard factors in workplaces with occupational hazards, in accordance with relevant regulations and standards, to ensure that the working

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environment complies with health standards. For employees in positions with exposure to occupational hazards, we conduct regular occupational health examinations to promptly identify and address potential health issues. We also provide comprehensive personal protective equipment to safeguard our workforce, particularly for our radiology staff in our hospitals, we equip them with lead aprons and lead caps to minimize exposure to ionizing radiation and protect their long-term health. In addition, we regularly organize employee safety training, emergency drills, and other activities to enhance employees' safety awareness and foster a corporate culture that prioritizes health and safety.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any occupational health and safety incidents or any claims for personal injury or property damage that would have any material adverse impact on our results of operations, financial position or growth prospects.

Social Contributions

We firmly believe that social responsibility and business success are mutually reinforcing, and the sustainable development of an enterprise cannot be achieved without giving it back to society. Accordingly, we actively fulfill our social responsibilities, deeply engage in rural revitalization to promote social harmony and progress through concrete actions.

We actively recruit workers from developing regions, which not only meets our internal manpower needs, but also supports local livelihoods and helps reduce regional employment disparities. As of December 31, 2025, we employed over 100 such workers from developing areas. In addition, we are committed to enabling high-quality medical services to benefit people in all regions more extensively. We have actively organized and conducted free medical consultations and health lectures across multiple cities nationwide. We mobilize our medical staff to go deep into local communities and rural areas, providing residents with free medical examinations, health consultations, and essential knowledge on disease prevention.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented comprehensive risk management policies, covering risks that may arise in R&D, procurement management, production management, sales management, among others. Meanwhile, we are dedicated to overseeing and assessing the effectiveness of risk management and internal control systems to ensure that these systems are corrected and effectively controlled during business development in a timely manner.

In order to monitor the continuous implementation of [REDACTED] risk management policies and corporate governance measures, we have taken or will continue to take risk management measures as follows:

- Our Board is responsible for monitoring our internal control system, assessing its effectiveness and maintaining suitable and effective risk tolerance levels.
- Our audit department assists our management with developing risk management policies and reviewing major risk management matters, providing guidance to relevant departments on risk management measures, and overseeing the implementation of risk management policies.
- Our financial affairs department, legal and compliance department, human resources department and other relevant departments are responsible for implementing our risk management policies and conducting daily risk management activities.
- When necessary, we engage external professional advisors to work with our internal audit and legal teams to conduct regular reviews to ensure the validity of all registrations, licenses, permits, filings and approvals.

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PROPERTIES

Owned Properties

As of the Latest Practicable Date, we obtained ten land use right certificates for properties with an aggregate site area of over 923,000 square meters, on which we owned 13 buildings with an aggregate GFA of over 1,111,000 square meters, in Chinese Mainland. These properties are primarily used for production and operations, and hospital operations. We also own certain properties overseas. As of Latest Practicable Date, we owned one property with an aggregate site area of approximately 24,000 square meters in Indonesia. The property we owned is primarily used for production and office purposes.

The Property Valuation Report from JLL, an independent property valuer, set out in Appendix III of this document, sets out details of our selective property interest as of March 31, 2026. JLL valued the property interest at an amount of RMB1,210.0 million as of March 31, 2026. Except for the property interest set forth in the Property Valuation Report from JLL, no other property interests are used for property activities as defined under Rule 5.01 of the Listing Rules. No single property interest that forms part of our non-property activities had a carrying amount representing 15% or more of our total assets as of March 31, 2026.

Leased Properties

As of the Latest Practicable Date, we operated our business through 47 leased properties with a total GFA of over 460,000 square meters in Chinese Mainland. Such properties primarily serve as our office premises, R&D centers, and hospitals. As of the same date, we leased seven properties overseas with an aggregate site area of approximately 65,000 square meters, which primarily serve as our production bases.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, 16 of our lease agreements in China had not been registered. Our PRC Legal Advisors are of the view that the non-registration of our lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities may require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. We may be subject to the risks of fines if lease registration is not completed as required by the relevant local housing administrative authorities. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of the lease agreements. For some of our leased properties in the PRC, the lessors fail to provide valid title certificates to prove the ownership of the leased premises. In such case, our rights in relation to such properties might not be entirely protected. In addition, the actual usages of certain leased properties were used for purposes inconsistent with their respective permitted usage, which may also challenge or interrupt our use and occupation of the relevant properties. For details, see “Risk Factors — Risks Relating to Our Operations — Our leased properties may be subject to non-compliances or challenges that could potentially affect our future use of them.”

LICENSES, APPROVALS AND PERMITS

We are subject to regular inspections, examinations and audits by local regulators and are required to maintain or renew the necessary permits, licenses and certificates for our business. As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations and such licenses, permits and certifications all remain in full effect. For more details regarding the laws and regulations to which we are subject, see “Regulatory Overview” in this document.

As of the Latest Practicable Date, we had not experienced any material difficulty in obtaining or renewing the required licenses, permits, approvals, and certificates for our business operations. We do not expect there to be any material legal impediment in renewing these licenses, permits, approvals and certificates as they expire in future as long as we are in compliance with applicable laws, regulations, and rules.

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

License/Permit/Certificate	Holder	Grant Date	Expiration Date
Medical Institution Practicing License (醫療機構執業許可證)	Ningbo Mingzhou Hospital Co., Ltd. (寧波明州醫院有限公司)	April 22, 2026	June 30, 2027
License/Permit/Certificate: Radio Transmission Equipment Type Approval Certificate (無線電發射設備型號核准證)	Our Company	October 24, 2025	November 3, 2028
Customs Declaration Entity Registration Certificate (報關單位備案證明)	Our Company	October 20, 2025	N/A
Customs Declaration Entity Registration Certificate (報關單位備案證明)	AUX Technology	January 15, 2024	N/A
Radio Transmission Equipment Type Approval Certificate (無線電發射設備型號核准證)	Our Company	November 17, 2023	November 17, 2028
Telecommunication Equipment Networking License (電信設備進網許可證)	Our Company	October 16, 2023	October 16, 2026

AWARDS AND RECOGNITIONS

During the Track Record Period, we received numerous recognitions for our products and services. Some of the significant awards and recognition we received are set forth below.

Year Granted	Award/Recognition	Awarding Institution/Authority
2025	National Green Supply Chain (國家級綠色供應鏈)	MIIT
2025	Zhejiang Province AI Application Scenario (浙江省人工智能應用場景)	Zhejiang Provincial Department of Economy and Information Technology
2024 and 2025	Top 7 of Medical Institutions Established by Social Capitals Hospital Groups (艾力彼社會辦醫醫院集團7強)	Guangzhou Institute of Asclepius Hospital Management
2025	2 hospitals ranked among Top 300 Socially-Funded Rehabilitation Hospitals (艾力彼社會辦醫康復醫院300強), 7 hospitals ranked among Top 500 Socially-Funded Rehabilitation Hospitals (艾力彼社會辦醫康復醫院500強)	Guangzhou Institute of Asclepius Hospital Management
2024	1 hospital ranked among Top 300 Socially-Funded Rehabilitation Hospitals (艾力彼社會辦醫康復醫院300強), 8 hospitals ranked among Top 500 Socially-Funded Individual Hospitals (艾力彼社會辦醫單體醫院500強)	Guangzhou Institute of Asclepius Hospital Management
2024	“Robot+” Application Benchmark Enterprise (“機器人+”應用標桿企業)	Zhejiang Provincial Department of Economy and Information Technology
2024	Provincial Industrial Design Center (省工業設計中心)	Zhejiang Provincial Department of Economy and Information Technology

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Year Granted	Award/Recognition	Awarding Institution/Authority
2024	First-of-Its-Kind Product in the Province — Energy Controller (ECU4H13-SX7910) (省內首台(套) — 能源控制器(ECU4H13-SX7910))	Zhejiang Provincial Department of Economy and Information Technology
2024	Zhejiang Province Cross-border E-commerce Export Renowned Brand (浙江省出口名牌)	Zhejiang Provincial Department of Commerce
2023	National Service-Oriented Manufacturing Demonstration Enterprise (國家級服務型製造示範企業)	MIIT
2023	National Green Factory (國家級綠色工廠)	MIIT
2023	National Green Design Demonstration (綠色設計示範)	MIIT
2023	Zhejiang Provincial Enterprise Technology Center (浙江省企業技術中心)	Zhejiang Provincial Department of Economy and Information Technology
2023	Zhejiang Provincial Key Enterprise Research Institute (浙江省重點企業研究院)	Zhejiang Provincial Department of Science and Technology
2023	National Intelligent Manufacturing Outstanding Scenario (國家級智能製造優秀場景)	MIIT, NDRC, Ministry of Finance of the People’s Republic of China, State-owned Assets Supervision and Administration Commission of the State Council, and SAMR
2023	National Intellectual Property Advantage Enterprise (國家級知識產權優勢企業)	National Intellectual Property Administration

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, disputes and claims that arise in the ordinary course of business. In particular, we may subject to medical disputes and malpractice claims brought by patients and/or their families against our hospitals. These medical disputes and malpractice claims are primarily related to complications and physical injuries that the patients claim to have suffered during or after receiving medical services at our hospitals. Due to the nature of the healthcare industry and the inherent risks in treating patients, especially patients with complex medical conditions requiring intensive care or high-risk clinical procedures, we are exposed to risks of medical disputes that we cannot entirely eliminate. For details, see “Risk Factors — Risks Relating to Our Medical Service Business and Industry — We are exposed to risks of medical disputes, malpractice claims, and other disputes arising from or in connection with our operations, which could result in costs and harm to our reputation” and “Risk Factors — Risks Relating to Our Operations — Our business may suffer as a result of adverse outcomes of current or future litigation and regulatory actions.”

During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any material legal or administrative proceedings that could significantly impact our operations, financial position, growth prospects, or reputation.

Compliance

We maintain rigorous compliance with all applicable laws and regulations governing our operations. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operation.

CONNECTED TRANSACTIONS

OVERVIEW

Prior to the [REDACTED], we have entered into certain transactions with parties who will, upon the [REDACTED], become connected persons of our Company. Details of such continuing connected transactions are set out below.

The table below sets forth certain parties who will become our connected persons upon the [REDACTED] and the nature of their relationships with our Company.

Connected Person	Connected Relationship
Shuyi Property Service Co., Ltd. (曙一物業服務有限公司) (“ Shuyi Property ,” together with its subsidiaries, the “ Shuyi Group ”) . .	As of the Latest Practicable Date, Shuyi Property was wholly owned by AUX International Holdings Limited (奧克斯國際控股有限公司), a company listed on the Stock Exchange (stock code: 2080) and owned as to 68.55% as to Huiiri Limited, a company incorporated in the British Virgin Islands with limited liability, which is in turn owned as to 90% by Ze Hui Limited, which is wholly owned by Mr. ZHENG Jianjiang. Therefore, Shuyi Property is a connected person of our Company under Rule 14A.07 of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following table sets forth a summary of our partially-exempt continuing connected transactions upon the [REDACTED]:

Transaction	Applicable Listing Rules	Waiver sought	Proposed annual cap for the year ending December 31, 2026
Partially-exempt continuing connected transactions			
Shuyi Framework Agreement (Ningbo Sanxing)	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Waiver from announcement requirement	RMB15.1 million
Shuyi Framework Agreement (Mingzhou Healthcare)	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Waiver from announcement requirement	RMB41.5 million

Shuyi Framework Agreement (Ningbo Sanxing)

Principal Terms

Our Company entered into a service procurement framework agreement (the “**Shuyi Framework Agreement I (Ningbo Sanxing)**”) with Shuyi Property (for itself and as trustee for the benefit of its subsidiaries from time to time) on November 27, 2023 and entered into a supplemental agreement to amend certain terms of Shuyi Framework Agreement I (Ningbo Sanxing) (the “**Supplemental Agreement**,” together with Shuyi Framework Agreement I, collectively “**Shuyi Framework Agreement (Ningbo Sanxing)**”), pursuant to which Shuyi Group shall be commissioned to provide property management services, including maintenance, cleaning and/or security services in connection with the offices, car park units and industrial park occupied by our Group.

CONNECTED TRANSACTIONS

The Shuyi Framework Agreement (Ningbo Sanxing) has an initial term commencing from January 1, 2024 till December 31, 2026.

Historical Amount

The following table sets forth the historical transaction amounts of the procurement of the aforementioned services by our Group from Shuyi Group during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Historical Transaction Amount (RMB in million)	1.99	8.91	8.90

Annual Cap

The proposed annual cap for the transaction amount under the Shuyi Framework Agreement (Ningbo Sanxing) for the year ending December 31, 2026 is RMB15.1 million.

Basis of Annual Cap

The proposed annual caps under the Shuyi Framework Agreement (Ningbo Sanxing) were determined with reference to historical transaction amounts at the time of entering into the Shuyi Framework Agreement (Ningbo Sanxing) and are primarily based on the projected demand for relevant services from our Group. This demand is expected to increase alongside the expansion of its industrial park network. The proposed annual caps also factor in the anticipated wage levels of Shuyi Group’s workers, which are expected to remain stable, taking into account prevailing market conditions and historical trends.

Pricing Policies

The transactions under the Shuyi Framework Agreement (Ningbo Sanxing) will be conducted on normal commercial terms. The service fees payable by us will be determined on an arm’s length basis and set out in specific service agreements, taking into account factors such as the number of workers required and the applicable service fee per worker. The markup included in the service fee will be determined with reference to prevailing market levels, comparable services provided to independent third parties, or, where such data is unavailable, a reasonable minimum threshold.

In light of the above, our Directors believe that our procurement of services under the Shuyi Framework Agreement (Ningbo Sanxing) have been and will be conducted in the ordinary and usual course of business of our Group, on an arm’s length basis and on normal commercial terms or better.

Specific Services Agreements

The parties under the Shuyi Framework Agreement (Ningbo Sanxing) will enter into, from time to time and as necessary, individual specific services agreements in respect of each individual hospital facility setting out the specific terms and conditions, including, among others, the agreed number of workers to be sent by Shuyi Property and its subsidiaries for the provision of services, service fee per worker, and service scope. Any such services agreements will be within the ambit of the Shuyi Framework Agreement (Ningbo Sanxing) and shall not contravene the provisions of the Shuyi Framework Agreement (Ningbo Sanxing).

CONNECTED TRANSACTIONS

Reasons for and Benefits of the Transactions

Shuyi Group is an experienced property management operator with nearly two decades of expertise, offering services across various sectors, including hospitals, residential, commercial, and industrial properties, with operations spanning 13 provinces and cities across China. Our business relationship with Shuyi Group has been well-established, as it has consistently delivered high-quality and reliable property management services to our industrial park network under reasonable terms over an extended period.

As a healthcare provider, our Group requires service providers that can meet stringent standards, offering meticulous attention to detail, a high level of expertise and capability, while maintaining cost-effectiveness. Shuyi Group’s extensive experience, operational expertise, and proven track record make it well-suited to meet these demands and continue supporting our operational needs.

Considering the growing demand for the relevant services driven by our expanding industrial park network, the professionalism and reliability of Shuyi Group, and the favorable terms offered under the Shuyi Framework Agreement (Ningbo Sanxing), our Directors believe that it will be beneficial to our Group to enter into such transactions with Shuyi Group.

Shuyi Framework Agreement (Mingzhou Healthcare)

Principal Terms

Mingzhou Healthcare Group (for itself and as trustee for the benefit of its subsidiaries from time to time) entered into a service procurement framework agreement (the “**Shuyi Framework Agreement (Mingzhou Healthcare)**”) with Shuyi Property (for itself and as trustee for the benefit of its subsidiaries from time to time) on November 27, 2023, pursuant to which Mingzhou Healthcare Group agreed to procure the following services from Shuyi Group: (i) property housekeeping services, including daily housekeeping and cleaning in areas within the hospital premises and in respect of, among others, medical equipment, furniture and fixtures therein, daily housekeeping and cleaning in all public areas, collection and management of clinical and other wastes, and sanitation of hospital beds, equipment and disposable products, among others; (ii) transportation services, including ushering patients to appropriate areas for check-ups and treatments, delivery of testing samples and relevant paper records to respective departments of the hospital(s), preparation of sanitation materials and delivery of sanitization materials and disposable hygiene products, management of cleaning supplies, transportation of large volume parenteral (LVP) within the hospital area, custody and transportation of pure water, transportation of furniture within the hospital area, and collection and reporting of transportation data, among others; (iii) blood transportation services; (iv) order maintenance services, such as maintenance of good public order within the hospital area, management and performance of fire and disaster prevention work, provision of assistance to hospital staff in handling of medical dispute incidents, and ensuring safety of hospital personnel and safekeeping of hospital assets; (v) property maintenance management services, such as ensuring construction projects are conducted in an orderly manner, and regular inspection of high voltage power distribution room, drainage system, fire pump system, lighting system, water purification system and sewage treatment facilities; (vi) elevator operation services, including daily inspection of the elevators within the hospital area and provision of assistance to users of the elevators; (vii) auxiliary medical services, such as provision of assistance to nurses in daily performance of their duties, cleaning and sanitization of hospital beds and management of hospital storage rooms and furniture; (viii) provision of personal nursing support to patients by qualified professional caretakers; (ix) provision of security services to safeguard hospital equipment; and (x) landscaping services within the hospital area.

The Shuyi Framework Agreement (Mingzhou Healthcare) has an initial term commencing from January 1, 2024 till December 31, 2026.

CONNECTED TRANSACTIONS

Historical Amount

The following table sets forth the historical transaction amounts of the procurement of the aforementioned services by Mingzhou Healthcare Group from Shuyi Group during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Historical Transaction Amount (RMB in million)	25.45	14.90	11.23

Annual Cap

The proposed annual cap for the transaction amount under the Shuyi Framework Agreement (Mingzhou Healthcare) for the year ending December 31, 2026 is RMB41.5 million.

Basis of Annual Cap

The proposed annual caps under the Shuyi Framework Agreement (Mingzhou Healthcare) were determined with reference to historical transaction amounts at the time of entering into the Shuyi Framework Agreement (Mingzhou Healthcare) and are primarily based on the projected demand for relevant services from Mingzhou Healthcare Group. This demand is expected to increase alongside the expansion of Mingzhou Healthcare Group’s hospital network and rising service quality requirements. The proposed annual caps also factor in the anticipated wage levels of Shuyi Group’s workers, which are expected to remain stable, taking into account prevailing market conditions and historical trends.

Pricing Policies

The transactions under the Shuyi Framework Agreement (Mingzhou Healthcare) will be conducted on normal commercial terms. The service fees payable by us will be determined on an arm’s length basis and set out in specific service agreements, taking into account factors such as the number of workers required and the applicable service fee per worker. The markup included in the service fee will be determined with reference to prevailing market levels, comparable services provided to independent third parties, or, where such data is unavailable, a reasonable minimum threshold.

In light of the above, our Directors believe that Mingzhou Healthcare Group’s procurement of services under the Shuyi Framework Agreement (Mingzhou Healthcare) have been and will be conducted in the ordinary and usual course of business of our Group, on an arm’s length basis and on normal commercial terms or better.

Specific Services Agreements

The parties under the Shuyi Framework Agreement (Mingzhou Healthcare) will enter into, from time to time and as necessary, individual specific services agreements in respect of each individual hospital facility setting out the specific terms and conditions, including, among others, the agreed number of workers to be sent by Shuyi Property and its subsidiaries for the provision of services, service fee per worker, and service scope. Any such services agreements will be within the ambit of the Shuyi Framework Agreement (Mingzhou Healthcare) and shall not contravene the provisions of the Shuyi Framework Agreement (Mingzhou Healthcare).

CONNECTED TRANSACTIONS

Reasons for and Benefits of the Transactions

Shuyi Group is an experienced property management operator with nearly two decades of expertise, offering services across various sectors, including hospitals, residential, commercial, and industrial properties, with operations spanning 13 provinces and cities across China. Our business relationship with Shuyi Group has been well-established, as it has consistently delivered high-quality and reliable property management services to our hospital network under reasonable terms over an extended period.

As a healthcare provider, Mingzhou Healthcare Group requires service providers that can meet stringent standards, offering meticulous attention to detail, a high level of expertise and capability, while maintaining cost-effectiveness. Shuyi Group’s extensive experience, operational expertise, and proven track record make it well-suited to meet these demands and continue supporting our operational needs.

Considering the growing demand for the relevant services driven by our expanding hospital network, the professionalism and reliability of Shuyi Group, and the favorable terms offered under the Shuyi Framework Agreement (Mingzhou Healthcare), our Directors believe that it will be beneficial to our Group to enter into such transactions with Shuyi Group.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (other than the profit ratio) for the transactions contemplated under the Shuyi Framework Agreement (Ningbo Sanxing) and the Shuyi Framework Agreement (Mingzhou Healthcare) (collectively, the “**CCT Framework Agreements**”) will be no less than 0.1% but will not exceed 5%, the transactions conducted under the Shuyi Framework Agreement (Ningbo Sanxing) and the Shuyi Framework Agreement (Mingzhou Healthcare) are continuing connected transactions exempt from the circular (including independent financial advice) and independent Shareholders’ approval requirements but are subject to the relevant annual reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

INTERNAL CONTROL PROCEDURES

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the CCT Framework Agreements, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- (i) to meet the management requirements of the Stock Exchange in relation to the CCT Framework Agreements and transactions contemplated thereunder, our Group has formulated internal guidelines for connected transactions based on the applicable requirements under the Listing Rules, which further clarifies the duties of each functional department with respect to the connected transactions so as to ensure that all transactions under the CCT Framework Agreements are effectively monitored and supervised and are in the interests of our Company and our Shareholders as a whole;
- (ii) the supply chain department of our Group will supervise and monitor the individual agreements to be entered into under the CCT Framework Agreements to ensure that they will be entered into in accordance with the pricing policies under the CCT Framework Agreements;
- (iii) our Group will constantly research into prevailing market conditions and practices and make reference to the pricing and terms between our Group and Independent Third Parties for similar transactions so as to ensure that the price provided by the connected persons is fair and reasonable, and is determined on normal commercial terms or on terms no less favorable to our Group than the terms available from Independent Third Parties;

CONNECTED TRANSACTIONS

- (iv) upon the [REDACTED], our Group will comply with the annual review requirements in respect of the transactions contemplated under the CCT Framework Agreements in accordance with Chapter 14A of the Listing Rules, such as engaging our Company’s auditor to conduct annual review and having the independent non-executive Directors to review the transactions contemplated under such agreements and give opinions/confirmations in our Company’s annual reports;
- (v) the finance department of our Group will monitor the transaction amounts under each of the CCT Framework Agreements by preparing designated management accounts for the continuing connected transactions therein on a monthly basis to make sure that the actual contract amounts do not exceed the relevant annual caps. If it is expected that the transaction amount of any continuing connected transaction that is or will be incurred in the financial year will reach or exceed the relevant annual caps, the finance department of our Group shall report to the management and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of independent Shareholders (if required); and
- (vi) if any revision or adjustment on the terms of the individual agreement under the CCT Framework Agreements is necessary, provided such revision or adjustment is in compliance with the CCT Framework Agreements, an approval application will be made by the supply chain department of our Group and approved by, among others, the legal team, the Board secretary office and other responsible department (if applicable) of our Group.

WAIVER

In respect of the transactions as contemplated under the CCT Framework Agreements described above, we have applied for, and the Stock Exchange [has granted] us, waivers from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules. Save for the announcement requirement for which a waiver has been sought, our Group will comply with all other relevant requirements under Chapter 14A of the Listing Rules with respect to the CCT Framework Agreements and the transactions contemplated thereunder.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that (i) the CCT Framework Agreements and the transactions contemplated thereunder set out above are entered into in the ordinary and usual course of our business on normal commercial terms or better which are fair and reasonable and in the interests of our Group and our Shareholders as a whole; and (ii) the proposed monetary annual caps in respect of the CCT Framework Agreements are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

Having considered the above, the Sole Sponsor is of the view that (i) the CCT Framework Agreements and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of our Company on normal commercial terms or better which are fair and reasonable, and in the interests of our Company and the Shareholders as a whole; and (ii) the proposed monetary annual caps in respect of the CCT Framework Agreements are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Mr. ZHENG Jianjiang, directly and indirectly through AUX Group, Ningbo Yuanxing and Ningbo Yuanhe, controlled approximately 45.52% of voting rights in our Company (excluding treasury Shares). Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [REDACTED]), Mr. ZHENG Jianjiang, directly and indirectly through AUX Group, Ningbo Yuanxing and Ningbo Yuanhe, will control approximately [REDACTED]% of voting rights in our Company (excluding treasury Shares). Therefore, Mr. ZHENG Jianjiang, Ningbo Yuanxing, Ningbo Yuanhe and AUX Group are and will continue to be a group of Controlling Shareholders of our Company upon the [REDACTED].

Each of Ningbo Yuanxing, Ningbo Yuanhe and AUX Group was primarily engaged in investment holding business as of the Latest Practicable Date.

Mr. ZHENG Jiang and Mr. HE Xiwan, who respectively hold 10% and 5% of the issued share capital of both Ningbo Yuanxing and Ningbo Yuanhe, should not be regarded as part of the group of Controlling Shareholders for the following reasons: (a) neither of them, whether individually or collectively, controls 30% or more of the voting rights in Ningbo Yuanxing, Ningbo Yuanhe, or AUX Group; (b) to the best knowledge of our Directors, there are no agreements or arrangements (including acting-in-concert or voting arrangements) among Mr. ZHENG Jianjiang, Mr. HE Xiwan, and Mr. ZHENG Jiang in relation to their equity interests in Ningbo Yuanxing, Ningbo Yuanhe, AUX Group, or our Company, and each of them has acted independently with respect to corporate matters, including strategic and financial decisions, at the levels of Ningbo Yuanxing and Ningbo Yuanhe; (c) their capital contributions to Ningbo Yuanxing and Ningbo Yuanhe were self-funded, with no shared economic interests or special arrangements; (d) neither of them is accustomed to taking instructions from Mr. ZHENG Jianjiang regarding the acquisition, disposal, voting, or other disposition of shares in Ningbo Yuanxing, Ningbo Yuanhe, AUX Group, or our Company; and (e) neither of them qualifies as a close associate of Ningbo Yuanxing, Ningbo Yuanhe, AUX Group, or Mr. ZHENG Jianjiang under the Listing Rules.

COMPETITION

In addition to their interest in our Group, as of the Latest Practicable Date, the Controlling Shareholders and their close associates were also actively involved in businesses beyond the smart power distribution and utilization and medical services sectors. These businesses span industries such as air conditioner, investment management, finance and property management. There is a clear business delineation between these other businesses of our Controlling Shareholders and our Group’s operations. Specifically: (i) each of Ningbo Yuanxing, Ningbo Yuanhe and AUX Group is primarily engaged in investment holding business; (ii) AUX Electric Co., Ltd. (奧克斯電氣有限公司) (“**AUX Electric**”), a company listed on the Stock Exchange (stock code: 2580), and its subsidiaries are primarily engaged in the design, R&D, production, sales and related services of household and central air conditioners; and (iii) AUX International Holdings Limited (奧克斯國際控股有限公司) (“**AUX International**”), a company listed on the Stock Exchange (stock code: 2080), and its subsidiaries are primarily engaged in the property management business.

As of the Latest Practicable Date, none of the Controlling Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group’s business, which would require disclosure under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE OF OUR BUSINESS

We believe that we are capable of carrying on our business independently from the Controlling Shareholders and/or their respective close associates upon the [REDACTED] for the following principal reasons:

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of nine Directors comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. For more information, please see the section headed “Directors and Senior Management.”

Our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

- (1) Ms. SHEN Guoying serves as a director of AUX International with non-executive nature. She does not hold any executive senior management position and does not participate in the daily management or operations of such company;
- (2) Ms. GUO Su serves as an executive director of Zhejiang Yuanao Investment Management Co., Ltd. (浙江元奧投資管理有限公司), which is a wholly-owned subsidiary of AUX Group and an investment holding company without any substantial business operations;
- (3) save for the above, none of our executive Directors and senior management members of our Company holds any role as an executive director or member of senior management in our Controlling Shareholders or any of their close associates;
- (4) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (5) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (6) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Controlling Shareholders or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and will abstain from voting at the relevant meeting in accordance with the Listing Rules; and
- (7) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see “— Corporate Governance Measures” in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Controlling Shareholders.

Operational Independence

Our Group is not operationally dependent on the Controlling Shareholders. Our Group holds all material licenses and owns all relevant intellectual properties necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective close associates.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (1) under the Articles of Association, where our Company has knowledge that any Shareholder is, under the Listing Rules and the applicable laws and regulations, required to abstain from voting on any particular resolution of our Company or restricted to vote only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
- (2) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (3) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (4) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;
- (5) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and/or annual reports or by way of announcements as required by the Listing Rules;
- (6) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;
- (7) we have appointed Somerley Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (8) we have established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules. The chairperson and the majority of the members of our Audit Committee are independent non-executive Directors.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB1,405,209,400, comprising 1,405,209,400 A Shares of nominal value of RMB1.00 each, which are all listed on the main board of the Shanghai Stock Exchange.

Description of Shares	Number of Shares	Percentage of total issued share capital of our Company
A Shares	1,405,209,400 ⁽¹⁾	100%
Total	1,405,209,400	100%

Note:

(1) Including 5,755,371 A Shares held by our Company as treasury Shares as of the Latest Practicable Date.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED], assuming (i) the [REDACTED] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Percentage of total issued share capital of our Company
A Shares	1,405,209,400 ⁽¹⁾	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

Note:

(1) Including 5,755,371 A Shares held by our Company as treasury Shares as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED], assuming (i) the [REDACTED] is fully exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Percentage of total issued share capital of our Company
A Shares	1,405,209,400 ⁽¹⁾	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

Note:

(1) Including 5,755,371 A Shares held by our Company as treasury Shares as of the Latest Practicable Date.

SHARE CAPITAL

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors from Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be [REDACTED] for or [REDACTED] by Hong Kong and other overseas [REDACTED] and qualified domestic institutional [REDACTED]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [REDACTED] for and [REDACTED] by mainland Chinese [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to [REDACTED] H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the general meeting of our Company held on April 15, 2026 and is subject to the following major conditions:

- (i) *Size of the [REDACTED]*. The proposed number of H Shares to be [REDACTED] shall not exceed [REDACTED]% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].
- (ii) *Method of [REDACTED]*. The method of [REDACTED] shall be by way of an international [REDACTED] to institutional [REDACTED] and a [REDACTED] for [REDACTED] in Hong Kong.
- (iii) *Target [REDACTED]*. The H Shares shall be issued to [REDACTED] in Hong Kong under the [REDACTED] and international [REDACTED], qualified domestic institutional [REDACTED] in Chinese Mainland and other [REDACTED] who are approved by the regulatory bodies to [REDACTED] abroad in [REDACTED].

SHARE CAPITAL

- (iv) [REDACTED]. The [REDACTED] of the H Shares will be determined by the Board and its authorized person with the authorization of the Shareholders’ meetings, together with the [REDACTED], after full consideration of the interests of existing Shareholders and the conditions of domestic and international capital markets conditions with reference to the international practices and through demands for orders and book-building process using a market-oriented pricing method.
- (v) *Validity period.* The [REDACTED] and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date on which such matters were approved at the Shareholders’ meeting held on April 15, 2026.

There are no other approved [REDACTED] plans for our Shares except the [REDACTED].

GENERAL MEETINGS

For details of circumstance under which our general meeting is required, see “Summary of Articles of Association — Shareholders and Shareholders’ Meeting” in Appendix IV to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [REDACTED], the following persons will have interests or short positions (if applicable) in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at Shareholders’ general meetings of our Company:

Name of Shareholders	Nature of interest ⁽¹⁾	Description of Shares	Number of Shares interested in under the SFO	Approximate % of the issued Shares of our Company as of the Latest Practicable Date	Immediately after the [REDACTED]	
					Approximate % of the A Shares of our Company	Approximate % of the issued Shares of our Company
Mr. ZHENG Jianjiang	Beneficial owner	A Shares	179,306,730	12.76%	[12.76]%	[REDACTED]%
	Interest in controlled corporation ⁽²⁾	A Shares	457,719,653	32.57%	[32.57]%	[REDACTED]%
	Interest in treasury Shares ⁽³⁾	A Shares	5,755,371	0.41%	[0.41]%	[REDACTED]%
AUX Group ⁽²⁾	Beneficial owner	A Shares	457,719,653	32.57%	[32.57]%	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) As of the Latest Practicable Date, AUX Group was owned as to 65% by Ningbo Yuanxing and 35% by Ningbo Yuanhe. Each of Ningbo Yuanxing and Ningbo Yuanhe was, in turn, owned as to 85% by Mr. ZHENG Jianjiang. Accordingly, Ningbo Yuanxing, Ningbo Yuanhe, and Mr. ZHENG Jianjiang were deemed to be interested in the A Shares held by AUX Group under the SFO.
- (3) As of the Latest Practicable Date, there were 5,755,371 A Shares held by our Company as treasury Shares. Mr. ZHENG Jianjiang, who controls more than one-third of the voting rights at the general meetings of our Company would be taken to have an interest in such treasury Shares.

For further information on any other person who will be, immediately following completion of the [REDACTED], directly or indirectly, interested in 10% or more of the issued voting shares of our subsidiaries, see “Appendix V — Statutory and General Information — C. Further Information about our Directors, Chief Executive and Substantial Shareholders — 1. Disclosure of Interest — (b) Disclosure of Interests of Substantial Shareholders.”

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets forth the key information about our Directors as of the Latest Practicable Date.

Name	Age ^{Note}	Positions	Time of first joining our Group	Time of appointment as a Director	Roles and responsibilities
Ms. SHEN Guoying (沈國英)	55	Chairperson of the Board and executive Director	June 2013	June 2013	Responsible for overseeing the overall management and business operation, Board affairs, formulating strategies and operation plans and making major business decisions of our Group
Mr. CHENG Zhihao (程志浩)	45	Executive Director and president	February 2007	May 2023	Responsible for overseeing the daily business operations and the execution of strategies and operation plans of our Group
Ms. GUO Su (郭粟)	39	Executive Director and Board secretary	December 2020	December 2020	Responsible for organizing Shareholders’ and Board meetings, handling disclosure matters and overseeing investor relations
Mr. ZHENG Jianjiang (鄭堅江)	65	Non-executive Director	Founder of our Group	October 2007	Responsible for giving strategic advice and guidance on the business operations of our Group
Ms. LYU Meng (呂萌)	35	Non-executive Director	July 2017	September 2024	Responsible for giving strategic advice and guidance on the business operations of our Group
Mr. ZHENG Weike (鄭偉科)	55	Non-executive Director (employee representative Director)	April 2012	September 2025	Responsible for giving strategic advice and guidance on the business operations of our Group
Mr. CHEN Shiting (陳世挺)	56	Independent non-executive Director	April 2026	April 2026	Responsible for supervising and providing independent advice and judgment to our Board

DIRECTORS AND SENIOR MANAGEMENT

Name	Age ^{Note}	Positions	Time of first joining our Group	Time of appointment as a Director	Roles and responsibilities
Mr. FENG Shaogang (馮紹剛)	57	Independent non-executive Director	July 2024	July 2024	Responsible for supervising and providing independent advice and judgment to our Board
Mr. CHOW Chi Fai (周志輝)	55	Independent non-executive Director	April 2026	April 2026	Responsible for supervising and providing independent advice and judgment to our Board

Note: Ages are calculated based on the year of birth.

Executive Directors

Ms. SHEN Guoying (沈國英), aged 55, is the chairperson of the Board and executive Director. Ms. Shen has been serving as a Director since June 2013, the chairperson of the Board since June 2020 and was re-designated as our executive Director with effect from the [REDACTED]. Ms. Shen is primarily responsible for overseeing the overall management and business operation, Board affairs, formulating strategies and operation plans and making major business decisions of our Group.

Ms. Shen has over 30 years of experience in corporate and financial management. Ms. Shen served as an executive director of AUX International Holdings Limited (奧克斯國際控股有限公司) (“**AUX International**”) from May 2015 to March 2026 and was re-designated as a non-executive director since April 2026. She also has held or currently holds directorships in certain subsidiaries of AUX Group. From November 2013 to January 2019, she served as the chief financial officer of AUX Group. Additionally, Ms. Shen formerly held or currently holds directorships and managerial positions in various subsidiaries within our Group and their predecessor entities.

Ms. Shen obtained a graduation certificate for undergraduate courses in accountancy from Beijing Technology and Business University (北京工商大學) in September 2005. She is a senior accountant (高級會計師) in the PRC.

Mr. CHENG Zhihao (程志浩), aged 45, is an executive Director and the president of our Company. Mr. Cheng has been serving as a Director of our Company and our president since May 2023 and April 2024, respectively, and was re-designated as an executive Director with effect from the [REDACTED]. He is primarily responsible for overseeing the daily business operations and the execution of strategies and operation plans of our Group. Mr. Cheng currently holds directorships and managerial positions in various subsidiaries of our Group, including a director, the chairman of the board and the president of Sanxing Smart Electric.

Mr. Cheng possesses extensive experience in corporate management. He initially joined our Group in February 2007, progressing through positions as the deputy general manager of the electric energy manufacturing division, deputy director of the operations management division, general manager of the electric energy manufacturing division, executive vice president of the electric energy and power consumption division, general manager of the electric energy manufacturing division and rotating executive vice president of the electric energy division, from May 2020 to April 2024.

Mr. Cheng graduated from Zhejiang Wanli University (浙江萬里學院) in China majoring in business management through distant learning in June 2010. Mr. Cheng graduated from Zhejiang Gongshang University (浙江工商大學) in China majoring in business administration through distant learning in June 2020.

DIRECTORS AND SENIOR MANAGEMENT

Ms. GUO Su (郭粟) (former name: GUO Xiaojin (郭笑金)), aged 39, is an executive Director and the Board secretary of our Company. Ms. Guo has been serving as a Director and the Board secretary since December 2020 and was re-designated as an executive Director with effect from the [REDACTED]. She is primarily responsible for organizing Shareholders’ and Board meetings, handling disclosure matters and overseeing investor relations.

Ms. Guo possesses nearly ten years of experience in corporate management and capital management. Ms. Guo had been the manager of the capital management department of AUX Group from August 2016 to November 2020. She has been serving as: (i) a director with non-executive nature of Ningbo Magnetic Materials Applied Technology Innovation Center Co., Ltd. (寧波磁性材料應用技術創新中心有限公司) since July 2020; (ii) an executive director of Zhejiang Yuanao Investment Management Co., Ltd. (浙江元奧投資管理有限公司) which is a wholly-owned subsidiary of AUX Group and an investment holding company without any substantial business operations since August 2022; and (iii) a director with non-executive nature of Zhejiang Private Enterprise United Investment Co., Ltd. (浙江民營企業聯合投資股份有限公司) since September 2025.

Ms. Guo obtained a bachelor’s degree in broadcasting and hosting arts (Chinese–English Bilingual) from Communication University of Zhejiang (浙江傳媒學院) in China in June 2008. She obtained a master’s degree in business administration from Hult International Business School in the United States in August 2015.

Non-executive Directors

Mr. ZHENG Jianjiang (鄭堅江), aged 65, is our founder, a non-executive Director and one of our Controlling Shareholders. Mr. Zheng has been serving as a Director of our Company since October 2007 and the chairman of the Board from October 2007 to June 2020, and was re-designated as a non-executive Director with effect from the [REDACTED]. Mr. Zheng is primarily responsible for giving strategic advice and guidance on the business operations of our Group. Mr. Zheng has held or currently holds directorships in various subsidiaries of our Group and their predecessor entities.

Mr. Zheng is a renowned entrepreneur and a widely recognized leader in the industry. He established our business through taking over the operation of Longguan Township Watch Parts Factory (龍觀鄉鐘表零件廠) in 1986 and has led our development and growth since then, assuming pivotal roles as directors and senior management across different subsidiaries of our Group and their predecessor companies.

Mr. Zheng started his business in the 1980s. He founded Ningbo Sanxing Instrument Factory (寧波三星儀錶表廠), the predecessor of Ningbo Sanxing Group Co., Ltd. (寧波三星集團股份有限公司), in August 1991. He then began to expand his business across various industries, including home appliances, power equipment, healthcare, new technologies, and beyond. He founded Ningbo AUX Electrical Appliance Factory (寧波奧克斯電器廠) in 1994, the predecessor company of AUX Electric Co., Ltd. (奧克斯電氣有限公司) (“**AUX Electric**”) and has been serving as the chairman of the board of directors and an executive director of AUX Electric since October 2024. Mr. Zheng has served as a director and the president of Ningbo Sanxing Group Co., Ltd. (寧波三星集團股份有限公司) since January 1996, and has been the chairman of the board of directors of AUX Group since May 2003. Mr. Zheng also served as an executive director of AUX International from January 2024 to November 2024, and has been serving as its non-executive director since December 2024.

Mr. Zheng obtained an adult higher education professional certificate (成人高等教育專業證書) in economic (administrative) management from the Adult Higher Education Program at Ningbo Normal College (寧波師範學院) (currently known as Ningbo University Continuing Education College (寧波大學繼續教育學院)) in China in June 1997, and graduated from the CEO Class of China Europe International Business School (中歐國際工商學院) in China in March 2005.

Ms. LYU Meng (呂萌), aged 35, is a non-executive Director. Ms. Lyu has been serving as a Director since September 2024 and was re-designated as a non-executive Director with effect from the [REDACTED]. She is primarily responsible for giving strategic advice and guidance on the business operations of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Lyu currently holds directorships in various subsidiaries of our Group. Since June 2025, Ms. Lyu has been serving as a director of Ningbo Aoneng Electric Co., Ltd. (寧波奧能電氣有限公司). Since December 2025, she has been the chairperson of the board of directors and the president of Ningbo Sanxing Technology Co., Ltd. (寧波三星科技有限公司).

Ms. Lyu obtained a bachelor’s degree in labor and social security from China Youth University of Political Studies (中國青年政治學院) in China in July 2015 and a master’s degree in social policy from The Chinese University of Hong Kong in November 2016.

Mr. ZHENG Weike (鄭偉科), aged 55, is a non-executive Director and the employee representative Director. Mr. Zheng has been serving as a Director since September 2025 and was re-designated as a non-executive Director with effect from the [REDACTED]. He is primarily responsible for giving strategic advice and guidance on the business operations of our Group.

Mr. Zheng possesses over 11 years of experience in audit and corporate management. He has been serving as the manager of the audit department of our Company since May 2012. From June 2020 to September 2025, Mr. Zheng served as the chairperson of the board of supervisors of our Company. Mr. Zheng also held or currently holds directorships and managerial positions in various subsidiaries of our Group including a director of Shanghai Sanyan Trading Co., Ltd. (上海三硯商貿股份有限公司) since June 2018; and the chairperson of the board of supervisors of AUX Smart Technology from November 2022 to March 2026.

Mr. Zheng graduated from Beijing Foreign Studies University (北京外國語大學) in China majoring in accounting through distant learning in July 2015.

Independent Non-executive Directors

Mr. CHEN Shiting (陳世挺), aged 56, has been serving as an independent Director since April 2026 and was re-designated as an independent non-executive Director with effect from the [REDACTED]. He is mainly responsible for supervising and providing independent advice and judgment to our Board.

Mr. Chen has dedicated over 28 years to accounting and financial consulting services. He has been working at Ningbo Chung Rui Tax Agents Co., Ltd. (寧波中瑞稅務師事務所) since March 1996 where he currently serves as the vice chairman of the board of directors. Since December 2022, Mr. Chen has been serving as an independent director of Ningbo YONGXIN Optics Co., Ltd. (寧波永新光學股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603297).

Mr. Chen obtained a bachelor’s degree in accounting from Hangzhou Dianzi University (杭州電子科技大學) in July 1996 and a master’s degree in management science and engineering from Jiangsu University (江蘇大學) through part-time study in March 2005.

Mr. FENG Shaogang (馮紹剛) (former name: FENG Shaogang (馮少剛)), aged 57, has been serving as an independent Director since July 2024 and was re-designated as an independent non-executive Director with effect from the [REDACTED]. He is mainly responsible for supervising and providing independent advice and judgment to our Board.

Mr. Feng has dedicated over 22 years to legal services. His professional career spans two law firms, including: (i) Zhejiang Fulin Law Firm (浙江富林律師事務所), where Mr. Feng served as an attorney from November 2004 to September 2012; and (ii) Yingke Law Firm (Ningbo Office) (北京盈科(寧波)律師事務所) since October 2012, where he has been serving as the chairman of the management committee from March 2019 to March 2021 and the chairman of the board of supervisors since March 2021.

From April 2018 to April 2024, Mr. Feng served as an independent director of Ningbo Haitian Precision Machinery Co., Ltd. (寧波海天精工股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601882).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Feng obtained a bachelor’s degree in law from China University of Political Science and Law (中國政法大學) in July 1992.

Mr. CHOW Chi Fai (周志輝), aged 55, has been serving as an independent Director since April 2026 and was re-designated as an independent non-executive Director with effect from the [REDACTED]. He is mainly responsible for supervising and providing independent advice and judgment to our Board.

Mr. Chow has over 25 years of experience in the accounting and finance industry. Since December 2008, he has been serving as the financial controller of Elife Holdings Limited (易生活控股有限公司), a company listed on the Stock Exchange (stock code: 0223).

In addition, Mr. Chow served or is serving as independent non-executive directors of several public companies, where he provided valued independent advice, including: (i) Wah Wo Holdings Group Limited (華和控股集團有限公司), a company listed on the Stock Exchange (stock code: 09938), from December 2019 to August 2024; (ii) Silver Base Group Holdings Limited (銀基集團控股有限公司), a company in liquidation and delisted from the Stock Exchange in December 2023 (previous stock code: 0886), from December 2021 to June 2023; (iii) Sun Hing Vision Group Holdings Limited (新興光學集團控股有限公司), a company listed on the Stock Exchange (stock code: 0125), since March 2021; and (iv) Sincere Watch (Hong Kong) Limited, a company listed on the Stock Exchange (stock code: 0444), from February 2026 to April 2026.

Mr. Chow obtained a bachelor’s degree in accountancy from the University of South Australia in Australia in June 1995. Mr. Chow was admitted as a member of Hong Kong Institute of Certified Public Accountants since March 1999.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age ^{Note}	Positions	Time of first joining our Group	Time of appointment as a senior management member	Roles and Responsibilities
Mr. CHENG Zhihao (程志浩)	45	Executive Director and president	February 2007	April 2024	Responsible for overseeing the daily business operations and the execution of strategies and operation plans of our Group
Ms. GUO Su (郭粟)	39	Executive Director and Board secretary	December 2020	December 2020	Responsible for organizing Shareholders’ and Board meetings, handling disclosure matters and overseeing investor relations
Mr. GE Yubin (葛瑜斌)	45	Chief financial officer	October 2007	May 2022	Responsible for the overall financial management of our Group

Note: Ages are calculated based on the year of birth.

DIRECTORS AND SENIOR MANAGEMENT

Mr. CHENG Zhihao (程志浩), aged 45, is an executive Director and the president of our Company. For his biography, see “— Board of Directors — Executive Directors” in this section.

Ms. GUO Su (郭粟), aged 39, is an executive Director and the Board secretary of our Company. For her biography, see “— Board of Directors — Executive Directors” in this section.

Mr. GE Yubin (葛瑜斌), aged 45, has been serving as the chief financial officer of our Company since May 2022. He is mainly responsible for the overall financial management of our Group.

Through his roles in financial management and accounting across companies within our Group, Mr. Ge has accumulated over 19 years of experience in accounting and financial management. Since October 2007, Mr. Ge has held various financial managerial positions within our Group, including accounting manager, budget manager, deputy chief financial officer and Director of our Company. Mr. Ge also currently holds directorship and managerial positions in various subsidiaries of our Group including serving as a director and chief financial officer of Sanxing Smart Electric and the chief financial officer of AUX Smart Technology since November 2020. He also currently serves as a supervisor of various subsidiaries of our Group.

Mr. Ge obtained a graduation certificate for undergraduate courses in financial management from Hangzhou Dianzi University (杭州電子科技大學) in China in November 2003.

OTHER INFORMATION IN RELATION TO OUR DIRECTORS AND SENIOR MANAGEMENT

Mr. Chow was an independent non-executive director of Silver Base Group Holdings Limited (“**Silver Base**”), a company incorporated in the Cayman Islands whose shares were previously listed on the Main Board of the Stock Exchange (previous stock code: 886) and principally engaged in the distribution of liquor products. Mr. Chow resigned as an independent non-executive director of Silver Base with effect from June 30, 2023. According to announcements published by Silver Base, Silver Base received a winding-up petition on October 21, 2021 for the settlement of an outstanding indebted amount and on December 8, 2021, provisional liquidators were appointed to Silver Base. In May and July 2022, Silver Base was ordered to be wound up by the Grand Court of the Cayman Islands and the High Court of Hong Kong respectively. The listing of Silver Base was canceled on December 4, 2023 pursuant to Rule 6.01A(1) of the Listing Rules, and the Stock Exchange subsequently imposed disciplinary action (the “**Disciplinary Action**”) against two former executive directors of Silver Base in connection with substantial prepayments made to certain purchase agents which were neither fulfilled nor refunded (the “**Transactions**”), which action did not involve Silver Base or Mr. Chow. Mr. Chow has confirmed that (i) he was not involved in the day-to-day management of Silver Base or the Transactions; (ii) no claim has been or is expected to be made against him in connection with the liquidation; and (iii) no regulatory action or adverse finding has been made against him in connection with the affairs of Silver Base. Having considered the foregoing, our Directors are of the view that the liquidation of Silver Base does not affect Mr. Chow’s competence or suitability to act as an independent non-executive Director of our Company.

Save as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there are no material matters relating to their appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his or her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Save as disclosed above, none of our Directors and senior management held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document.

Save as disclosed above, none of our Directors and senior management is related to other Directors, senior management or substantial Shareholders of our Company.

JOINT COMPANY SECRETARIES

Ms. GUO Su (郭粟), aged 39, is an executive Director and the Board secretary of our Company and was appointed as one of the joint company secretaries of our Company in June 2026. For her biography, see “— Board of Directors — Executive Directors” in this section.

Ms. YIP Hoi Lam (葉凱琳), was appointed as one of the joint company secretaries of our Company in April 2026.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yip is a manager of company secretarial services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Yip has over seven years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as private and offshore companies. Ms. Yip is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yip obtained a master’s degree in corporate governance from the Hong Kong Metropolitan University.

BOARD COMMITTEES

Our Company has established four committees under the Board pursuant the corporate governance practice requirements under the Listing Rules, including the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee.

(a) Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and code provisions D.3.3 and D.3.7 of Part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to (i) review and supervise our financial reporting process and internal control system, risk management and internal audit of our Group; (ii) provide advice and comments to our Board in respect of financial risk, risk management and internal control matters; and (iii) perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely, Mr. ZHENG Wei, Mr. CHEN Shiting and Mr. CHOW Chi Fai. Mr. CHEN Shiting is the chairperson of the Audit Committee and Mr. CHOW Chi Fai holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

(b) Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and code provision E.1.2 of Part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and members of senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and members of senior management; and (iii) reviewing and approving matters relating to incentive schemes of our Company.

The Remuneration and Appraisal Committee comprises one executive Director and two independent non-executive Directors, namely, Mr. CHENG Zhihao, Mr. FENG Shaogang and Mr. CHEN Shiting. Mr. FENG Shaogang is the chairperson of the Remuneration and Appraisal Committee.

(c) Nomination Committee

We have established a Nomination Committee in compliance with Rule 3.27A of the Listing Rules and code provision of B.3.1 of Part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board on a regular basis, assisting our Board in maintaining a Board skills matrix, and making recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) performing review on the contributions made by our Directors (including our independent non-executive Directors) and the sufficiency of time devoted to perform their duties; (iv) assessing the independence of our independent non-executive Directors; and (v) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors.

The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely, Ms. SHEN Guoying, Mr. CHOW Chi Fai, and Mr. CHEN Shiting. Mr. CHOW Chi Fai is the chairperson of the Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT

(d) Strategy and ESG Committee

We have established a Strategy and ESG Committee under the Board. The primary duties of the Strategy and ESG Committee include, among others, making recommendations to our Board on the long-term development strategy, major investments and projects of our Company and reviewing and approving our ESG strategies and policies. The Strategy and ESG Committee comprises two executive Directors and one independent non-executive Director, namely, Ms. SHEN Guoying, Ms. GUO Su and Mr. FENG Shaogang. Ms. SHEN Guoying is the chairperson of the Strategy and ESG Committee.

REMUNERATION OF OUR DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our Directors and senior management receive remuneration, including basic annual payments and performance-related annual payments, including fees, salaries, allowances and benefits in kind, performance-related bonuses, equity-settled share-based payment expenses, pension scheme contributions and social welfare.

According to existing effective arrangements, the total amount of remuneration (excluding any possible payment of discretionary bonus and share-based payment) shall be paid by us to Directors for the financial year ending December 31, 2026 is expected to be approximately RMB3.6 million. The actual remuneration of our Directors may be different from the expected remuneration.

The aggregate amount of remuneration for our Directors for the three years ended December 31, 2023, 2024 and 2025 was approximately RMB18.60 million, RMB16.35 million and RMB7.02 million, respectively. For details on the remuneration of each Director during the Track Record Period, please refer to Note 9 to the Accountants’ Report in Appendix I to this document.

For the three years ended December 31, 2023, 2024 and 2025, the total emoluments paid to the five highest paid individuals (excluding two, nil, and one Directors) by us amounted to RMB13.55 million, RMB37.34 million and RMB10.40 million, respectively. For details on the remuneration of the five highest paid employees during the Track Record Period, please refer to Note 10 to the Accountants’ Report in Appendix I to this document.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived any emoluments.

Our Board will review and determine the remuneration and compensation package of our Directors and senior management and will, following the [REDACTED], receive recommendation from the Remuneration and Appraisal Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Save as disclosed above and in Appendix I to this document, no other payments have been made or are payable in respect of the years ended December 31, 2023, 2024 and 2025 by our Group to the Directors and senior management.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules.

The term of appointment of our Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures as to achieve effective accountability. We have adopted the code provisions stated in the Corporate Governance Code set out in Appendix C1 to the Listing Rules. We are committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors, and independent non-executive Directors so that there is a strong independent element on the Board that can effectively exercise independent judgment.

To accomplish the high standards of corporate governance, we will comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the associated Listing Rules after the [REDACTED].

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since the principal business operations of our Group are conducted outside of Hong Kong, our Company does not and for the foreseeable future will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange [has granted] us, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules. For details, see “Waivers from Strict Compliance with the Listing Rules — Waiver in respect of Management Presence in Hong Kong.”

BOARD DIVERSITY POLICY

Our Board has adopted a diversity policy to support our strategic goals and sustainable growth. We value diversity in areas such as gender, age, background, experience, and skills. Director candidates are selected based on merit and their alignment with our business needs, with diversity as an important consideration. We place particular emphasis on gender diversity. After the [REDACTED], we aim to gradually increase the number of female Directors by identifying and maintaining a pool of qualified female candidates with diverse expertise. Female investor representatives are also considered, and we promote gender balance in mid-to senior-level recruitment to build a pipeline of future female leaders. We will provide training to high-potential female employees in areas such as operations, management, finance, and compliance, to prepare them for leadership roles. Our Nomination Committee oversees Board diversity and will review the policy annually. Progress and measurable outcomes will be disclosed in our corporate governance report.

CONFIRMATIONS FROM OUR DIRECTORS

(a) Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

(b) Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 22, 2026, and (ii) understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

(c) Rule 3.13 of the Listing Rules

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

FINANCIAL INFORMATION

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in “Appendix I — Accountants’ Report,” together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a globally leading provider of comprehensive smart power distribution and utilization equipment and solutions, and the largest chain rehabilitation hospital group in China. According to Frost & Sullivan, we ranked seventh globally and first in China by smart power distribution and utilization equipment and solutions revenue in 2025, with a global market share of 1.9% and a China market share of 5.0%. In 2025, our smart meters ranked first worldwide by shipment volume for the sixth consecutive year since 2020, with a global market share of 10.1% in 2025. Our operations span more than 70 countries and regions, including 20 European countries, making us one of the Chinese power grid equipment companies with the broadest market presence in Europe according to Frost & Sullivan. As of December 31, 2025, our global footprint comprised ten production bases (nine established and one under construction), four R&D centers and over 40 sales centers. As of the same date, we had 38 hospitals, including 32 rehabilitation hospitals, for our medical service business. Among these, eight hospitals, including seven rehabilitation hospitals, were under construction or in preparatory stages.

In our smart power distribution and utilization segment, nearly four decades of deep industry expertise have enabled us to build a comprehensive and differentiated product matrix spanning three core business lines: smart power utilization equipment and solutions, smart power distribution equipment and solutions, and new energy products. Together, these lines cover the full spectrum of power usage scenarios, addressing the increasingly integrated needs of the modern power industry. In the medical services sector, we were among the earliest participants into China’s private rehabilitation hospital market, establishing first-mover advantage and economies of scale in chain rehabilitation hospital operations.

Our revenue increased by 27.4% from RMB11,462.5 million in 2023 to RMB14,600.5 million in 2024, and remained relatively stable at RMB14,360.8 million in 2025. Our overall gross profit margin was 33.5%, 34.1% and 27.1% in 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, our profit for the year amounted to RMB1,920.8 million, RMB2,273.2 million and RMB1,248.8 million, respectively. Our EBITDA (non-IFRS measure) amounted to RMB2,658.9 million, RMB3,168.1 million and RMB2,202.5 million in 2023, 2024 and 2025, respectively.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the relevant periods. Our historical financial information is presented in Renminbi (“RMB”) unless otherwise stated.

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FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition, results of operations and the period-to-period comparability of our financial results have been and are expected to continue to be affected by several factors, primarily including those set forth below:

Economic Conditions and Competitive Landscape in Key Markets

As substantially all of our revenue was derived from the smart power distribution and utilization offerings industry and medical services industry, our results of operations depend on market conditions and overall developments of these industries. Market demand in the smart power distribution and utilization offerings industry is influenced by various factors such as the overall economic growth, investments in grid infrastructure, expansion of renewable energy capacity, electrification of transportation, and technological upgrades in smart grid and production energy storage systems both in China and globally. Market demand in the medical services industry, particularly rehabilitation medicine, is influenced by factors such as an aging population, increasing incidence of chronic diseases, government healthcare policies and reform, and the development of medical insurance systems including the DRG payment system. Regulatory developments and policy directions by governments also materially influence our operating environment. Our ability to monitor industry trends, respond to macroeconomic changes and maintain regulatory compliance will be critical to sustaining growth and managing potential risks associated with market fluctuations, policy adjustments and competitive dynamics.

Our Customer Base

Our financial performance is affected by our ability to maintain stable and long-term relationships with our major customers. For our smart power distribution and utilization business, a substantial portion of our revenue is derived from key customers, which primarily consist of national-level and regional major grid groups and companies. For our medical services business, our customers primarily consisted of patients. During the Track Record Period, revenue from our five largest customers in each year amounted to RMB4,807.3 million, RMB5,466.9 million and RMB5,333.0 million in 2023, 2024 and 2025, respectively, accounting for 41.9%, 37.4% and 37.1% of our total revenue for the same periods. However, since our revenue and trade and bills receivables are relatively concentrated, the financial condition and procurement policies of our principal customers will materially affect our financial condition and results of operations. Our continued growth also depends on our ability to optimize and diversify our customer base, including expanding into overseas markets and strengthening relationships with renewable energy developers, industrial enterprises, and emerging grid technology companies.

Our Ability to Continue to Expand Outside Chinese Mainland

Our ability to expand our business operations outside the Chinese Mainland would materially impact our future growth. During the Track Record Period, although a substantial portion of our revenue was derived from the Chinese Mainland, we have actively pursued opportunities in overseas markets, where the demand for power transmission and distribution equipment has been growing. During the Track Record Period, revenue generated from overseas markets amounted to RMB1,960.6 million, RMB2,713.5 million and RMB2,780.8 million in 2023, 2024 and 2025, respectively, accounting for 17.1%, 18.6% and 19.4% of our total revenue for the same periods. We have established production bases and sales centers worldwide, including in Brazil, Indonesia, Poland, Germany, Mexico and Kenya, serving approximately 70 countries and regions as of December 31, 2025. Expansion into the overseas markets requires us to overcome challenges such as differences in regulatory regimes, product certification requirements, technical standards, and local market practices. In addition, we face competition from established international players with strong brand recognition and long-standing customer relationships. Our ability to successfully expand internationally will depend on our capacity to adapt our products to local requirements, establish effective distribution and service networks, and maintain compliance with foreign laws and regulations, including trade, environmental, and cybersecurity standards. It also exposes us to risks such as geopolitical tensions, currency fluctuations, and changes in foreign government policies.

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Our Product and Service Portfolio

Our future growth and competitiveness depend on our ability to continue to diversify and expand our product and service portfolio. During the Track Record Period, our revenue was primarily derived from the sale of smart power distribution and utilization equipment and solutions and the provision of medical services. While these products and services remain our core offerings, the evolving industry landscape requires us to broaden our portfolio to capture opportunities in additional segments. Diversification of our product and service portfolio enables us to reduce reliance on a limited range of products and customers, mitigate risks associated with market fluctuations, and strengthen our ability to respond to technological and regulatory changes. However, expansion into new product categories and services requires significant investment in R&D, talent acquisition, and marketing. It also exposes us to risks such as uncertain customer acceptance, longer product development cycles, and potential regulatory hurdles. Our ability to continuously refine our product and service portfolio while maintaining operational efficiency and cost control will continue to be an important factor affecting our financial performance.

Our Ability to Manage Costs

Our ability to effectively manage our cost of sales is crucial for driving our growth and profitability. The majority of our cost of sales consists of raw materials and components, primarily including chips, electronic components, customized parts, structural components, bulk commodities including copper, iron and mineral insulating oil, and other auxiliary materials for our power distribution and utilization business, and pharmaceuticals and consumables for our medical services business. Our cost of sales amounted to RMB7,619.0 million, RMB9,616.4 million and RMB10,470.4 million in 2023, 2024 and 2025, respectively. Several factors beyond our control have a substantial impact on the prices of these materials, including fluctuations in market supply and demand, international trade policies and tariffs, transportation costs, and variations in currency exchange rates. We manage our costs through hedging measures, centralized procurement and supplier management. Our large-scale production enables us to achieve economies of scale.

Foreign Exchange Risks

Our consolidated financial results are affected by currency exchange rate fluctuations. Fluctuations in exchange rates between RMB and foreign currencies in which we conduct business could affect our results of operations and financial condition. Our sales in the overseas markets are denominated in various currencies, including U.S. dollars, the Euro, and other local currencies. We source such supplies primarily from Chinese Mainland and pay our suppliers mainly in RMB. As most of our cost of sales incurred in Chinese Mainland are denominated in RMB while a significant portion of our revenue is denominated in foreign currencies, our results of operations are affected by fluctuations in the exchange rates of RMB against foreign currencies. Any depreciation of foreign currencies against RMB generally has a negative impact on our profitability while an appreciation of foreign currencies generally has a positive impact on our profitability. Foreign currency fluctuations may also obscure underlying trends in our business and results of operations.

MATERIAL AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other

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sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Our critical accounting policies and estimates are set forth in detail in Note 2 and Note 3 to the Accountants’ Report set out in Appendix I of this document.

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

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	11,462,508	100.0	14,600,478	100.0	14,360,766	100.0
Cost of sales	(7,618,978)	(66.5)	(9,616,445)	(65.9)	(10,470,364)	(72.9)
Gross profit	3,843,530	33.5	4,984,033	34.1	3,890,402	27.1
Other income and gains . . .	475,142	4.1	461,775	3.2	748,710	5.2
Selling and distribution expenses	(841,754)	(7.3)	(1,016,915)	(7.0)	(1,123,240)	(7.8)
Administrative expenses . . .	(868,023)	(7.6)	(979,538)	(6.7)	(897,351)	(6.2)
Impairment losses on goodwill	(8,683)	(0.1)	(13,604)	(0.1)	(355,865)	(2.5)
Research and development expenses	(470,827)	(4.1)	(523,327)	(3.6)	(607,283)	(4.2)
Share of net profits of investments in associates .	230,272	2.0	194,975	1.3	146,605	1.0
Impairment loss on financial and contract assets	(13,975)	(0.1)	(38,897)	(0.3)	(48,933)	(0.3)
Other expenses	(30,864)	(0.3)	(300,945)	(2.1)	(49,703)	(0.3)
Finance costs	(52,751)	(0.5)	(95,001)	(0.7)	(124,494)	(0.9)
Profit before tax	2,262,067	19.7	2,672,556	18.3	1,578,848	11.0
Income tax expense	(341,263)	(3.0)	(399,319)	(2.7)	(330,002)	(2.3)
Profit for the year	1,920,804	16.8	2,273,237	15.6	1,248,846	8.7
Attributable to:						
Owners of the parent	1,903,702	16.6	2,259,518	15.5	1,273,962	8.9
Non-controlling interests . . .	17,102	0.1	13,719	0.1	(25,116)	(0.2)

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use EBITDA (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We define EBITDA (non-IFRS measure) as profit for the year plus (i) depreciation and amortization, which represents the depreciation of property, plant and equipment, right-of-use assets and investment property and the amortization of intangible assets; (ii) finance costs; and (iii) income tax expenses, minus interest income. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company. We believe that this measure provides useful information to [REDACTED] and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of EBITDA (non-IFRS measure) may not be comparable to

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similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) in accordance with IFRS Accounting Standards for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit for the year	1,920,804	2,273,237	1,248,846
<i>Add:</i>			
Depreciation and amortization	390,479	476,346	541,661
Finance costs	52,751	95,001	124,494
Income tax expenses	341,263	399,319	330,002
<i>Less:</i>			
Interest income	46,439	75,791	42,465
EBITDA (non-IFRS measure)	2,658,858	3,168,112	2,202,538

Revenue

During the Track Record Period, we primarily generated revenue from (i) our smart power distribution and utilization business, including the sales of smart power distribution, smart power utilization equipment and solutions and new energy products; and (ii) our medical services business, which primarily consisted of revenue derived from inpatient and outpatient services provided by our hospitals. We also generated revenue from other businesses, such as sales of other accessories, spare parts and related services, and gross rental income from operating leases.

The following table sets forth the breakdown of our revenue by types of products and services, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of smart power distribution and utilization products	8,436,344	73.6	11,120,129	76.2	11,162,661	77.7
– smart power distribution equipment and solutions	3,932,846	34.3	5,827,984	39.9	6,503,860	45.3
– smart power utilization equipment and solutions	4,423,330	38.6	5,173,819	35.4	4,223,444	29.4
– new energy products	80,168	0.7	118,326	0.8	435,357	3.0
Medical services	2,782,527	24.3	3,258,073	22.3	2,975,697	20.7
Others	243,637	2.1	222,276	1.5	222,408	1.6
Total	11,462,508	100.0	14,600,478	100.0	14,360,766	100.0

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Revenue from sales of smart power distribution and utilization products amounted to RMB8,436.3 million, RMB11,120.1 million and RMB11,162.7 million in 2023, 2024 and 2025, respectively, representing 73.6%, 76.2% and 77.7% of our total revenue for the corresponding years. Revenue from our medical services amounted to RMB2,782.5 million, RMB3,258.1 million and RMB2,975.7 million in 2023, 2024 and 2025, respectively, representing 24.3%, 22.3% and 20.7% of our total revenue for the corresponding years.

The following table sets forth a breakdown of our revenue by geographical locations, in absolute amounts and as percentages of total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	9,501,862	82.9	11,886,977	81.4	11,579,995	80.6
Overseas ⁽¹⁾	1,960,646	17.1	2,713,501	18.6	2,780,771	19.4
Total	11,462,508	100.0	14,600,478	100.0	14,360,766	100.0

Note:

- (1) Comprising sales to customers in approximately 70 countries and regions, including Brazil, Saudi Arabia, Indonesia and Sweden.

Chinese Mainland represents our largest individual market, contributing 82.9%, 81.4% and 80.6% of our total revenue in 2023, 2024 and 2025, respectively. Our revenue from overseas sales amounted to RMB1,960.6 million, RMB2,713.5 million and RMB2,780.8 million in 2023, 2024 and 2025, respectively, accounting for 17.1%, 18.6% and 19.4% of our total revenue for the same periods, respectively.

Cost of Sales

Our cost of sales mainly consisted of (i) raw materials and components, which represented the largest component of our cost of sales during the Track Record Period, primarily including chips, electronic components, customized parts, structural components, bulk commodities including copper, iron and mineral insulating oil, and other auxiliary materials for our smart power distribution and utilization business, and pharmaceuticals and consumables for our medical services business; (ii) employee salaries and benefits, representing salaries and benefits for production employees in our smart power distribution and utilization business and medical professionals in our medical services business; (iii) manufacturing overhead, primarily including the cost of production of smart power distribution and utilization equipment and solutions; and (iv) others, primarily including depreciation, utilities and other operating expense for our medical services business.

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Raw materials and components	5,621,190	73.8	7,448,950	77.4	8,193,594	78.3
Employee salaries and benefits	1,069,748	14.0	1,121,528	11.7	1,321,652	12.6
Manufacturing overhead . . .	340,054	4.5	345,021	3.6	294,699	2.8
Others	587,986	7.7	700,946	7.3	660,419	6.3
Total	7,618,978	100.0	9,616,445	100.0	10,470,364	100.0

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Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by types of products and services for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of smart power distribution and utilization products . .	2,834,258	33.6	3,785,351	34.0	2,898,381	26.0
– smart power distribution equipment and solutions	869,476	22.1	1,445,293	24.8	1,283,702	19.7
– smart power utilization equipment and solutions	1,954,727	44.2	2,318,946	44.8	1,583,982	37.5
– new energy products	10,055	12.5	21,112	17.8	30,697	7.1
Medical services	874,051	31.4	1,117,365	34.3	858,043	28.8
Others	135,221	55.5	81,317	36.6	133,978	60.2
Total	3,843,530	33.5	4,984,033	34.1	3,890,402	27.1

We recorded total gross profit of RMB3,843.5 million, RMB4,984.0 million and RMB3,890.4 million, and gross profit margins of 33.5%, 34.1% and 27.1%, in 2023, 2024 and 2025, respectively.

Our overall gross profit margin is primarily driven by changes in our product mix and the relative contributions of each product line to total revenue. During the Track Record Period, a majority of our sales were in Chinese Mainland, where our smart power utilization equipment and solutions (such as smart meters) generally achieved higher gross profit margins than our smart power distribution equipment and solutions (such as transformers) during this period. The different gross profit margins within smart power distribution and utilization business were primarily because the price competition for smart power distribution equipment and solutions is more intense; whereas our smart power utilization equipment and solutions incorporate higher-value-added components such as communication modules, chips and software, resulting in a higher proportion of technology-driven value.

Other Income and Gains

Our other income and gains primarily consisted of (i) government grants, including income-related and asset-related government subsidies; (ii) bank interest income; (iii) additional deduction of input value-added tax; (iv) fair value gains on financial assets at FVTPL; (v) net foreign exchange gains; (vi) performance compensation related to prior year acquisition of subsidiaries; (vii) performance compensation related to prior year acquisition of non-controlling interests in a subsidiary; (viii) compensations received for intellectual property infringement; (ix) compensations from suppliers; (x) gain on disposal of a subsidiary; (xi) fair value gain on derivative financial instruments; and (xii) other gains. The following table sets forth a breakdown of our other income and gains for the years indicated.

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	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	137,641	203,878	206,304
Bank interest income	46,439	75,791	42,465
Additional deduction of input value-added tax . .	43,647	42,555	39,607
Interest income from debt investments at fair value through other comprehensive income . .	—	985	5,975
Total other income	227,727	323,209	294,351
Other gains			
Fair value gain on financial assets at FVTPL . .	143,670	—	204,051
Foreign exchange differences, net	40,921	—	139,416
Performance compensation related to prior year acquisition of subsidiaries	—	—	39,917
Performance compensation related to prior year acquisition of non-controlling interests in a subsidiary	—	—	26,550
Compensations received for intellectual property infringement	—	100,000	20,000
Compensations from suppliers	9,701	18,027	16,748
Gain on disposal of right of use assets	—	13	1,250
Gain on disposal of a subsidiary	50,979	—	—
Fair value gain on derivative financial instruments	—	12,996	—
Others	2,144	7,530	6,427
Total other gains	247,415	138,566	454,359
Total	475,142	461,775	748,710

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (i) consulting service fees, representing fees paid to external service providers for services such as the collection and provision of market information; (ii) employee salaries and benefits for our sales and marketing staff, including share-based payment expenses; (iii) travel and hospitality expenses; (iv) bidding service fees and sample expenses; and (v) other, primarily including brand promotion and marketing expenses, and maintenance fees. The following table sets forth the breakdown of our selling and distribution expenses, in absolute amounts and as percentages of total selling and distribution expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Consulting service fees	363,571	43.2	467,265	46.0	554,119	49.3
Employee salaries and benefits	208,064	24.7	240,329	23.6	240,252	21.4
Travel and hospitality expenses	169,682	20.2	179,435	17.7	173,911	15.5
Bidding service fees and sample expenses	60,026	7.1	74,569	7.3	92,936	8.3
Others	40,411	4.8	55,317	5.4	62,022	5.5
Total	841,754	100.0	1,016,915	100.0	1,123,240	100.0

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Administrative Expenses

Our administrative expenses primarily consisted of (i) employee salaries and benefits, including salaries, bonuses and other benefits for our administrative staff, as well as share-based payment expenses in connection with our equity incentive plans; (ii) depreciation and amortization, primarily related to right-of-use assets for hospital leases, office equipment and intangible assets; (iii) taxes and surcharges, primarily representing property tax, land use tax and stamp duty; and (iv) office and travel expenses; (v) maintenance fees; (vi) bank service charges; and (vii) others, primarily including professional service fees, business entertainment expenses and other miscellaneous administrative costs. The following table sets forth the breakdown of our administrative expenses, in absolute amounts and as percentages of total administrative expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee salaries and benefits	512,365	59.0	555,057	56.7	420,261	46.8
Depreciation and amortization	96,567	11.1	155,477	15.9	181,730	20.2
Office and travel expenses . .	87,209	10.1	101,984	10.4	108,339	12.1
Taxes and surcharges	41,519	4.8	44,599	4.5	52,722	5.9
Maintenance fees	19,252	2.2	16,360	1.7	23,091	2.6
Bank service charges	25,770	3.0	27,476	2.8	22,996	2.6
Others	85,341	9.8	78,585	8.0	88,212	9.8
Total	868,023	100.0	979,538	100.0	897,351	100.0

Impairment Losses on Goodwill

Our impairment losses on goodwill primarily represented the impairment of goodwill arising from acquisitions of hospitals in our medical services segment. Our impairment losses on goodwill amounted to RMB8.7 million, RMB13.6 million and RMB355.9 million in 2023, 2024 and 2025, respectively.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee salaries and benefits for our R&D personnel, including share-based payment expenses; (ii) material costs for R&D activities; (iii) technical service fees; (iv) office expenses incurred in connection with our R&D activities; (v) depreciation and amortization of R&D equipment and intangible assets; and (vi) others, primarily including market research fees, repair and maintenance fees and other R&D-related costs. The following table sets forth the breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the years indicated.

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	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee salaries and benefits	258,762	55.0	291,871	55.8	302,685	49.8
Material costs	107,311	22.8	103,493	19.8	175,468	28.9
Technical service fees	38,190	8.1	36,255	6.9	36,242	6.0
Office expenses	30,575	6.5	46,085	8.8	32,692	5.4
Depreciation and amortization	16,955	3.6	29,091	5.6	38,880	6.4
Others	19,034	4.0	16,532	3.1	21,316	3.5
Total	470,827	100.0	523,327	100.0	607,283	100.0

Share of Net Profits of Investments in Associates

Our share of net profits of investments in associates primarily consists of profits and losses from our investments in associates. Our share of net profits of investments in associates amounted to RMB230.3 million, RMB195.0 million and RMB146.6 million in 2023, 2024 and 2025, respectively.

Impairment Loss on Financial and Contract Assets

Our impairment loss on financial and contract assets primarily consists of expected credit loss provisions on our trade receivables and contract assets. Our impairment loss on financial and contract assets amounted to RMB14.0 million, RMB38.9 million and RMB48.9 million in 2023, 2024 and 2025, respectively.

Other Expenses

Our other expenses primarily included (i) compensation to customers, primarily due to product quality claims and contract performance disputes; (ii) losses on disposal of items of property, plant and equipment; (iii) late payment surcharge on taxes, primarily representing late payment surcharges following internal tax review processes and communications with the relevant tax authorities. As advised by our PRC Legal Advisors, late fees due to failure to pay taxes within the prescribed time limit constitute tax collection by relevant tax authorities rather than administrative penalties. Therefore, the late payment surcharge on taxes was not penalty in nature; (iv) fair value losses on derivative financial instruments; (v) losses on disposal of items of right of use assets; (vi) losses on disposal of items of intangible assets; (vii) fair value losses on financial assets at FVTPL; (viii) foreign exchange differences, net; (ix) donations; and (x) others. The following table sets forth a breakdown of other expenses for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Compensation to customers	10,975	6,823	16,472
Losses on disposal of items of property, plant and equipment	1,083	3,944	6,203
Late payment surcharge on taxes	–	17,034	5,761
Fair value losses on derivative financial instruments	10,200	–	5,165
Fair value losses on financial assets at FVTPL	–	154,146	–
Foreign exchange differences, net	–	111,941	–
Donations	66	896	28
Others	8,540	6,161	16,074
Total	30,864	300,945	49,703

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Finance Costs

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

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings	19,758	43,934	67,876
Interest on lease liabilities	32,993	51,067	56,618
Total	52,751	95,001	124,494

Income Tax Expense

Our income tax expense primarily consisted of PRC corporate income tax and withholding tax on dividends from PRC subsidiaries. During the Track Record Period, certain entities within our Group enjoyed preferential tax treatments. In 2023, 2024 and 2025, we recorded income tax expenses of RMB341.3 million, RMB399.3 million and RMB330.0 million, respectively. We are subject to varying tax rates in different jurisdictions. See Note 11 to the Accountants’ Report set out in Appendix I to this document. During the Track Record Period and as of the Latest Practicable Date, we did not have any material tax administrative penalties imposed by the relevant tax authorities.

China

In China, pursuant to the EIT Law and Implementation Regulation of the EIT Law, the tax rate of our Company and our subsidiaries in China was 25% during the Track Record Period. Certain of our subsidiaries in China enjoyed preferential tax treatments, mainly including a tax rate of 15% due to preferential tax policies for being approved as a “High and New Technology Enterprise.” In addition, we have made our best estimate for the additional tax deduction in relation to our R&D activities to be claimed for certain of our subsidiaries in ascertaining assessable profits during the Track Record Period.

Hong Kong

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong during the Track Record Period, except for a subsidiary incorporated in Hong Kong which is a qualifying entity under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of the qualifying entity are taxed at 8.25% and the remaining profits are taxed at 16.5%.

Other Jurisdictions

Income tax on profit arising from other jurisdictions, including Brazil, Indonesia, Bangladesh, Sweden, Poland, Colombia, Mexico, Peru, Germany, Singapore, Nigeria and Nepal, is calculated on the estimated assessable profit for each of the years during the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

Profit for the Year

We recorded a profit of RMB1,920.8 million, RMB2,273.2 million and RMB1,248.8 million in 2023, 2024 and 2025, respectively.

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YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue remained relatively stable at RMB14,600.5 million in 2024 and RMB14,360.8 million in 2025, primarily reflecting a decrease of RMB282.4 million in revenue from our medical services, which was partially offset by an increase of RMB42.5 million in revenue from sales of smart power distribution and utilization equipment and solutions.

Revenue from our medical services decreased by 8.7% from RMB3,258.1 million in 2024 to RMB2,975.7 million in 2025, primarily due to the impact of more stringent healthcare insurance payment policy adjustments and pharmaceutical and consumable price controls. Revenue from sales of smart power distribution and utilization equipment and solutions remained relatively stable, increasing slightly from RMB11,120.1 million in 2024 to RMB11,162.7 million in 2025, primarily due to the growth from the continued expansion of overseas business, which was largely offset by (i) a phased decline in bidding prices in domestic power grid tenders; and (ii) a slower pace of delivery and acceptance for certain domestic orders in 2025, with a corresponding decrease in the amount of revenue recognized for the year.

Cost of Sales

Our cost of sales increased by 8.9% from RMB9,616.4 million in 2024 to RMB10,470.4 million in 2025, primarily due to increases in raw materials and components costs and employee salaries and benefits, both driven by the growth in our sales volume.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 21.9% from RMB4,984.0 million in 2024 to RMB3,890.4 million in 2025.

Our overall gross profit margin decreased from 34.1% in 2024 to 27.1% in 2025. The decrease was mainly due to (i) a decrease in gross profit margin of our smart power distribution and utilization business; and (ii) the decrease in revenue from our medical services amid the more stringent healthcare insurance payment policy adjustments, while certain fixed costs such as staff costs and depreciation remained relatively stable.

The gross profit margin of our smart power distribution equipment and solutions decreased from 24.8% in 2024 to 19.7% in 2025, primarily due to two factors. In the domestic market, this decrease was mainly attributable to the phased decline in bidding prices for products procured by large national-level grid groups. In overseas markets, the decrease was primarily driven by the initial order effect — as we expanded into certain new overseas markets in 2025, margins on first-time orders from newly established customer relationships were relatively lower due to introductory pricing concessions. We expect to gradually recover as the impact of these initial orders is progressively absorbed. The gross profit margin of our smart power utilization equipment and solutions decreased from 44.8% in 2024 to 37.5% in 2025, primarily reflecting (i) a phased decline in bidding prices for products procured by the large national-level grid groups in the domestic market; and (ii) a decrease in the gross profit margin on our overseas sales amid intensified competition in overseas markets. The gross profit margin of our new energy products decreased from 17.8% in 2024 to 7.1% in 2025, primarily due to (i) higher depreciation and amortization costs arising from the expansion of our production capacity for new energy products; and (ii) competitive pricing strategies adopted to penetrate the market.

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Other Income and Gains

Our other income and gains increased by 62.1% from RMB461.8 million in 2024 to RMB748.7 million in 2025, primarily driven by (i) a fair value gain on financial assets at FVTPL of RMB204.1 million in 2025, compared to nil in 2024; (ii) net foreign exchange gains of RMB139.4 million in 2025, compared to nil in 2024 (as net foreign exchange losses of RMB111.9 million in 2024 were recorded as other expenses) as a result of exchange rate fluctuation; and (iii) performance compensation of RMB39.9 million related to prior year acquisitions of subsidiaries and RMB26.6 million related to prior year acquisition of non-controlling interests in a subsidiary because the relevant acquired entities failed to meet their performance targets as stipulated in the acquisition agreements.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 10.5% from RMB1,016.9 million in 2024 to RMB1,123.2 million in 2025, primarily due to (i) an increase of RMB86.9 million in consulting service fees, primarily due to the increased consulting activities to support our business expansion; and (ii) an increase of RMB18.4 million in bidding service fees and sample expenses related to new customer development and product promotion activities.

Administrative Expenses

Our administrative expenses decreased by 8.4% from RMB979.5 million in 2024 to RMB897.4 million in 2025, primarily attributable to a decrease of RMB134.8 million in employee salaries and benefits, mainly due to the optimization of our administrative staffing structure and lower performance-based compensation for management personnel, partially offset by an increase of RMB26.2 million in depreciation and amortization, mainly attributable to new leases for hospital operations and fixed asset additions.

Impairment Losses on Goodwill

Our impairment losses on goodwill increased significantly from RMB13.6 million in 2024 to RMB355.9 million in 2025, primarily because the operating performance of certain hospitals fell short of initial projections due to the impact of more stringent healthcare insurance payment policy adjustments and pharmaceutical and consumable price controls, which led to an impairment of the related goodwill arising from prior acquisitions of these hospitals.

Research and Development Expenses

Our research and development expenses increased by 16.1% from RMB523.3 million in 2024 to RMB607.3 million in 2025, primarily due to (i) an increase of RMB72.0 million in material costs associated with increased new product development projects; and (ii) an increase of RMB10.8 million in employee salaries and benefits as we increased the number of R&D personnel.

Share of Net Profits of Investments in Associates

Our share of net profits of investments in associates decreased by 24.8% from RMB195.0 million in 2024 to RMB146.6 million in 2025, primarily due to the decline in profitability of certain associates in our medical services segment, which recorded a share of losses of RMB46.3 million in 2025 compared to a share of profits of RMB13.2 million in 2024.

Impairment Loss on Financial and Contract Assets

Our impairment loss on financial and contract assets increased by 25.7% from RMB38.9 million in 2024 to RMB48.9 million in 2025, primarily due to increased expected credit loss provisions as a result of the growth in our trade receivables balance and the aging profile of certain receivables.

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Other Expenses

Our other expenses decreased by 83.5% from RMB300.9 million in 2024 to RMB49.7 million in 2025, primarily attributable to the absence of (i) fair value losses on financial assets at FVTPL, which amounted to RMB154.1 million in 2024 (fair value gains of RMB204.1 million were recorded as other gains in 2025) because of losses on unlisted equity investments in 2024, which subsequently recovered and generated gains in 2025; and (ii) net foreign exchange losses of RMB111.9 million in 2024 (net foreign exchange gains of RMB139.4 million were recorded as other gains in 2025), as a result of fluctuations in the RMB exchange rate.

Finance Costs

Our finance costs increased by 31.1% from RMB95.0 million in 2024 to RMB124.5 million in 2025, primarily due to an increase of RMB23.9 million in interest on bank borrowings, driven by the increase in our bank borrowings to support business expansion and capital expenditure requirements; as well as an increase of RMB5.6 million in interest on lease liabilities in connection with the expansion of our production bases.

Income Tax Expense

Our income tax expense decreased by 17.4% from RMB399.3 million in 2024 to RMB330.0 million in 2025, primarily due to the decrease in our profit before tax.

Profit for the Year

For the foregoing reasons, our profit for the year decreased by 45.1% from RMB2,273.2 million in 2024 to RMB1,248.8 million in 2025.

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

Revenue

Our revenue increased by 27.4% from RMB11,462.5 million in 2023 to RMB14,600.5 million in 2024, primarily reflecting (i) a 31.8% increase in revenue from sales of smart power distribution and utilization equipment and solutions from RMB8,436.3 million in 2023 to RMB11,120.1 million in 2024, driven by the continued expansion of our overseas business, with the rapid growth of our smart power utilization turnkey solutions and smart power distribution products gradually becoming a key growth driver, and strong domestic grid bidding performance and effective customer acquisition outside the grid; and (ii) a 17.1% increase in revenue from our medical services from RMB2,782.5 million in 2023 to RMB3,258.1 million in 2024, as we operated more hospitals and continued to focus on discipline construction, and medical quality to solidify our leadership in the domestic rehabilitation field, thereby expanding our medical services business through acquisitions and newly established hospitals in 2024.

Cost of Sales

Our cost of sales increased by 26.2% from RMB7,619.0 million in 2023 to RMB9,616.4 million in 2024, primarily due to increases in raw material costs and other production costs in line with the growth of our revenue and business scale. Direct material costs for our smart power distribution and utilization business increased by 34.3% from RMB4,867.2 million in 2023 to RMB6,537.4 million in 2024, in line with the revenue growth and driven by higher sales volumes. In addition, cost of our medical services segment increased in line with the expansion of our hospitals.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 29.7% from RMB3,843.5 million in 2023 to RMB4,984.0 million in 2024.

Our overall gross profit margin remained relatively stable at 33.5% in 2023 and 34.1% in 2024. The slight increase was mainly due to continued demand from national power grid investment and our internal cost reduction measures in our smart power distribution and utilization business, while gross profit margin from our medical services also remained relatively stable.

Other Income and Gains

Our other income and gains decreased by 2.8% from RMB475.1 million in 2023 to RMB461.8 million in 2024, primarily driven by the absence of fair value gains on financial assets at FVTPL (which amounted to RMB143.7 million in 2023) and the absence of gain on disposal of a subsidiary (which amounted to RMB51.0 million in 2023), partially offset by an increase of RMB66.2 million in government grants.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 20.8% from RMB841.8 million in 2023 to RMB1,016.9 million in 2024, primarily due to (i) an increase of RMB103.7 million in consulting service fees, primarily due to the increased consulting activities to support our business expansion; and (ii) an increase of RMB32.3 million in employee salaries and benefits as our business grew.

Administrative Expenses

Our administrative expenses increased by 12.8% from RMB868.0 million in 2023 to RMB979.5 million in 2024, primarily due to (i) an increase of RMB58.9 million in depreciation and amortization, primarily attributable to newly added right-of-use assets for hospital leases and employee accommodation, as well as additional fixed assets; (ii) an increase of RMB42.7 million in employee salaries and benefits, driven by the expansion of our management team and performance-based compensation adjustments in line with business growth, partially offset by a decrease in share-based payment expenses as certain equity incentive plans matured; and (iii) an increase of RMB14.8 million in office expenses in line with overall business expansion.

Impairment Losses on Goodwill

Our impairment losses on goodwill increased by 56.3% from RMB8.7 million in 2023 to RMB13.6 million in 2024, primarily because certain acquired hospitals did not meet initial performance expectations, resulting in goodwill impairment provisions.

Research and Development Expenses

Our research and development expenses increased by 11.2% from RMB470.8 million in 2023 to RMB523.3 million in 2024, primarily due to an increase of RMB33.1 million in employee salaries and benefits as we increased R&D personnel headcount with higher salaries and social insurance contributions resulting from wage increases.

FINANCIAL INFORMATION

Share of Net Profits of Investments in Associates

Our share of net profits of investments in associates decreased by 15.3% from RMB230.3 million in 2023 to RMB195.0 million in 2024, primarily due to a decrease in the share of profits from associates in our medical services segment from RMB61.5 million in 2023 to RMB13.2 million in 2024.

Impairment Loss on Financial and Contract Assets

Our impairment loss on financial and contract assets increased significantly from RMB14.0 million in 2023 to RMB38.9 million in 2024, primarily due to increased expected credit loss provisions as a result of the growth in our trade receivables balance and the aging profile of certain receivables.

Other Expenses

Our other expenses increased significantly from RMB30.9 million in 2023 to RMB300.9 million in 2024, primarily attributable to (i) fair value losses on financial assets at FVTPL of RMB154.1 million in 2024, compared to nil in 2023 because of the negative fair value changes in the our unlisted equity investment portfolio; and (ii) net foreign exchange losses of RMB111.9 million in 2024, compared to nil in 2023 (as net foreign exchange gains of RMB40.9 million were recorded as other gains in 2023) as a result of fluctuations in the RMB exchange rate.

Finance Costs

Our finance costs increased by 79.9% from RMB52.8 million in 2023 to RMB95.0 million in 2024, primarily due to (i) an increase of RMB24.2 million in interest on bank borrowings, driven by the increase in our bank borrowings to support business expansion and capital expenditure requirements; and (ii) an increase of RMB18.1 million in interest on lease liabilities in connection with the expansion of our medical services business through new leases for hospital operations.

Income Tax Expense

Our income tax expense increased by 17.0% from RMB341.3 million in 2023 to RMB399.3 million in 2024, primarily because of the increase in our profit before tax in line with our business growth.

Profit for the Year

For the foregoing reasons, our profit for the year increased by 18.3% from RMB1,920.8 million in 2023 to RMB2,273.2 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment	1,980,173	2,492,585	3,019,329
Investment properties	705,198	682,562	654,309
Right-of-use assets	1,095,467	1,443,777	1,368,526
Goodwill	1,566,195	1,559,514	1,203,649
Intangible assets	60,434	60,201	60,411
Investment in associates	2,428,833	2,579,470	2,664,540

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	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Debt investments at fair value through other			
comprehensive income	–	253,505	259,480
Deferred tax assets	278,780	370,312	387,281
Financial assets at fair value through profit or			
loss (“FVTPL”)	952,112	756,411	939,098
Prepayments, deposits and other receivables . . .	47,711	151,286	233,796
Contract assets	193,307	324,666	368,224
Amount due from related parties	–	2,488	–
Total non-current assets	9,308,210	10,676,777	11,158,643
Current Assets			
Inventories	3,256,638	4,077,134	4,303,053
Trade and bills receivables	2,390,170	3,339,422	3,259,040
Receivables at fair value through other			
comprehensive income	166,045	218,532	236,175
Contract assets	182,699	165,131	220,631
Prepayments, deposits and other receivables . . .	678,185	585,684	561,037
Financial assets at FVTPL	53,724	829,610	564,180
Derivative financial instruments	2,262	–	218
Pledged deposits	410,252	398,471	366,080
Cash and bank balances	5,042,686	4,140,697	5,059,387
Tax recoverable	2,655	4,735	22,913
Amounts due from related parties	19,495	40,293	35,207
Total current assets	12,204,811	13,799,709	14,627,921
Current Liabilities			
Trade and bills payable	2,793,749	3,460,348	3,829,441
Other payables and accruals	1,695,774	1,990,252	1,812,450
Contract liabilities	1,375,924	1,553,656	1,540,469
Derivative financial instruments	–	22,681	432
Interest-bearing bank borrowings	186,503	19,100	58,263
Lease liabilities	75,508	109,122	113,581
Income tax payable	122,306	175,484	60,406
Deferred income	11,693	9,376	9,376
Provision	2,429	45,992	39,093
Amounts due to related parties	588,124	433,723	322,980
Total current liabilities	6,852,010	7,819,734	7,786,491
Net current assets	5,352,801	5,979,975	6,841,430
Total assets less current liabilities	14,661,011	16,656,752	18,000,073
Non-current liabilities			
Interest-bearing bank borrowings	2,466,000	3,184,260	5,072,080
Lease liabilities	757,290	1,016,629	973,772
Deferred tax liabilities	113,338	15,073	23,441
Other payables and accruals	5,951	38,981	11,971
Deferred income	127,713	118,676	137,474
Provision	37,411	9,195	5,706
Total non-current liabilities	3,507,703	4,382,814	6,224,444
Net assets	11,153,308	12,273,938	11,775,629

FINANCIAL INFORMATION

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) buildings; (ii) machinery and equipment; (iii) leasehold improvement; (iv) construction in progress; (v) medical devices; (vi) office equipment; (vii) improvements to self-owned property; and (viii) motor vehicles. The following table sets forth details of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Buildings	807,753	911,847	1,426,381
Machinery and equipment	298,890	323,273	539,511
Leasehold improvement	343,721	562,163	490,729
Construction in progress	208,705	376,492	187,445
Medical devices	183,054	186,848	162,590
Office equipment	87,480	83,790	127,322
Improvements to self-owned property	27,389	27,160	63,163
Motor vehicles	23,181	21,012	22,188
Total	1,980,173	2,492,585	3,019,329

Our property, plant and equipment increased from RMB1,980.2 million as of December 31, 2023 to RMB2,492.6 million as of December 31, 2024, primarily due to (i) an increase of RMB218.4 million in leasehold improvements, mainly attributable to renovations for hospitals and fit-out for our medical services business; (ii) an increase of RMB167.8 million in construction in progress, primarily in connection with the construction of product lines for our smart power distribution and new energy products business; and (iii) an increase of RMB104.1 million in buildings, mainly due to the completion and transfer of a hospital from construction in progress. Our property, plant and equipment further increased to RMB3,019.3 million as of December 31, 2025, primarily due to (i) an increase of RMB514.5 million in buildings, mainly attributable to the completion of new production bases for our smart power distribution and new energy products business; and (ii) an increase of RMB216.2 million in machinery and equipment to support growing production volume, partially offset by (i) a decrease of RMB189.0 million in construction in progress, primarily because the construction of product lines for our smart power distribution and new energy products was substantially completed and primarily transferred to buildings during the year; and (ii) a decrease of RMB71.4 million in leasehold improvements.

Right-of-use Assets

Our right-of-use assets consisted of (i) buildings; and (ii) land use rights. The following table sets forth details of our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Buildings	782,655	1,040,692	974,625
Land use rights	312,812	403,085	393,901
Total	1,095,467	1,443,777	1,368,526

Our right-of-use assets increased from RMB1,095.5 million as of December 31, 2023 to RMB1,443.8 million as of December 31, 2024, mainly attributable to new building leases for hospitals and new land use rights for production bases. Our right-of-use assets then decreased to RMB1,368.5 million as of December 31, 2025, primarily due to depreciation of RMB144.1 million and early cancellation of leases of RMB61.8 million, partially offset by new additions of RMB129.5 million for hospital premises.

FINANCIAL INFORMATION

Investment in Associates

We have invested in a number of associates. Our investment in associates amounted to RMB2,428.8 million, RMB2,579.5 million and RMB2,664.5 million as of December 31, 2023, 2024 and 2025, respectively. The increase in the balance was primarily due to the accumulation of our share of profits from associates during each year, partially offset by dividends received from associates.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at FVTPL consisted of (i) non-current unlisted equity investments, primarily representing our minority equity interests in companies in the medical and healthcare sector; and (ii) current assets, primarily comprising wealth management products issued by banks in Chinese Mainland and a small amount of listed equity investments. Our non-current financial assets at FVTPL amounted to RMB952.1 million, RMB756.4 million and RMB939.1 million as of December 31, 2023, 2024 and 2025, respectively. The decrease from 2023 to 2024 was primarily due to negative fair value changes in our unlisted equity investment portfolio, which subsequently recovered in 2025. Our current financial assets at FVTPL amounted to RMB53.7 million, RMB829.6 million and RMB564.2 million as of December 31, 2023, 2024 and 2025, respectively, with the fluctuation primarily reflecting changes in our purchases and redemptions of bank wealth management products for short-term cash management purposes.

Inventories

Our inventories consisted of (i) finished goods; (ii) raw materials; (iii) work in progress; (iv) contract fulfilment costs; and (v) medical supplies. The following table sets forth details of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	2,685,050	3,296,484	3,500,172
Raw materials	392,664	473,472	550,971
Work in progress	64,582	175,375	126,228
Contract fulfilment costs	53,752	55,464	66,585
Medical supplies	60,590	76,339	59,097
Total	3,256,638	4,077,134	4,303,053

Our inventories increased from RMB3,256.6 million as of December 31, 2023 to RMB4,077.1 million as of December 31, 2024, and further increased to RMB4,303.1 million as of December 31, 2025, primarily as a result of the rising contribution of our smart power distribution equipment and solutions during the Track Record Period, which generally carry a higher level of finished goods on hand given their longer delivery and acceptance cycles. In addition, the increase from 2023 to 2024 was also driven by the growth in our production volume to support anticipated deliveries.

Our inventories are stated at the lower of cost and net realizable value, with net realizable value based on estimated selling prices less any estimated costs to be incurred to completion and disposal. When the net realizable value of an inventory item falls below its cost, we make a write-down of inventories to net realizable value, which is recognized in cost of sales for the relevant period. During the Track Record Period, our write-down of inventories to net realizable value amounted to RMB2.0 million, RMB35.5 million and RMB77.4 million in 2023, 2024 and 2025, respectively.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	3,098,139	3,850,947	4,041,236
1 to 2 years	153,082	214,572	103,321
2 to 3 years	3,848	8,704	151,043
Over 3 years	1,569	2,911	7,453
Total	3,256,638	4,077,134	4,303,053

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

	For the year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	121	139	146

Note:

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

Our inventory turnover days increased from 121 days in 2023 to 139 days in 2024, and further increased to 146 days for the year ended December 31, 2025, mainly due to the increase in finished goods driven by growing orders from our customers, particularly as the proportion of revenue from our smart power distribution segment, for which the relevant delivery, acceptance and revenue recognition cycles are typically longer, continued to increase.

As of April 30, 2026, we have utilized approximately RMB3,322.6 million, or 77.2% of our inventories as of December 31, 2025.

Trade and Bills Receivables

Our trade and bills receivables represent amounts due from customers for the sale of goods and provision of services in the ordinary course of business. During the Track Record Period, we generally granted our customers a credit period of one to six months.

For trade and bills receivables, we apply the simplified approach under IFRS 9 and measure the loss allowance at an amount equal to lifetime expected credit losses, assessed individually for debtors with severe financial difficulty and otherwise collectively using a provision matrix. We write off a receivable when there is no reasonable expectation of recovering the contractual cash flows. During the Track Record Period, our net impairment losses on trade receivables were RMB22.2 million, RMB23.6 million and RMB69.5 million in 2023, 2024 and 2025, respectively, and amounts written off as uncollectible were RMB0.4 million, RMB1.5 million and RMB1.0 million, respectively.

The following table sets forth details of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	2,321,144	3,183,229	3,202,655
Bills receivable	200,182	309,420	278,131
Impairment	(131,156)	(153,227)	(221,746)
Total	<u>2,390,170</u>	<u>3,339,422</u>	<u>3,259,040</u>

Our trade and bills receivables increased from RMB2,390.2 million as of December 31, 2023 to RMB3,339.4 million as of December 31, 2024, mainly in line with the growth in our revenue. Our trade and bills receivables remained relatively stable at RMB3,259.0 million as of December 31, 2025.

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The following is an aging analysis of our trade and bills receivables based on the revenue recognition date as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	2,327,281	3,263,420	3,131,037
1 to 2 years	56,065	52,137	122,302
2 to 3 years	6,824	23,865	5,701
Total	2,390,170	3,339,422	3,259,040

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

	For the year ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days ⁽¹⁾	76	72	84

Note:

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

Our trade and bills receivables turnover days remained relatively stable at 76 days in 2023 and 72 days in 2024. Our trade and bills receivables turnover days then increased to 84 days in 2025, which was primarily due to the increase in the proportion of revenue from smart power distribution segment, for which the relevant delivery, acceptance and revenue recognition cycles, and the corresponding collection cycles, are typically longer.

As of April 30, 2026, RMB1,706.1 million, or 49.0% of our trade and bills receivables as of December 31, 2025 had been settled.

Derivative Financial Instruments

Our derivative financial instruments mainly represent commodity futures contracts for the purchase of copper, and forward currency contracts and options. The following table sets forth details of our derivative financial instruments as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Assets:			
Commodity futures contracts	2,262	—	159
Forward currency contracts	—	—	59
	2,262	—	218
Liabilities:			
Commodity futures contracts	—	18,927	—
Foreign exchange option	—	3,754	432
	—	22,681	432

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Our copper hedging strategy is designed to lock the price for purchase of copper, thus fluctuations in copper prices do not materially affect our gross profit. In other words, when we incurred significant losses on copper future contracts, we were able to procure the copper needed for production at relatively low prices in the spot market. The combination of the futures and spot market positions allowed us to ultimately manage and stabilize our overall copper procurement costs, which in turn manage our overall profitability. Similarly, forward currency contracts are used to mitigate foreign currency risks, particularly for USD-denominated trade and bills receivables. Losses from these instruments due to rising exchange rates are offset by increased revenue from overseas sales and higher USD-denominated receivables, reflected as gains in revenue and net foreign exchange differences.

Our Board serves as the highest authority overseeing our treasury policies. We have established the financial professional team and the procurement risk team to effectively manage these risks. A dedicated decision-making team provides ongoing oversight and management of day-to-day treasury operations. Our Board reviews and approves the annual foreign exchange and commodity hedging plans, including parameters such as eligible commodities, annual limits and hedging instruments.

Cash and Bank Balances

Our cash and bank balances consisted of cash on hand, and bank deposits. Most of our cash and bank balances were denominated in Renminbi during the Track Record Period. As of December 31, 2023, 2024 and 2025, we had cash and bank balances of RMB5,042.7 million, RMB4,140.7 million and RMB5,059.4 million, respectively.

Trade and Bills Payables

Our trade and bills payables primarily represented amounts due to our suppliers for purchase of raw materials. The trade payables are non-interest-bearing and are normally settled on terms of one to three months. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	2,173,054	2,970,138	3,414,593
Bills payable	620,695	490,210	414,848
Total	2,793,749	3,460,348	3,829,441

Our trade and bills payables increased from RMB2,793.7 million as of December 31, 2023 to RMB3,460.3 million as of December 31, 2024, and further increased to RMB3,829.4 million as of December 31, 2025, primarily due to our increased procurement of raw materials as our business scale expanded.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	2,768,478	3,421,473	3,781,390
1 to 2 years	4,845	25,922	21,637
2 to 3 years	8,244	1,463	13,959
Over 3 years	12,182	11,490	12,455
Total	2,793,749	3,460,348	3,829,441

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

	For the year ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days ⁽¹⁾	128	119	127

Note:

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

Our trade and bills payables turnover days decreased from 128 days in 2023 to 119 days in 2024 and then increased to 127 days in 2025. The overall fluctuation was primarily because of the increased procurement of raw materials in line with our business expansion, which led to higher trade payable balances, while the settlement period with our suppliers and the use of bills payable with longer credit periods also varied across the periods.

As of April 30, 2026, RMB3,215.9 million, or 84.0% of our trade payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals mainly represented (i) payroll payables; (ii) deposits; (iii) accrued expenses, mainly representing accrued commissions, transportation fees and bidding service fees; (iv) equipment and construction payables; (v) value-added tax payables; (vi) other tax payables; (vii) obligations related to share-based payments; and (viii) others. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Consideration payable for acquiring non-controlling interests in a subsidiary	—	32,821	7,303
Finance lease liabilities	4,268	4,126	2,373
Long-term employee benefits	1,683	2,034	2,295
Total	5,951	38,981	11,971

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	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current:			
Payroll payables	653,215	642,620	561,849
Deposits	350,200	412,810	431,100
Accrued expenses	175,752	205,143	231,329
Equipment and construction payables	123,163	155,444	204,432
Value-added tax payables	91,854	190,692	189,044
Other tax payables	44,620	55,717	69,551
Obligation related with share-based payments . .	114,536	93,454	17,454
Consideration payable for acquiring non-controlling interests in a subsidiary	—	35,280	—
Others	142,434	199,092	107,691
Total	<u>1,695,774</u>	<u>1,990,252</u>	<u>1,812,450</u>

Our non-current portion of other payables and accruals increased from RMB6.0 million as of December 31, 2023 to RMB39.0 million as of December 31, 2024, primarily due to the recognition of consideration payable for the acquisition of non-controlling interests in certain hospitals. It then decreased to RMB12.0 million as of December 31, 2025, primarily due to the settlement of the consideration payable pursuant to the relevant agreements.

Our current portion of other payables and accruals increased from RMB1,695.8 million as of December 31, 2023 to RMB1,990.3 million as of December 31, 2024, primarily due to (i) an increase of RMB98.8 million in value-added tax payables in line with increased revenue; (ii) an increase of RMB35.3 million in consideration payable for acquiring non-controlling interests in a subsidiary, which has been settled in 2025; (iii) an increase of RMB32.3 million in equipment and construction payables driven by ongoing capital expenditure projects; and (iv) an increase of RMB29.4 million in accrued expenses. It then decreased to RMB1,812.5 million as of December 31, 2025, primarily due to (i) a decrease of RMB80.8 million in payroll payables, mainly reflecting lower performance-based compensation; and (ii) a decrease of RMB76.0 million in obligations related to share-based payments as certain restricted share incentive plans matured and were settled.

As of April 30, 2026, RMB263.5 million, or 33.2% of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities represent advances received from customers for the sale of smart power distribution and utilization equipment and solutions. Our contract liabilities increased from RMB1,375.9 million as of December 31, 2023 to RMB1,553.7 million as of December 31, 2024, primarily reflecting an increase in advance payments received from customers in line with our business growth, the amount of which is determined by the advance payment arrangements agreed under the relevant sales contracts. Our contract liabilities then remained relatively stable at RMB1,540.5 million as of December 31, 2025.

As of April 30, 2026, RMB656.7 million, or 42.6%, of our contract liabilities as of December 31, 2025 were subsequently recognized as revenue.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our business operations, including manufacturing of our smart power distribution and utilization products, procurement of medical supplies, development and operation of our hospitals, investment in R&D, as well as other working capital needs. Historically, we have financed our operations and other capital requirements primarily through cash generated from our business operations, bank borrowings and equity contributions from our shareholders, and we plan to continue to do so.

Our anticipated cash needs primarily include costs associated with the expansion of our smart power distribution and utilization business, R&D of our products and solutions, and general business operations. We expect to fund our future working capital and other cash requirements with cash generated from our operations, the [REDACTED] from [REDACTED] and, when necessary, bank and other borrowings.

As of April 30, 2026, the latest practicable date for determining our indebtedness, we had cash and cash equivalent of RMB2,494.3 million. Considering our internal resources, our cash flow from operations and the estimated [REDACTED] from the [REDACTED], our Directors confirm that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

Net Current Assets

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

	As of December 31,			As of April 30
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current Assets				
Inventories	3,256,638	4,077,134	4,303,053	4,573,597
Trade and bills receivables	2,390,170	3,339,422	3,259,040	3,023,927
Receivables at fair value through other comprehensive income	166,045	218,532	236,175	238,746
Contract assets	182,699	165,131	220,631	239,486
Prepayments, deposits and other receivables	678,185	585,684	561,037	961,717
Financial assets at FVTPL	53,724	829,610	564,180	196,330
Derivative financial instruments . . .	2,262	—	218	331
Pledged deposits	410,252	398,471	366,080	374,304
Cash and bank balances	5,042,686	4,140,697	5,059,387	2,494,343
Tax recoverable	2,655	4,735	22,913	40,745
Amounts due from related parties . .	19,495	40,293	35,207	41,322
Total current assets	12,204,811	13,799,709	14,627,921	12,184,848
Current Liabilities				
Trade and bills payables	2,793,749	3,460,348	3,829,441	4,119,509
Other payables and accruals	1,695,774	1,990,252	1,812,450	1,655,850
Contract liabilities	1,375,924	1,553,656	1,540,469	1,585,898
Derivative financial instruments . . .	—	22,681	432	221
Interest-bearing bank borrowings . .	186,503	19,100	58,263	333,758
Lease liabilities	75,508	109,122	113,581	131,470
Income tax payable	122,306	175,484	60,406	36,368
Deferred income	11,693	9,376	9,376	12,364
Provision	2,429	45,992	39,093	33,128
Amounts due to related parties . . .	588,124	433,723	322,980	139,754
Total current liabilities	6,852,010	7,819,734	7,786,491	8,048,320
Net current assets	5,352,801	5,979,975	6,841,430	4,136,528

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We had net current assets of RMB5,352.8 million, RMB5,980.0 million, RMB6,841.4 million and RMB4,136.5 million as of December 31, 2023, 2024 and 2025, and April 30, 2026, respectively.

Our net current assets increased from RMB5,352.8 million as of December 31, 2023 to RMB5,980.0 million as of December 31, 2024, primarily attributable to an increase in our current assets, mainly as a result of (i) an increase of RMB949.3 million in trade and bills receivables due to the revenue growth in 2024; (ii) an increase of RMB820.5 million in inventories mainly in line with the growth of our business scale; and (iii) an increase of RMB775.9 million in financial assets at FVTPL; partially offset by an increase in our current liabilities, primarily due to (i) an increase of RMB666.6 million in trade and bills payables primarily because of the growth in our procurement volume and stocking up of raw materials for business expansion; and (ii) an increase of RMB294.5 million in other payables and accruals.

Our net current assets further increased from RMB5,980.0 million as of December 31, 2024 to RMB6,841.4 million as of December 31, 2025, primarily attributable to an increase in our current assets, mainly as a result of (i) an increase of RMB918.7 million in cash and bank balances; and (ii) an increase of RMB225.9 million in inventories; partially offset by a decrease of RMB265.4 million in financial assets at FVTPL; while our current liabilities remained relatively stable, with an increase of RMB369.1 million in trade and bills payables partially offset by a decrease of RMB177.8 million in other payables and accruals.

Our net current assets decreased from RMB6,841.4 million as of December 31, 2025 to RMB4,136.5 million as of April 30, 2026, primarily attributable to a decrease in our current assets, mainly as a result of (i) a decrease of RMB2,565.0 million in cash and bank balances; (ii) a decrease of RMB367.9 million in financial assets at FVTPL; and (iii) a decrease of RMB235.1 million in trade and bills receivables; partially offset by (i) an increase of RMB400.7 million in prepayments, deposits and other receivables; and (ii) an increase of RMB270.5 million in inventories; together with an increase in our current liabilities, primarily due to (i) an increase of RMB290.1 million in trade and bills payables; and (ii) an increase of RMB275.5 million in interest-bearing bank borrowings; partially offset by (i) a decrease of RMB183.2 million in amounts due to related parties; and (ii) a decrease of RMB156.6 million in other payables and accruals.

Summary of Consolidated Statements of Cash Flow

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

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows generated from operating activities	1,901,307	1,836,184	1,771,421
Net cash flows used in investing activities	(525,787)	(1,887,629)	(696,902)
Net cash flows generated from/(used in) financing activities	1,137,578	(768,325)	(150,780)
Net increase/(decrease) in cash and cash equivalents	2,513,098	(819,770)	923,739
Cash and cash equivalents at beginning of the year	2,530,756	5,042,686	4,140,697
Effect of foreign exchange rate changes, net . . .	(1,168)	(82,219)	(5,049)
Cash and cash equivalents at the end of the year	5,042,686	4,140,697	5,059,387

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Operating Activities

In 2023, our net cash generated from operating activities was RMB1,901.3 million. Our profit before tax in 2023 was RMB2,262.1 million. The difference between our profit before tax and our net cash generated from operating activities was primarily attributable to (i) certain non-cash or non-operating items, including (a) depreciation of property, plant and equipment of RMB262.5 million, (b) depreciation of right-of-use assets of RMB90.3 million, (c) finance costs of RMB52.8 million, and (d) equity-settled share-based payment expenses of RMB51.8 million; partially offset by (e) share of net profits of investments in associates of RMB230.3 million and (f) fair value gains on financial assets at FVTPL of RMB195.3 million; and (ii) changes in certain working capital items, including an increase in inventories of RMB1,451.5 million, an increase in contract liabilities of RMB1,064.7 million, an increase in other payables and accruals of RMB239.9 million and an increase in trade and bills payables of RMB214.4 million.

In 2024, our net cash generated from operating activities was RMB1,836.2 million. Our profit before tax in 2024 was RMB2,672.6 million. The difference between our profit before tax and our net cash generated from operating activities was primarily attributable to (i) certain non-cash or non-operating items, including (a) depreciation of property, plant and equipment of RMB292.0 million, (b) fair value losses on financial assets at FVTPL of RMB169.0 million, and (c) depreciation of right-of-use assets of RMB135.1 million; partially offset by share of net profits of investments in associates of RMB195.0 million; and (ii) changes in certain working capital items, including an increase in trade and bills receivables of RMB972.1 million and an increase in inventories of RMB856.0 million, an increase in trade and bills payables of RMB702.0 million and an increase in other payables and accruals of RMB200.2 million.

In 2025, our net cash generated from operating activities was RMB1,771.4 million. Our profit before tax in 2025 was RMB1,578.8 million. The difference between our profit before tax and our net cash generated from operating activities was primarily attributable to (i) certain non-cash or non-operating items, including (a) impairment loss on goodwill of RMB355.9 million, and (b) depreciation of property, plant and equipment of RMB350.9 million; partially offset by (c) fair value gains on financial assets at FVTPL of RMB190.0 million and (d) share of net profits of investments in associates of RMB146.6 million; and (ii) changes in certain working capital items, including an increase in inventories of RMB303.3 million, and an increase in trade and bills payables of RMB369.1 million.

Investing Activities

In 2023, our net cash used in investing activities was RMB525.8 million, primarily attributable to purchases of items of property, plant and equipment of RMB621.5 million and acquisition of subsidiaries of RMB286.6 million, partially offset by proceeds from repayment of finance lease receivables of RMB258.8 million.

In 2024, our net cash used in investing activities was RMB1,887.6 million, primarily attributable to (i) purchases of financial assets at FVTPL of RMB1,820.6 million, (ii) purchases of items of property, plant and equipment of RMB968.6 million, (iii) purchase of time deposits of RMB252.5 million, and (iv) acquisition of subsidiaries of RMB153.0 million, partially offset by disposals of financial assets at FVTPL of RMB1,072.0 million.

In 2025, our net cash used in investing activities was RMB696.9 million, primarily attributable to (i) purchases of financial assets at FVTPL of RMB6,527.4 million and (ii) purchases of items of property, plant and equipment of RMB916.9 million; partially offset by disposals of financial assets at FVTPL of RMB6,749.4 million.

Financing Activities

In 2023, our net cash generated from financing activities was RMB1,137.6 million, primarily attributable to new bank loans of RMB3,747.0 million, partially offset by repayment of bank loans of RMB1,909.7 million and dividends paid of RMB510.6 million.

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In 2024, our net cash used in financing activities was RMB768.3 million, primarily attributable to (i) repayment of bank loans of RMB3,450.0 million, (ii) dividends paid of RMB913.0 million, and (iii) shares repurchased of RMB233.6 million; partially offset by new bank loans of RMB4,000.0 million.

In 2025, our net cash used in financing activities was RMB150.8 million, primarily attributable to (i) repayment of bank loans of RMB4,850.0 million and (ii) dividends paid of RMB1,949.7 million; partially offset by new bank loans of RMB6,776.9 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and April 30, 2026, the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current				
Derivative financial instruments . . .	—	22,681	432	221
Interest-bearing bank borrowings . .	186,503	19,100	58,263	333,758
Lease liabilities	75,508	109,122	113,581	131,470
Amounts due to related parties (non-trade nature)	583,897	429,000	318,020	135,939
	<u>845,908</u>	<u>579,903</u>	<u>490,296</u>	<u>601,388</u>
Non-current				
Interest-bearing bank borrowings . .	2,466,000	3,184,260	5,072,080	2,284,460
Lease liabilities	757,290	1,016,629	973,772	967,394
	<u>3,223,290</u>	<u>4,200,889</u>	<u>6,045,852</u>	<u>3,251,854</u>
Total	<u>4,069,198</u>	<u>4,780,792</u>	<u>6,536,148</u>	<u>3,853,242</u>

Derivative Financial Instruments

Our derivative financial instruments mainly represent commodity futures contracts for the purchase of copper, and forward currency contracts and options. For details, see “— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Derivative Financial Instruments.” As of December 31, 2023, 2024 and 2025, as well as April 30, 2026, our derivative financial liabilities amounted to nil, RMB22.7 million, RMB0.4 million and RMB0.2 million, respectively.

Interest-Bearing Bank Borrowings

As of December 31, 2023, 2024 and 2025, we had total interest-bearing bank borrowings of RMB2,652.5 million, RMB3,203.4 million and RMB5,130.3 million, respectively. During the Track Record Period, our interest-bearing bank borrowings came from commercial banks and financial institutions bearing effective interest rates in the range of 2.24% to 3.0% per annum. Additionally, we maintain facilities with a number of commercial banks in support of our operations.

As of April 30, 2026, we had total interest-bearing bank borrowings of RMB2,618.2 million, bearing effective interest rates in the range of 2.24% to 2.35% per annum. Our interest-bearing bank borrowings as of April 30, 2026 were expected to become mature by December 2027. As of April 30, 2026, we had RMB9,595.3 million of unutilized banking facilities.

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Our loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. We also undertake financial covenants that require us to meet certain financial ratio requirements in our loan agreements. Our Directors confirm that there has not been any material default on our part in the payment of borrowings, or breaches of covenants during the Track Record Period and up to the date of this document. During the same period, we have not experienced any difficulties in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants.

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our lease of buildings used in our operations. As of December 31, 2023, 2024 and 2025, as well as April 30, 2026, our total lease liabilities amounted to RMB832.8 million, RMB1,125.8 million, RMB1,087.4 million and RMB1,098.9 million, respectively.

Amounts Due to Related Parties (Non-Trade Nature)

Our amounts due to related parties in non-trade nature were unsecured and interest-free. As of December 31, 2023, 2024 and 2025, as well as April 30, 2026, the amounts due to related parties in non-trade nature amounted to RMB583.9 million, RMB429.0 million, RMB318.0 million and RMB135.9 million, respectively. For details, see “— Related Party Transactions.”

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. There was no material change in our indebtedness since April 30, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period primarily related to additions to property, plant and equipment, investment property and intangible assets. We incurred capital expenditures of RMB662.0 million, RMB845.8 million and RMB922.4 million in 2023, 2024 and 2025, respectively, primarily driven by the expansion of our production bases for our smart power distribution and utilization business, as well as the construction and expansion of our hospitals. The details of our capital expenditure during the Track Record Period are summarized as follows.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	644,736	818,626	891,229
Investment property	3,491	10,926	22,012
Intangible assets	13,820	16,249	9,185
Total	662,047	845,801	922,426

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any material contingent liabilities. Our Directors confirm that there was no material change in our contingent liabilities from December 31, 2025 to the Latest Practicable Date.

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CAPITAL COMMITMENTS

Our capital commitments at the end of each year during the Track Record Period primarily related to contracted but not provided commitments for property, plant and equipment relating to the construction of our production bases. As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB138.8 million, RMB168.9 million and RMB469.9 million, respectively.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. It is the view of our Directors that each of the related party transactions set out in Note 44 to the Accountants’ Report in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

During the Track Record Period, we entered into certain trade nature transactions with our related parties, including purchases of goods and services from related parties amounting to RMB35.7 million, RMB46.0 million and RMB37.1 million in 2023, 2024 and 2025, respectively, primarily comprising property management services and other services from entities controlled by Mr. Zheng Jianjiang. We also recorded sales of goods and rendering of services to related parties amounting to RMB61.3 million, RMB80.9 million and RMB107.6 million in 2023, 2024 and 2025, respectively, primarily comprising sales of smart power distribution and utilization equipment and solutions and medical services. In addition, we purchased property, plant and equipment from related parties amounting to RMB8.5 million, RMB5.0 million and RMB4.0 million in 2023, 2024 and 2025, respectively, primarily including air-conditioning equipment. For details, see Note 44 to the Accountants’ Report set out in Appendix I to this document. We also acquired certain rehabilitation hospitals from related parties during the Track Record Period. For details, see Note 42 to the Accountants’ Report set out in Appendix I to this document.

In addition to the transactions described above, we had balances due to related parties of a non-trade nature, which were unsecured and interest-free. Such amounts primarily represented investment payment due to a number of equity investment partnerships controlled by an associate of our Group and other related parties for the purpose of acquiring certain hospitals. These non-trade balances decreased from RMB583.9 million as of December 31, 2023 to RMB318.0 million as of December 31, 2025, primarily reflecting the progressive payment of investment amounts due to such partnerships in connection with our hospital acquisitions. We plan to settle such balance progressively pursuant to the relevant agreements.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	33.5%	34.1%	27.1%
Net profit margin ⁽²⁾	16.8%	15.6%	8.7%
Return on total assets ⁽³⁾	10.2%	9.9%	5.0%

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Notes:

- (1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.
- (2) Net profit margin equals profit for the year divided by revenue for the year and multiplied by 100%.
- (3) Return on total assets equals profit for the year divided by average total assets for the year and multiplied by 100%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For further details, including relevant sensitivity analysis, see Note 47 in the Accountants’ Report set out in Appendix I of this document.

Interest Rate Risk

Our exposure to the risk of changes in fair value relates primarily to our interest-bearing bank borrowings with a floating interest rate.

Foreign Currency Risk

Our transactional currency exposures mainly arise from overseas sales of products. Therefore, we are exposed to foreign currency risk.

Credit Risk

We trade only with recognized and creditworthy third parties and there is no requirement for collateral. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Liquidity Risk

We monitor our exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities. Our liquidity is primarily dependent on our ability to maintain adequate cash inflows from operations to meet our debt obligations as they fall due, and our ability to obtain external financing to meet our committed future capital expenditure.

DIVIDENDS

In 2023, 2024 and 2025, we had paid dividends RMB494.4 million, RMB909.8 million and RMB1,924.3 million. The final dividend distribution of RMB202.9 million in respect of 2025 was subsequently approved by the annual general meeting on May 15, 2026. As of the date of this document, we have paid these dividends in full.

After completion of the [REDACTED], our Shareholders will be entitled to receive dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

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In April 2025, we announced our Shareholder Return Plan for 2025-2027. Pursuant to this plan, under the premise of ensuring our sustainable operation and long-term development, if the Company is profitable and the accumulated undistributed profits are positive for the year ended December 31, 2025, 2026 or 2027, the dividends will be distributed by the Company in cash in the current and/or subsequent year and the dividends should not be less than 45% of the distributable profits realized for each of the years ended December 31, 2025, 2026 or 2027.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had RMB6,223.8 million of retained profits available for distribution to our Shareholders.

PROPERTIES AND VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Ltd (“JLL”), an independent property valuer, has valued our selected property interest as of March 31, 2026. Particulars of the property interest are set out in Appendix III to this document.

The table below sets out the reconciliation between the net book value of our selective property as of December 31, 2025 in the Accountants’ Report set out in Appendix I to this document and the market value of our selective property as of March 31, 2026 in the Property Valuation Report set out in Appendix III to this document.

	<i>(RMB in million)</i>
Net book value of our selected property interest as of December 31, 2025 . . .	654.3
Depreciation adjustments	224.4
Net book value as of March 31, 2026	646.5
Valuation surplus as of March 31, 2026	563.5
Valuation as of March 31, 2026 as set out in “Appendix III — Property Valuation Report” to this document	1,210.0

[REDACTED] EXPENSES

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

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UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [REDACTED] on the consolidated net tangible assets attributable to owners of the parent as of December 31, 2025 as if the [REDACTED] had taken place on that date. The unaudited [REDACTED] statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of our Company had the [REDACTED] been completed as of December 31, 2025 or at any future date. For details, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” in this document for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document and that the [REDACTED] is not exercised. If the [REDACTED] is set at HK\$[REDACTED] per Share, being the high end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per Share, being the low end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will decrease by approximately HK\$[REDACTED].

Assuming an [REDACTED] at the mid-point of the indicative [REDACTED] range and that the [REDACTED] is not exercised, we currently intend to apply these [REDACTED] for the following purposes:

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for our worldwide research and development efforts. We plan to further expand the footprint of our global research centers to enhance our ability to localize our products. We also intend to expand our research and development team around the world, and attract and retain R&D talent with relevant academic backgrounds and industry experience. Specifically, we will primarily deploy the R&D funds in the following fields:
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for the research and development of new products and the continual upgrading of our existing products:
 - We plan to develop research and development capabilities for full-chain power grid equipment. Our R&D efforts in this area will primarily focus on new product types such as the main grid transmission and transformation sector, developing a new product portfolio characterized by high-altitude adaptability, large capacity, and intelligence, primarily targeting main transformers and gas-insulated switchgear (GIS). For main transformers, we will leverage our deep expertise in power transformer R&D and manufacturing to continuously enhance technical specifications across dimensions including high voltage levels, large capacity and low loss. For GIS products, we will capitalize on their irreplaceable market positioning in specialized application scenarios such as urban underground substations and high-altitude, extreme-cold environments, to increase R&D investment and production capacity deployment for expansion into overseas markets and to build a globally competitive product matrix.
 - We plan to iterate and upgrade our existing product lines. In particular, we will focus on (i) upgrading our AMI integrated architecture, advancing grid-edge IoT and edge-autonomous capabilities, and accelerating the intelligentization of energy infrastructure. We plan to develop next-generation AI-powered smart grid solutions based on multi-protocol communication technologies; (ii) in the energy storage product domain, strategically focusing on residential storage, commercial and industrial storage and utility-scale storage systems, and in the inverter domain, focusing on high-power inverters for residential and commercial/industrial users, to enrich our one-stop energy storage solutions; and (iii) continuously exploring the integrated PV-storage-charging business, driving technological upgrades and product portfolio expansion of our new energy products.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for constructing and upgrading R&D centers and expanding our global R&D team:
 - We plan to establish overseas R&D centers and expand our global R&D team. By establishing R&D centers in key global regions, we can gain deeper understanding of local consumer preferences, usage habits and grid environment characteristics, enabling us to develop products that are better tailored to the needs of target markets. These centers will also enhance our ability to respond more efficiently to local technical specifications and certification requirements, ensuring compliance with regulatory standards and improving market entry efficiency. Furthermore, the establishment of these centers will help us attract and retain top-tier international R&D talent, expanding the expertise and global reach of our R&D team. This will allow us to integrate advanced technologies such as the Internet of Things into our products, and streamline our product development processes.
 - We plan to expand and upgrade our existing R&D centers, including R&D supporting facilities for next-generation IoT meters, gateway meters, energy gateways/smart terminals, distribution area digital twins, and automated integrated testing platforms. We plan to acquire testing equipment and R&D supporting systems, and to upgrade our existing ISO/IEC 17025-accredited laboratory, CNAS-certified national laboratory, EMC laboratory, AMI communications laboratory and reliability laboratory, among other specialized facilities.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for upgrading our intelligent manufacturing system and supply chain management:
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for expanding our manufacturing capacity both domestically and internationally:
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for enhancing our manufacturing capabilities and establishing more domestic production bases. We plan to further expand our domestic production capacity across our three core business lines of smart power distribution equipment and solutions, smart power utilization equipment and solutions, and new energy products. In particular, we plan to construct our Ningbo Qianwan New Base, which is expected to further expand our manufacturing capacity. Investments will primarily be applied to: (i) land acquisition and construction of production bases and ancillary infrastructure; (ii) procurement of automated production equipment, processing equipment and testing and inspection equipment; and (iii) recruitment of professional production technicians and operations management personnel. These investments aim to expand the production capacity of our key products, meet the demand for high-quality products driven by domestic grid upgrades and the new energy sector, and further consolidate our industry-leading position in procurement tenders conducted by the large national-level grid groups.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for establishing and expanding our overseas production bases and enhancing our supply chain management. We plan to construct or expand production bases in strategic markets across South America, Europe and the Middle East, and to establish new sales centers in North America, Europe and other locations, strengthening our overseas manufacturing, sales and after-sales service network. By increasing the proportion of local supply in international markets, we aim to enhance the stability and efficiency of our supply chain, better respond to regional market demands, and mitigate potential uncertainties of supply.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for enhancing the digitalization and intelligence of our manufacturing and supply chain. We plan to further upgrade our intelligent manufacturing system centered on digital twins to enable real-time monitoring, analysis, and optimization of production workflows leveraging information technologies such as IoT, big data and AI. We also plan to increase automation and implement more intelligent manufacturing technologies across our production bases, including industrial robot applications, AGV intelligent scheduling, AI+APS integrated production scheduling and other advanced production models, to boost productivity and adaptability. Additionally, we will deepen the integration of core systems including SAP, CRM, SRM, MES and APS, strengthening the end-to-end digital supply chain network from order to delivery.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for global strategic investments and acquisitions:

We expect to invest in or acquire innovative enterprises possessing core technologies in the high-voltage/ultra-high-voltage domain, to strengthen our reserves of cutting-edge technologies, reinforce our industry chain barriers, and enhance our core technological capabilities in the main grid transmission and transformation market. In addition, we expect to invest in or acquire quality regional smart power distribution and utilization and energy sector equipment manufacturers or service providers, to quickly enter local markets and improve our overseas production and service network. As of the Latest Practicable Date, we had not entered into any letters of intent or agreements with respect to the above strategic investments and acquisitions, and had not identified any definite acquisition targets.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for working capital and general corporate purposes.

The above allocation of the [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range stated in this document.

If the [REDACTED] is exercised in full, the [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised in full, we intend to apply the additional [REDACTED] to the above purposes in the proportions stated above.

To the extent that the [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will only be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from our Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NINGBO SANXING MEDICAL ELECTRIC CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

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

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (“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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

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ACCOUNTANTS’ REPORT

Opinion

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

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 3 have been made.

Dividends

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

Certified Public Accountants

Hong Kong

[●]

APPENDIX I

ACCOUNTANTS’ REPORT

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	11,462,508	14,600,478	14,360,766
Cost of sales		(7,618,978)	(9,616,445)	(10,470,364)
Gross profit		3,843,530	4,984,033	3,890,402
Other income and gains	5	475,142	461,775	748,710
Selling and distribution expenses		(841,754)	(1,016,915)	(1,123,240)
Administrative expenses		(868,023)	(979,538)	(897,351)
Impairment losses on goodwill		(8,683)	(13,604)	(355,865)
Research and development expenses		(470,827)	(523,327)	(607,283)
Share of net profits of investments in associates . .	19	230,272	194,975	146,605
Impairment loss on financial and contract assets . .		(13,975)	(38,897)	(48,933)
Other expenses	7	(30,864)	(300,945)	(49,703)
Finance costs	8	(52,751)	(95,001)	(124,494)
PROFIT BEFORE TAX	6	2,262,067	2,672,556	1,578,848
Income tax expense	11	(341,263)	(399,319)	(330,002)
PROFIT FOR THE YEAR		<u>1,920,804</u>	<u>2,273,237</u>	<u>1,248,846</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income of associates		32,909	51,150	(54,224)
Cash flow hedges:				
Effective portion of changes in fair value of hedging instruments arising during the year . . .		–	(18,927)	19,030
Income tax effect		–	2,839	(2,855)
		–	(16,088)	16,175
Exchange differences on translation of foreign operations		(754)	(38,434)	15,112
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		32,155	(3,372)	(22,937)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u>32,155</u>	<u>(3,372)</u>	<u>(22,937)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,952,959</u>	<u>2,269,865</u>	<u>1,225,909</u>
Profit/(loss) attributable to:				
Owners of the parent		1,903,702	2,259,518	1,273,962
Non-controlling interests		17,102	13,719	(25,116)
Total comprehensive income/(loss) attributable to:				
Owners of the parent		1,933,813	2,257,518	1,256,908
Non-controlling interests		19,146	12,347	(30,999)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13			
Basic and diluted		<u>RMB1.35</u>	<u>RMB1.60</u>	<u>RMB0.90</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31,	December 31,	December 31,
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	1,980,173	2,492,585	3,019,329
Investment properties	15	705,198	682,562	654,309
Right-of-use assets	16	1,095,467	1,443,777	1,368,526
Goodwill	17	1,566,195	1,559,514	1,203,649
Intangible assets	18	60,434	60,201	60,411
Investments in associates	19	2,428,833	2,579,470	2,664,540
Debt investments at fair value through other comprehensive income		–	253,505	259,480
Deferred tax assets	29	278,780	370,312	387,281
Financial assets at fair value through profit or loss (“FVTPL”)	27	952,112	756,411	939,098
Prepayments, deposits and other receivables	20	47,711	151,286	233,796
Contract assets	22	193,307	324,666	368,224
Amounts due from related parties	44	–	2,488	–
Total non-current assets		9,308,210	10,676,777	11,158,643
CURRENT ASSETS				
Inventories	21	3,256,638	4,077,134	4,303,053
Trade and bills receivables	23	2,390,170	3,339,422	3,259,040
Receivables at fair value through other comprehensive income	24	166,045	218,532	236,175
Contract assets	22	182,699	165,131	220,631
Prepayments, deposits and other receivables	20	678,185	585,684	561,037
Financial assets at FVTPL	27	53,724	829,610	564,180
Derivative financial instruments	26	2,262	–	218
Pledged deposits	28	410,252	398,471	366,080
Cash and bank balances	28	5,042,686	4,140,697	5,059,387
Tax recoverable		2,655	4,735	22,913
Amounts due from related parties	44	19,495	40,293	35,207
Total current assets		12,204,811	13,799,709	14,627,921
CURRENT LIABILITIES				
Trade and bills payables	30	2,793,749	3,460,348	3,829,441
Other payables and accruals	31	1,695,774	1,990,252	1,812,450
Contract liabilities	32	1,375,924	1,553,656	1,540,469
Derivative financial instruments	26	–	22,681	432
Interest-bearing bank borrowings	33	186,503	19,100	58,263
Lease liabilities	16	75,508	109,122	113,581
Income tax payable		122,306	175,484	60,406
Deferred income	34	11,693	9,376	9,376
Provision	35	2,429	45,992	39,093
Amounts due to related parties	44	588,124	433,723	322,980
Total current liabilities		6,852,010	7,819,734	7,786,491
NET CURRENT ASSETS		5,352,801	5,979,975	6,841,430
TOTAL ASSETS LESS CURRENT LIABILITIES		14,661,011	16,656,752	18,000,073

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ACCOUNTANTS’ REPORT

		December 31,	December 31,	December 31,
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	33	2,466,000	3,184,260	5,072,080
Lease liabilities	16	757,290	1,016,629	973,772
Deferred tax liabilities	29	113,338	15,073	23,441
Other payables and accruals	31	5,951	38,981	11,971
Deferred income	34	127,713	118,676	137,474
Provision	35	37,411	9,195	5,706
Total non-current liabilities		3,507,703	4,382,814	6,224,444
Net assets		11,153,308	12,273,938	11,775,629
EQUITY				
Share capital	36	1,412,070	1,411,086	1,405,209
Reserves	37	9,593,463	10,670,612	10,121,702
Total equity attributable to owners of the parent . .		11,005,533	12,081,698	11,526,911
Non-controlling interests		147,775	192,240	248,718
Total equity		11,153,308	12,273,938	11,775,629

Year ended December 31, 2023

	Attributable to owners of the parent										
	Share capital	Capital reserve*	Other reserve*	Treasury shares*	Share award reserve*	Foreign currency translation reserve*	Reserve funds*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB '000 (Note 36)	RMB '000 (note 37)	RMB '000 (note 37)	RMB '000	RMB '000	RMB '000	RMB '000 (note 37)	RMB '000	RMB '000	RMB '000	RMB '000
At January 1, 2023	1,412,652	3,095,279	256,541	(189,484)	88,883	19,910	430,400	4,391,355	9,505,536	116,385	9,621,921
Profit for the year	-	-	-	-	-	-	-	1,903,702	1,903,702	17,102	1,920,804
Other comprehensive income/(loss) for the year:											
Share of other comprehensive income of associates	-	-	32,909	-	-	-	-	-	32,909	-	32,909
Exchange differences on translation of foreign operations	-	-	-	-	-	(2,798)	-	-	(2,798)	2,044	(754)
Total comprehensive income for the year	-	-	32,909	-	-	(2,798)	-	1,903,702	1,933,813	19,146	1,952,959
Acquisition of non-controlling interests in a subsidiary	-	-	927	-	-	-	-	-	927	(38,523)	(37,596)
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	50,982	50,982
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,894)	(1,894)
Appropriation to surplus reserves	-	-	-	-	-	-	214,786	(214,786)	-	-	-
Cancellation of treasury shares	(582)	(3,473)	-	4,055	-	-	-	-	-	-	-
Shares repurchased	-	-	-	(52,373)	-	-	-	-	(52,373)	-	(52,373)
Exercise of restricted shares	-	58,418	-	61,765	(58,418)	-	-	-	61,765	-	61,765
(Share of reserves of associates)	-	-	(11,172)	-	-	-	-	-	(11,172)	-	(11,172)
Partial disposal of a subsidiary	-	-	589	-	-	-	-	-	589	1,661	2,250
Dividends attributable to restricted share awards	-	-	-	9,129	-	-	-	-	9,129	-	9,129
Distribution of dividends to ordinary shareholders of the Company	-	-	-	-	-	-	-	(494,428)	(494,428)	-	(494,428)
Equity-settled share-based payment	-	-	1,797	-	49,950	-	-	-	51,747	18	51,765
At December 31, 2023	1,412,070	3,150,224	281,591	(166,908)	80,415	17,112	645,186	5,585,843	11,005,533	147,775	11,153,308

ACCOUNTANTS' REPORT

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ACCOUNTANTS’ REPORT

Year ended December 31, 2025

	Attributable to owners of the parent											
	Share capital	Capital reserve*	Other reserve*	Treasury shares*	Share award reserve*	Cash flow hedge reserve*	Foreign currency translation reserve*	Reserve funds*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 36)	RMB'000 (note 37)	RMB'000 (note 37)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (note 37)	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	1,411,086	3,199,708	189,470	(329,075)	65,796	(16,088)	(19,950)	706,606	6,874,145	12,081,698	192,240	12,273,938
Profit for the year	–	–	–	–	–	–	–	–	1,273,962	1,273,962	(25,116)	1,248,846
Other comprehensive income/(loss) for the year:												
Share of other comprehensive income of associates	–	–	(54,224)	–	–	–	–	–	–	(54,224)	–	(54,224)
Cash flow hedges, net of tax	–	–	–	–	–	16,175	–	–	–	16,175	–	16,175
Exchange differences on translation of foreign operations	–	–	–	–	–	–	20,995	–	–	20,995	(5,883)	15,112
Total comprehensive income for the year	–	–	(54,224)	–	–	16,175	20,995	–	1,273,962	1,256,908	(30,999)	1,225,909
Disposal of non-controlling interests in subsidiaries	–	–	1,856	–	–	–	–	–	–	1,856	2,144	4,000
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	107,414	107,414
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(25,438)	(25,438)
Cancellation of treasury shares	(5,877)	(113,269)	–	119,146	–	–	–	–	–	–	–	–
Exercise of restricted shares	–	69,653	–	67,474	(69,653)	–	–	–	–	67,474	–	67,474
Share of reserves of associates	–	–	35,313	–	–	–	–	–	–	35,313	–	35,313
Acquisition of non-controlling interests	–	–	(3,357)	–	–	–	–	–	–	(3,357)	3,357	–
Dividends attributable to restricted share awards	–	–	–	7,121	–	–	–	–	–	7,121	–	7,121
Distribution of dividends to ordinary shareholders of the Company	–	–	–	–	–	–	–	–	(1,924,286)	(1,924,286)	–	(1,924,286)
Equity-settled share-based payment	–	–	327	–	3,857	–	–	–	–	4,184	–	4,184
At December 31, 2025	1,405,209	3,156,092	169,385	(135,334)	–	87	1,045	706,606	6,223,821	11,526,911	248,718	11,775,629

* These reserve accounts comprise the consolidated reserves of RMB9,593,463,000, RMB10,670,612,000 and RMB10,121,702,000 as at December 31, 2023, 2024 and 2025, respectively, in the consolidated statements of financial position.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		2,262,067	2,672,556	1,578,848
Adjustments for:				
Losses/(gains) on disposal of right-of-use assets and lease liabilities	5, 7	5	(13)	(1,250)
Interest income	5	(46,439)	(75,791)	(42,465)
Gains on dividends received from financial assets at FVTPL		(2,614)	(14,499)	(14,013)
Fair value (gains)/losses on financial assets at FVTPL		(195,348)	169,015	(190,037)
Fair value gains on financial liabilities at FVTPL		(9,570)	–	–
Impairment loss on financial assets, net	6	13,975	38,897	48,933
Impairment loss on goodwill	6	8,683	13,604	355,865
Impairment loss on inventories	6	1,967	35,483	77,377
Losses on disposal of items of property, plant and equipment	7	1,083	3,944	6,203
Losses on disposal of intangible assets		–	197	–
Finance costs	8	52,751	95,001	124,494
Depreciation of property, plant and equipment	14	262,467	291,981	350,883
Depreciation of investment property	15	25,121	33,562	34,480
Depreciation of right-of-use assets	16	90,261	135,053	144,070
Amortization of intangible assets	18	12,630	15,750	12,228
Share of profits of on investments in associates		(230,272)	(194,975)	(146,605)
Investment income on time deposits	5	–	(985)	(5,975)
Fair value (gains)/losses on derivative financial instruments		(2,262)	6,016	(3,437)
Exchange gains, net		(4,506)	5,343	(5,321)
Equity-settled share-based payment expenses		51,765	42,452	4,184
		<u>2,291,764</u>	<u>3,272,591</u>	<u>2,328,462</u>
Increase in inventories		(1,451,466)	(855,979)	(303,296)
Decrease/(increase) in trade and bills receivables		45,115	(972,073)	10,902
Increase in receivables at fair value through other comprehensive income		(4,038)	(52,487)	(17,643)
Increase in prepayments, deposits and other receivables		(154,062)	(46,873)	(5,975)
Increase in trade and bills payables		214,381	702,013	369,093
Increase in contract assets		(64,292)	(113,984)	(106,522)
Increase/(decrease) in other payables and accruals		239,921	200,167	(97,449)
Increase/(decrease) in contract liabilities		1,064,714	177,732	(13,187)
(Increase)/decrease in amounts due from related parties		(4,049)	(20,798)	7,574
(Increase)/decrease in deferred income		(4,746)	(11,354)	18,798
(Placement)/withdrawal in pledged deposits		(8,154)	11,781	32,391
Increase/(decrease) in provision		6,356	15,347	(10,388)
(Decrease)/increase in amounts due to related parties		(324)	(5,069)	2,382
Cash flows generated from operations		<u>2,171,120</u>	<u>2,301,014</u>	<u>2,215,142</u>
Income tax paid		(316,252)	(531,958)	(474,714)
Interest received		<u>46,439</u>	<u>67,128</u>	<u>30,993</u>
Net cash flows generated from operating activities		<u>1,901,307</u>	<u>1,836,184</u>	<u>1,771,421</u>

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	<i>Notes</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposal of subsidiaries		40,000	41,500	29,830
Acquisition of subsidiaries		(286,637)	(153,043)	(113,125)
Purchases of items of property, plant and equipment		(621,485)	(968,559)	(916,905)
Purchases of intangible assets		(4,473)	(16,249)	(9,185)
Additions to investment properties		–	(10,926)	(22,012)
Proceeds from disposal of items of property, plant and equipment		2,609	1,224	13,131
Proceeds from disposal of intangible assets		128	197	1,399
Proceeds from repayment of finance lease receivables		258,843	120,424	41,275
Purchases of financial FVTPL		(31,129)	(1,820,611)	(6,527,360)
Disposals of financial FVTPL		77,084	1,072,016	6,749,413
Dividends received from associates		36,659	84,419	42,624
Dividends received from assets at FVTPL		2,614	14,499	14,013
Placement of time deposits		–	(252,520)	–
Net cash flows used in investing activities		<u>(525,787)</u>	<u>(1,887,629)</u>	<u>(696,902)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Acquisition of non-controlling interests		(37,596)	(153,970)	–
Disposal of non-controlling interests		–	1,000	3,000
Lease payments	16	(128,428)	(143,194)	(169,823)
Shares repurchased		(56,428)	(233,608)	–
Dividends paid		(510,605)	(912,953)	(1,949,724)
Contribution from the controlling shareholder		50,982	124,768	107,414
New bank loans		3,747,021	4,000,000	6,776,911
Repayment of bank loans		(1,909,668)	(3,450,000)	(4,850,000)
Payment for finance lease payables		–	(530)	(754)
Proceeds from issue of restricted shares		–	43,492	–
Interest paid		<u>(17,700)</u>	<u>(43,330)</u>	<u>(67,804)</u>
Net cash flows generated/(used) in financing activities		<u>1,137,578</u>	<u>(768,325)</u>	<u>(150,780)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		2,513,098	(819,770)	923,739
Effect of foreign exchange rate changes, net		2,530,756	5,042,686	4,140,697
		<u>(1,168)</u>	<u>(82,219)</u>	<u>(5,049)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		<u>5,042,686</u>	<u>4,140,697</u>	<u>5,059,387</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances as stated in the consolidated statements of financial position		5,452,938	4,539,168	5,425,467
Less: Pledged deposits		<u>410,252</u>	<u>398,471</u>	<u>366,080</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows		<u>5,042,686</u>	<u>4,140,697</u>	<u>5,059,387</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		December 31, 2023	December 31, 2024	December 31, 2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment		30,584	43,564	61,771
Investment properties		13,493	12,384	11,198
Right-of-use assets		2,682	18,358	10,406
Intangible assets		12,440	11,010	10,391
Investments in subsidiaries	19	6,205,933	6,232,535	6,234,810
Investments in associates	19	1,997,947	2,179,342	2,310,751
Debt investments at fair value through other comprehensive income		–	202,748	207,548
Deferred tax assets		–	–	8,151
Financial assets at FVTPL		91,844	92,121	119,680
Prepayments, deposits and other receivables	20	1,306	6,864	61,669
Contract assets	22	53,100	83,541	93,765
Total non-current assets		8,409,329	8,882,467	9,130,140
CURRENT ASSETS				
Inventories	21	271,585	232,075	279,727
Trade and bills receivables	23	238,983	381,698	257,431
Receivables at fair value through other comprehensive income		16,125	1,007	23,200
Prepayments, deposits and other receivables	20	49,483	35,779	29,474
Tax recoverable		–	271	9,589
Financial assets at FVTPL		–	43	100,330
Contract assets		90,682	29,564	19,697
Pledged deposits	28	63,772	74,449	93,857
Cash and bank balances	28	488,367	739,038	921,860
Amounts due from related parties		25	–	–
Amounts due from subsidiaries		2,145,551	2,556,418	1,992,336
Total current assets		3,364,573	4,050,342	3,727,501
CURRENT LIABILITIES				
Trade and bills payables	30	43,828	140,393	529,216
Other payables and accruals	31	274,628	274,222	184,754
Contract liabilities	32	46,776	91,933	163,283
Interest-bearing bank borrowings	33	24,952	15,381	14,193
Lease liabilities		–	7,859	8,132
Income tax payable		37,549	33,614	–
Amounts due to related parties		2,378	3,563	3,563
Amounts due to subsidiaries		1,068,969	1,266,444	787,898
Total current liabilities		1,499,080	1,833,409	1,691,039
NET CURRENT ASSETS		1,865,493	2,216,933	2,036,462
TOTAL ASSETS LESS CURRENT LIABILITIES		10,274,822	11,099,400	11,166,602
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	33	2,077,000	2,537,460	3,086,960
Lease liabilities		–	8,165	39
Deferred tax liabilities		526	9,891	–
Deferred income		4,400	2,000	6,500
Total non-current liabilities		2,081,926	2,557,516	3,093,499
Net assets		8,192,896	8,541,884	8,073,103
EQUITY				
Share capital	36	1,412,070	1,411,086	1,405,209
Reserves	37	6,780,826	7,130,798	6,667,894
Total equity		8,192,896	8,541,884	8,073,103

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II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Ningbo Sanxing Medical Electric Co., Ltd. (the “Company”) was established as a joint-stock company in February 2007 by Aux Group Limited (“Aux Group”), Ningbo Gaosheng Investment Co., Ltd., Mr. ZHENG Jianjiang, Mr. ZHENG Jiang, and Mr. WANG Wenjie. In June 2011, upon the approval by the China Securities Regulatory Commission (“CSRC”), the Company was listed on the Shanghai Stock Exchange. The Company operates in the industry category of instrument and meter manufacturing and medical services.

As of December 31, 2025, the Company has issued a total of 1,405,209,400 ordinary shares, with registered capital of RMB1,405,209,400. The registered address and headquarter are located in Yinzhou Industrial Park, Yinzhou District, Ningbo, Zhejiang, the People’s Republic of China (the “PRC”).

During the the Relevant Periods, the Company and its subsidiaries were principally engaged in the manufacture and sales of power distribution and utilization products in Chinese Mainland and other countries/jurisdictions. Meanwhile, the Company’s subsidiaries were also engaged in hospital healthcare services in Chinese Mainland.

As at the date of this report, the parent company of the Company is Aux Group. In the opinion of the directors of the Company, Mr. ZHENG Jianjiang is the ultimate controlling shareholder of the Company.

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

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Ningbo Aux Smart Technology Co., Ltd.* (寧波奧克斯智能科技股份有限公司)	(a)	PRC/Chinese Mainland April 18, 2001	RMB677,246,000	99	1	Sales of smart power distribution and utilization products
Ningbo Sanxing Smart Electric Co., Ltd. (寧波三星智能電氣有限公司)	(a)	PRC/Chinese Mainland March 1, 2010	RMB641,652,800	100	–	Sales of smart power distribution and utilization products
Ningbo Lianneng Instrument Co., Ltd.* (寧波聯能儀表有限公司)	(p)	PRC/Chinese Mainland January 2, 2001	RMB22,000,000	95	–	Sales of smart power distribution and utilization products
Hangzhou Fengrui Smart Electrical Research Institute Co., Ltd.* (杭州豐銳智能電氣研究院有限公司)	(p)	PRC/Chinese Mainland July 2, 2013	RMB3,000,000	100	–	Research institute
Sanxing Electric (Hong Kong) Co., Ltd.* (三星電氣(香港)有限公司)	(b)	Hong Kong September 3, 2012	Hong Kong dollars (“HKD”) 10,000	100	–	Sales of smart power distribution and utilization products
Shanghai Sanyan Trading Co., Ltd.* (上海三硯商貿股份有限公司)	(a)	PRC/Chinese Mainland May 14, 2013	RMB500,000,000	67	33	Commercial trade
Ningbo Mingzhou Medical Group Co., Ltd.* (寧波明州醫療集團有限公司)	(a)	PRC/Chinese Mainland April 7, 2015	RMB920,000,000	100	–	Investment
Shanghai Aoyong Business Services Co., Ltd.* (上海奧甬商務服務有限公司)	(a)	PRC/Chinese Mainland October 20, 2017	RMB500,000	75	25	Consulting

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Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Ningbo Aux Investment Management Co., Ltd.* (寧波奧克斯投資管理有限公司)	(a)	PRC/Chinese Mainland October 20, 2017	RMB1,200,000,000	100	–	Investment
Ningbo Aux Supply Chain Management Co., Ltd.* (寧波奧克斯供應鏈管理有限公司)	(e)	PRC/Chinese Mainland May 22, 2015	RMB500,000,000	100	–	Procurement of raw materials
Ningbo Aux Smart Switch Co., Ltd.* (寧波奧克斯智能開關有限公司)	(e)	PRC/Chinese Mainland November 4, 2015	RMB200,000,000	100	–	Sales of smart power distribution and utilization products
Ningbo Sanxing Power Development Co., Ltd.* (寧波三星電力發展有限公司)	(e)	PRC/Chinese Mainland November 16, 2015	RMB100,000,000	100	–	Sales of smart power distribution and utilization products
Ningbo Aux Yongneng Technology Co., Ltd.* (寧波奧克斯甬能科技有限公司)	(p)	PRC/Chinese Mainland November 4, 2015	RMB300,000,000	–	100	New energy
Nansen Instrumentos De Preciso Ltda	(c)	Brazil July 20, 1972	Brazilian Real (“BRL”) 130,280,533	–	100	Sales of smart power distribution and utilization products
Ningbo Mingzhou Medical Investment Management Co., Ltd.* (寧波明州醫療投資管理有限公司)	(a)	PRC/Chinese Mainland April 16, 2015	RMB800,000,000	–	100	Investment
Ningbo Aux Medical Education Investment Management Co., Ltd.* (寧波奧克斯醫學教育投資管理有限公司)	(a)	PRC/Chinese Mainland May 22, 2015	RMB100,000,000	100	–	Investment
Ningbo Mingzhou Health Investment Management Co., Ltd.* (寧波明州健康投資管理有限公司)	(e)	PRC/Chinese Mainland May 22, 2015	RMB100,000,000	–	100	Investment
Ningbo Mingzhou Rehabilitation Medical Investment Management Co., Ltd.* (“ Rehabilitation Medical ”) (寧波明州康復醫療投資管理有限公司)	(a)	PRC/Chinese Mainland May 22, 2015	RMB616,320,000	–	100	Investment
Ningbo Mingzhou Oral Medical Investment Management Co., Ltd.* (寧波明州口腔醫療投資管理有限公司)	(e)	PRC/Chinese Mainland May 22, 2015	RMB100,000,000	–	100	Investment
Ningbo Aux New Energy Investment Co., Ltd.* (寧波奧克斯新能源投資有限公司)	(e)	PRC/Chinese Mainland May 22, 2015	RMB100,000,000	100	–	Investment
Ningbo Mingzhou Hospital Co., Ltd.* (寧波明州醫院有限公司)	(a)	PRC/Chinese Mainland November 5, 2014	RMB900,000,000	–	100	Healthcare services
Fuzhou Mingzhou Hospital Co., Ltd.* (撫州明州醫院有限公司)	(a)	PRC/Chinese Mainland May 14, 2015	RMB100,000,000	–	100	Healthcare services
Ningbo Yinzhou Mingzhou Ren Clinic Co., Ltd.* (寧波鄞州明州人門診部有限公司)	(e)	PRC/Chinese Mainland March 30, 2015	RMB5,000,000	–	100	Healthcare services
Huzhou Xin Zhebei Comprehensive Clinic Co., Ltd.* (“ Xin Zhebei ”) (湖州新浙北綜合門診部有限公司)	(a)	PRC/Chinese Mainland October 26, 2015	RMB30,000,000	–	80	Healthcare services
Zhejiang Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Mingzhou Rehabilitation ”) (浙江明州康復醫院有限公司)	(a)	PRC/Chinese Mainland June 10, 2015	RMB50,000,000	–	100	Healthcare services

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Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Wenzhou Shenlan Hospital Co., Ltd.* (“ Wenzhou Shenlan ”) (溫州市深藍醫院有限公司)	(a)	PRC/Chinese Mainland December 10, 2014	RMB50,000,000	–	84	Healthcare services
Ningbo Yinzhou Mingao Pharmacy Co., Ltd.* (寧波市鄞州明奧大藥房有限公司)	(e)	PRC/Chinese Mainland April 29, 2019	RMB100,000	–	100	Pharmaceutical retail
PT.Citra Sanxing Indonesia	(d)	Indonesia May 10, 2016	Indonesian Rupiah (“IDR”) 50,000,000,000	–	51	Sales of smart power distribution and utilization products
Ningbo Boyao Power Development Co., Ltd.* (寧波博耀電力發展有限公司)	(e)	PRC/Chinese Mainland June 23, 2016	RMB1,000,000	–	100	Sales of smart power distribution and utilization products
Ningbo Fuyao Power Information Consulting Co., Ltd.* (寧波富耀電力資訊諮詢有限公司)	(e)	PRC/Chinese Mainland June 29, 2016	RMB1,000,000	–	100	Consulting
Ningbo Aux Industrial Management Co., Ltd.* (寧波奧克斯產業管理有限公司)	(a)	PRC/Chinese Mainland December 13, 2011	RMB450,000,000	–	100	Property rental
Sanxing Smart Electric Bangladesh Co., Ltd	(e)	Bangladesh June 16, 2020	Bangladeshi Taka (“BDT”) 389,000,000	–	100	Sales of smart power distribution and utilization products
Ningbo Sanxing Electric (Sweden) AB	(f)	Sweden January 2, 2020	Swedish Krona (“SEK”) 25,000	–	100	Sales of smart power distribution and utilization products
Ningbo Aux Power Internet of Things Technology Co., Ltd.* (寧波奧克斯電力物聯網技術有限公司)	(e)	PRC/Chinese Mainland April 22, 2020	RMB2,400,000,000	100	–	Sales of smart power distribution and utilization products
Ningbo Sanxing IoT Co., Ltd.* (寧波三星物聯有限公司)	(e)	PRC/Chinese Mainland April 24, 2020	RMB100,000,000	–	100	Sales of smart power distribution and utilization products
Foxytech Sp.zo.o.	(g)	Poland July, 2021	Polish Zloty (“PLN”) 5,795,000	–	60	Sales of smart power distribution and utilization products
Nansen Colombia S.A.S	(h)	Colombia May 13, 2021	Colombian Peso (“COP”) 367,970,000	–	100	Sales of smart power distribution and utilization products
Hangzhou Mingzhou Naokang Rehabilitation Hospital Co., Ltd.* (“ Hangzhou Mingzhou Rehabilitation ”) (杭州明州腦康康復醫院有限公司)	(a)	PRC/Chinese Mainland September 29, 2017	RMB100,000,000	–	100	Healthcare services
Nanchang Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Nanchang Mingzhou Rehabilitation ”) (南昌明州康復醫院有限公司)	(a)	PRC/Chinese Mainland June 22, 2017	RMB60,000,000	–	100	Healthcare services
Ningbo Mingzhou Puhua Pharmaceutical Co., Ltd.* (寧波明州普華醫藥有限公司)	(a)	PRC/Chinese Mainland November 1, 2021	RMB50,000,000	–	100	Pharmaceutical retail
Ningbo Aogao Power Development Co., Ltd.* (寧波奧高電力發展有限公司)	(e)	PRC/Chinese Mainland December 10, 2021	RMB100,000,000	–	100	Sales of smart power distribution and utilization products
Ningbo Aogao Supply Chain Co., Ltd.* (寧波奧高供應鏈有限公司)	(e)	PRC/Chinese Mainland December 10, 2021	RMB100,000,000	–	100	Procurement of raw materials

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Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Ningbo Aogao Power Consulting Co., Ltd.* (寧波奧高電力諮詢有限公司)	(e)	PRC/Chinese Mainland December 15, 2021	RMB100,000,000	–	100	Consulting
Ningbo Aux Yongneng Import & Export Co., Ltd.* (寧波奧克斯甬能進出口有限公司)	(q)	PRC/Chinese Mainland June 16, 2022	RMB10,000,000	–	100	New energy
Ningbo Aogao Photovoltaic Power Generation Co., Ltd.* (寧波奧高光伏發電有限公司)	(e)	PRC/Chinese Mainland October 10, 2022	RMB20,000,000	–	100	New energy
Changzhou Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Changzhou Mingzhou Rehabilitation ”) (常州明州康復醫院有限公司)	(a)	PRC/Chinese Mainland December 28, 2017	RMB88,000,000	–	100	Healthcare Services
Ningbo Beilun Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Ningbo Beilun Mingzhou Rehabilitation ”) (寧波北侖明州康復醫院有限公司)	(a)	PRC/Chinese Mainland February 24, 2020	RMB25,000,000	–	100	Healthcare Services
Nanjing Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Nanjing Mingzhou Rehabilitation ”) (南京明州康復醫院有限公司)	(a)	PRC/Chinese Mainland November 20, 2017	RMB86,000,000	–	100	Healthcare Services
Wuhan Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Wuhan Mingzhou Rehabilitation ”) (武漢明州康復醫院有限公司)	(e)	PRC/Chinese Mainland September 20, 2017	RMB75,000,000	–	100	Healthcare services
Changsha Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Changsha Mingzhou Rehabilitation ”) (長沙明州康復醫院有限公司)	(a)	PRC/Chinese Mainland February 5, 2018	RMB75,000,000	–	100	Healthcare services
Ningbo Mingzhou Eastern Rehabilitation Hospital Co., Ltd.* (“ Ningbo Mingzhou Eastern Rehabilitation ”) (寧波明州東部康復醫院有限公司)	(a)	PRC/Chinese Mainland April 24, 2022	RMB85,000,000	–	100	Healthcare services
Shaoxing Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Shaoxing Mingzhou Rehabilitation ”) (紹興明州康復醫院有限公司)	(r)	PRC/Chinese Mainland March 31, 2022	RMB45,000,000	–	70	Healthcare services
Wuhan Mingzhou Hanxing Rehabilitation Hospital Co., Ltd.* (武漢明州漢興康復醫院有限公司)	(e)	PRC/Chinese Mainland April 26, 2022	RMB67,000,000	–	65	Healthcare services
Changzhou Zhongwu Mingzhou Rehabilitation Hospital Co., Ltd.* (常州中吳明州康復醫院有限公司)	(a)	PRC/Chinese Mainland September 29, 2022	RMB45,000,000	–	65	Healthcare services
Wenzhou Mingzhou Rehabilitation Hospital Co., Ltd.* (溫州明州康復醫院有限公司)	(r)	PRC/Chinese Mainland December 21, 2022	RMB76,000,000	–	65	Healthcare services
Ningbo Mingzhou Rehabilitation Medical Research Institute* (寧波明州康復醫學研究院)	(i)	PRC/Chinese Mainland July 29, 2022	–	–	100	Research institute
Huzhou Zhebei Mingzhou Hospital Co., Ltd.* (“ Zhebei Mingzhou ”) (湖州浙北明州醫院有限公司)	(a)	PRC/Chinese Mainland February 5, 2016	RMB201,000,000	–	100	Healthcare services
Jiaxing Mingzhou Nursing Home Co., Ltd.* (“ Jiaxing Mingzhou ”) (嘉興明州護理院有限公司)	(a)	PRC/Chinese Mainland May 30, 2014	RMB20,000,000	–	100	Healthcare services

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Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Quzhou Mingzhou Hospital Co., Ltd.* (“ Quzhou Mingzhou ”) (衢州明州醫院有限公司)	(a)	PRC/Chinese Mainland December 30, 2019	RMB40,000,000	–	100	Healthcare services
Quanzhou Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Quanzhou Mingzhou Rehabilitation ”) (泉州明州康復醫院有限公司)	(a)	PRC/Chinese Mainland March 4, 2016	RMB60,000,000	–	100	Healthcare services
Yuyao Mingzhou Rehabilitation Hospital Co., Ltd.* (“ Yuyao Mingzhou Rehabilitation ”) (余姚明州康復醫院有限公司)	(a)	PRC/Chinese Mainland June 23, 2020	RMB45,000,000	–	100	Healthcare services
Suzhou Mingzhou Rehabilitation Hospital Co., Ltd.* (蘇州明州康復醫院有限公司)	(r)	PRC/Chinese Mainland March 27, 2023	RMB78,000,000	–	65	Healthcare services
Jinhua Mingzhou Rehabilitation Hospital Co., Ltd.* (金華明州康復醫院有限公司)	(r)	PRC/Chinese Mainland April 17, 2023	RMB60,000,000	–	65	Healthcare services
NANSEN SOLAR DO BRASIL LTDA.	(e)	Brazil May 9, 2023	BRL5,340,000	–	100	New energy
NANSEN INSTRUMENTOS DE PRECISIÓN DE MÉXICO.	(j)	Mexico November 8, 2022	MXN1,800,000	–	100	Sales of smart power distribution and utilization products
Ningbo Shengyao Power Information Consulting Co., Ltd.* (寧波盛耀電力資訊諮詢有限公司)	(e)	PRC/Chinese Mainland July 25, 2023	RMB1,000,000	–	100	Consulting
NANSEN PERU S.A.C.	(e)	Peru April 12, 2023	Peruvian Sol (“PEN”)7,500	–	100	Sales of smart power distribution and utilization products
Wuhu Mingzhou Rehabilitation Hospital Co., Ltd.* (蕪湖明州康復醫院有限公司)	(r)	PRC/Chinese Mainland July 11, 2023	RMB60,000,000	–	65	Healthcare services
Hefei Mingzhou Rehabilitation Hospital Co., Ltd.* (合肥明州康復醫院有限公司)	(r)	PRC/Chinese Mainland July 28, 2023	RMB80,000,000	–	65	Healthcare services
Hangzhou Nanqing Electric Co., Ltd.* (杭州南慶電氣有限公司)	(e)	PRC/Chinese Mainland December 4, 2023	RMB1,000,000	100	–	Sales of smart power distribution and utilization products
Hangzhou Fengzhuo Electric Co., Ltd.* (杭州豐卓電氣有限公司)	(e)	PRC/Chinese Mainland December 8, 2023	RMB5,000,000	–	100	Sales of smart power distribution and utilization products
Shanghai Yucen Electric Co., Ltd.* (上海芋岑電氣有限公司)	(e)	PRC/Chinese Mainland December 12, 2023	RMB5,000,000	–	100	Sales of smart power distribution and utilization products
Ningbo Yusu Electric Co., Ltd.* (寧波遇速電氣有限公司)	(e)	PRC/Chinese Mainland December 15, 2023	RMB5,000,000	–	100	Sales of smart power distribution and utilization products
Foshan Mingzhou Rehabilitation Hospital Co., Ltd.* (佛山明州康復醫院有限公司)	(e)	PRC/Chinese Mainland October 26, 2023	RMB70,000,000	–	65	Healthcare services
Ningbo Aux Energy Storage Technology Co., Ltd.* (寧波奧克斯儲能科技有限公司)	(e)	PRC/Chinese Mainland October 30, 2023	RMB100,000,000	–	100	New energy
EasyMeter GmbH	(k)	Germany December 11, 2023	EUR150,000	–	100	Sales of smart power distribution and utilization products

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Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Sanxing Electric Co., Ltd. (Singapore) (三星電氣有限公司 (新加坡))	(l)	Singapore January 16, 2024	SGD1	–	100	Sales of smart power distribution and utilization products
Ningbo Sanxing (Nigeria) Co., Ltd. (寧波三星(尼日利亞)有限公 司)	(m)	Nigeria September 27, 2024	Nigerian Naira (“NGN”) 100,000,000	–	100	Sales of smart power distribution and utilization products
Linyi Mingzhou Rehabilitation Hospital Co., Ltd.* (臨沂明州康 復醫院有限公司)	(e)	PRC/Chinese Mainland June 3, 2020	RMB30,000,000	–	65	Healthcare services
Wenzhou Ouhai Mingzhou Rehabilitation Hospital Co., Ltd.* (溫州甌海明州康復醫院有 限公司)	(e)	PRC/Chinese Mainland February 28, 2024	RMB70,000,000	–	65	Healthcare services
Guangzhou Mingzhou Rehabilitation Hospital Co., Ltd.* (“Guangzhou Mingzhou Rehabilitation”) (廣州明州康復 醫院有限公司)	(e)	PRC/Chinese Mainland October 26, 2018	RMB75,000,000	–	65	Healthcare services
Ningbo Jiangbei Mingzhou Rehabilitation Hospital Co., Ltd.* (寧波江北明州康復醫院有 限公司)	(e)	PRC/Chinese Mainland June 6, 2024	RMB70,000,000	–	65	Healthcare services
Huzhou Mingzhou Rehabilitation Hospital Co., Ltd.* (湖州明州康 復醫院有限公司)	(e)	PRC/Chinese Mainland June 6, 2024	RMB45,000,000	–	65	Healthcare services
Nantong Zhongxiu Mingzhou Rehabilitation Hospital Co., Ltd.* (“Nantong Zhongxiu”) (南通鐘秀明州康復醫院有限公 司)	(e)	PRC/Chinese Mainland June 20, 2024	RMB50,000,000	–	100	Healthcare services
Huzhou Zhebei Mingzhou Pharmacy Co., Ltd.* (湖州浙北 明州大藥房有限公司)	(e)	PRC/Chinese Mainland April 2, 2024	RMB100,000	–	100	Healthcare services
Ningbo Aoneng Electric Co., Ltd.* (寧波奧能電氣有限公司)	(n)	PRC/Chinese Mainland January 25, 2024	RMB100,000,000	–	100	Sales of smart power distribution and utilization products
Yiwu Mingzhou Rehabilitation Hospital Co., Ltd.* (義烏明州康 復醫院有限公司)	(e)	PRC/Chinese Mainland October 11, 2024	RMB62,000,000	–	65	Healthcare services
Shanghai Yongmin Mingzhou Rehabilitation Hospital Co., Ltd.* (上海甬閔明州康復醫院有 限公司)	(e)	PRC/Chinese Mainland November 12, 2024	RMB60,000,000	–	65	Healthcare services
Ningbo Haishu Mingzhou Rehabilitation Hospital Co., Ltd.* (寧波海曙明州康復醫院有 限公司)	(e)	PRC/Chinese Mainland November 15, 2024	RMB65,000,000	–	65	Healthcare services
Shanghai Hongmei Mingzhou Rehabilitation Hospital Co., Ltd.* (上海虹梅明州康復醫院有 限公司)	(e)	PRC/Chinese Mainland November 18, 2024	RMB70,000,000	–	65	Healthcare services
Aux Smart (Europe) Kft. (奧克斯 智能(歐洲)有限責任公司)	(e)	Hungary February 20, 2025	Hungarian Forint (“HUF3”),000,000	–	100	Sales of smart power distribution and utilization products
Changzhou Mingzhou Pharmacy Co., Ltd.* (常州明州大藥房有限 公司)	(e)	PRC/Chinese Mainland January 15, 2025	RMB100,000	–	100	Pharmaceutical retail
Nanjing Mingzhou Pharmacy Co., Ltd.* (南京明州大藥房有限公 司)	(e)	PRC/Chinese Mainland January 23, 2025	RMB100,000	–	100	Pharmaceutical retail

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Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Sanxing Electric (Kenya) Co., Ltd. (三星電氣(肯尼亞)有限公司)	(o)	Kenya July 23, 2025	Kenyan Shilling (“KES”)1,000,000	–	100	Sales of smart power distribution and utilization products

The above table lists the subsidiaries of the Company that the directors of the Company believe principally affect the results or assets of the Group. In the opinion of the directors of the Company, to give details of other subsidiaries would result in particulars of excessive length.

- (a) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 prepared in accordance with China Accounting System for Business Enterprises were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合伙)), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (b) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 prepared in accordance with HKFS Accounting Standards were audited by Mingshi, certified public accountants registered in Hong Kong. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (c) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 prepared in accordance with Brazilian accounting practices were audited by BDO RCS Auditores independentes Ss Ltda., registered auditors in Brazil. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (d) The statutory financial statements of the entity for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with Indonesian Financial Accounting Standards were audited by Kantor Akuntan Publik Tanubrata Sutanto Fahmi Bambang & Rekan, certified public accountants registered in Indonesia.
- (e) As at the date of this report, no audited financial statements have been prepared for these entities since their dates of incorporation or registration as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of their incorporation/registration.
- (f) The statutory financial statements of the entity for the years ended December 31, 2024 prepared in accordance with Swedish Annual Accounts Act were audited by Moore Stephens Advokatbyrå AB, a registered audit firm in Sweden. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (g) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 prepared in accordance with the applicable IFRS Accounting Standards approved by the European Union and the adopted accounting principles (policy) were audited by FIDUCIA sp. z o. o. with its registered office in Wrocław. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (h) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia were audited by BDO AUDIT S.A.S. BIC, certified public accountants registered in Colombia. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (i) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 prepared in accordance with Accounting Standards for Non-Profit Organizations were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合伙)), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (j) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 prepared in accordance with IFRS Accounting Standards were audited by BDO México, S.C., a member firm of BDO International Limited is registered as an audit firm in Mexico. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (k) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 prepared in accordance with IFRS Accounting Standards were audited by VINKEN • GÖRTZ • LANGE • UND PARTNER, an audit and tax advisory firm registered in Germany. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (l) The statutory financial statements of the entity for the years ended December 31, 2024 prepared in accordance with Singapore Financial Reporting Standards were audited by HLB Singapore LLP, a member firm of HLB International, a global network of independent accounting and tax advisory firms. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.

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- (m) The statutory financial statements of the entity for the years ended December 31, 2024 and 2025 prepared in accordance with IFRS Accounting Standards were audited by Moore Nigeria Limited, a member firm of Moore Stephens International Limited registered in Nigeria.
- (n) The statutory financial statements of the entity for the years ended December 31, 2024 prepared in accordance with China Accounting System for Business Enterprises were audited by Beijing Zhongxi Global Certified Public Accountants Firm, certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (o) The statutory financial statements of the entity for the year ended December 31, 2025 prepared in accordance with IFRS Accounting Standards were audited by Moore JVB LLP, a member firm of Moore Stephens International Limited registered in Kenya.
- (p) The statutory financial statements of the entity for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with China Accounting System for Business Enterprises were audited by Beijing Zhongxi Global Certified Public Accountants Firm, certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (q) The statutory financial statements of the entity for the years ended December 31, 2023 prepared in accordance with China Accounting System for Business Enterprises were audited by Beijing Zhongxi Global Certified Public Accountants Firm, certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- (r) The statutory financial statements of the entity for the years ended December 31, 2024 prepared in accordance with China Accounting System for Business Enterprises were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2025.
- * The English names of the companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

2.1 BASIS OF PREPARATION

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

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

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

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2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

Amendments to IFRS 9 and IFRS 7 . . .	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7 . . .	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Annual Improvements to IFRS	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ¹
Accounting Standards – Volume 11 . . .	
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 10 and IAS 28 . . .	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³

- 1 Effective for annual periods beginning on or after January 1, 2026
- 2 Effective for annual/reporting periods beginning on or after January 1, 2027
- 3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these revised IFRS Accounting Standards may result in changes in certain accounting policies and are unlikely to have a significant impact on the Group’s financial performance and financial position in the period of initial application.

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

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

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Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the group of cash-generating units to which the goodwill relates. Where the recoverable amount of the group of cash-generating units is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

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

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Buildings	3.17% to 4.75%
Motor vehicles	9.5% to 19%
Machinery and equipment	6.3% to 19%
Office equipment.	19% to 31.67%
Medical devices	9.5% to 19%
Leasehold improvements	6.82% to 33.33%
Improvements to self-owned property	20%

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

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

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

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group measures its investment properties at cost less depreciation and any impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20 to 30 years
Land use rights.	45 to 49.83 years

Investment properties are derecognized upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposals. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

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

Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 10 years.

Patent

Purchased patent is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 10 years.

Non-patented technology

Non-patented technology is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful lives of 5 to 10 years.

Research and development costs

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

Leases

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

Group as a lessee

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

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(a) *Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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

Buildings	1 to 25 years
Land use rights	45 to 49.83 years

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

(b) *Lease liabilities*

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

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

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

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

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

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

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

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General approach

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

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

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables, contract assets and receivables at fair value through other comprehensive income that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at the end of each reporting period. To measure the expected credit losses, trade and bills receivables have been assessed on an individual basis for debtors with severe financial difficulty, or on a collective basis by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience, adjusted as appropriate to reflect current and forward-looking factors specific to the debtors and economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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.

The Group’s financial liabilities include trade and bills payables, other payables and accruals, amounts due to related parties, interest-bearing bank borrowings and derivative financial instruments.

Subsequent measurement

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

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

After initial recognition, trade and bills payables, other payables and accruals, amounts due to related parties and interest-bearing bank borrowings 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 profit or loss.

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Derecognition of financial liabilities

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

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

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, future contracts for the purchase of copper and foreign currency swaps, to hedge its foreign currency risk and commodity price risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

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Inventories

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

Cash and cash equivalents

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

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

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sales of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognized based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

(a) Sales of goods

The Group is principally engaged in the manufacture and sales of power distribution and utilization products in Chinese Mainland and other countries/jurisdictions.

Revenue from the sale of goods is recognized at the point in time when the industrial products are delivered to the customer and confirmed by the customer. In the case where installation is required, the revenue is recognized at the point in time when the installation is completed and confirmed by the customer.

The credit period granted to customers by the Group is determined based on their credit risk characteristics, which is consistent with industry practice, and there is no significant financing component.

(i) Warranty

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

(b) Hospital healthcare services

Revenue from provision of hospital healthcare services is recognized when the related services have been rendered to customers. Majority of the customers of the Group have entered into the government’s public medical insurance program which are run by government organizations. The Group claims the consideration in relation to healthcare services provided by the Group with relevant government organizations. The subsequent agreement on the government approved annual quota for the medical fees to be recovered from the relevant public medical insurance program has been treated as changes in variable considerations. The Group estimates the variable considerations using expected value approach, which is based on historical practice and all reasonably available information and adjusts to the actual amount for the satisfied healthcare services in the period when the annual quota is agreed.

(c) Finance lease income

Finance lease income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease.

Revenue from other sources

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

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Other income

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

Contract liabilities

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

Share-based payments

The Company operates an employee share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of services received in return for shares granted was measured by reference to the fair value of shares granted and the subscription price paid by the grantees. The fair value of the shares granted is determined using discounted cash flow method, further details of which are given in note 35 to the Historical Financial Information.

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

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

Housing fund and other social insurances

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

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Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial information:

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amounts of unrecognized tax losses and deductible temporary differences at December 31, 2023, 2024 and 2025 were RMB262,909,000, RMB264,469,000 and RMB334,841,000, respectively. Further details are included in note 29 to the Historical Financial Information.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at December 31, 2023, 2024 and 2025 were RMB1,566,195,000, RMB1,559,514,000 and RMB1,203,649,000, respectively. Further details are given in note 17.

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Provision for expected credit losses on trade receivables at amortized cost and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on ageing analysis of customers that have similar loss patterns.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 23 to the Historical Financial Information.

Net realizable value of inventories

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

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances. Further details of the property, plant and equipment are set out in note 14 to the Historical Financial Information.

Fair value of equity-settled share-based payments

The fair value of the restricted shares granted is determined by using the discounted cash flow method at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as revenue growth rate and discount rate, require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognized in profit or loss. Further details are included in note 38 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 46 to the financial information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at December 31, 2023, 2024 and 2025 were RMB952,112,000, RMB756,411,000 and RMB939,098,000. Further details are included in note 27 to the financial statements.

4. OPERATING SEGMENT INFORMATION

Description of segments and principal activities

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- (a) the smart power distribution and utilization segment provides comprehensive smart power distribution and utilization products.
- (b) the medical services segment provides healthcare services through rehabilitation hospitals and general hospitals, primarily generating revenue from outpatient consultations and inpatient treatments; and
- (c) the leasing and advisory services segment facilitates capital financing through leasing arrangements, primarily generating revenue from lease payments and advisory fees.

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Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of profit/loss after tax from continuing operations.

Segment information

	Year ended December 31, 2025			
	Smart power distribution and utilization	Medical services	Leasing and advisory services	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue				
Sales to external customers	11,342,266	3,017,110	1,390	14,360,766
Segment profit/(loss) before income tax (calculated from the total revenue before elimination of inter- segment revenue)	1,607,242	(56,842)	28,448	1,578,848
Income tax expense	(230,979)	(90,163)	(8,860)	(330,002)
Profit/(Loss) for the year	1,376,263	(147,005)	19,588	1,248,846
Other items:				
Share of profits and losses of associates	192,946	(46,341)	–	146,605
Impairment of financial assets	(68,735)	(4,754)	34,485	(39,004)
Impairment of non-financial assets	(87,306)	(355,865)	–	(443,171)
Depreciation and amortization	(224,735)	(316,740)	(186)	(541,661)
	Year ended December 31, 2024			
	Smart power distribution and utilization	Medical services	Leasing and advisory services	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue				
Sales to external customers	11,298,732	3,295,732	6,014	14,600,478
Segment profit/(loss) before income tax (calculated from the total revenue before elimination of inter- segment revenue)	2,251,714	421,764	(922)	2,672,556
Income tax expense	(288,105)	(113,785)	2,571	(399,319)
Profit for the year	1,963,609	307,979	1,649	2,273,237
Other items:				
Share of profits of associates	181,732	13,243	–	194,975
Impairment of financial assets	(31,503)	(688)	702	(31,489)
Impairment of non-financial assets	(42,891)	(13,604)	–	(56,495)
Depreciation and amortization	(184,413)	(289,974)	(308)	(474,695)
	Year ended December 31, 2023			
	Smart power distribution and utilization	Medical services	Leasing and advisory services	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue				
Sales to external customers	8,611,679	2,808,898	41,931	11,462,508
Segment profit before income tax (calculated from the total revenue before elimination of inter- segment revenue)	1,811,013	395,891	55,163	2,262,067
Income tax expense	(221,530)	(105,856)	(13,877)	(341,263)
Profit for the year	<u>1,589,483</u>	<u>290,035</u>	<u>41,286</u>	<u>1,920,804</u>
Other items:				
Share of profits and losses of associates	168,804	61,468	–	230,272
Impairment of financial assets	(29,304)	(56)	17,721	(11,639)
Impairment of non-financial assets	(4,303)	(8,683)	–	(12,986)
Depreciation and amortisation	(93,835)	(295,749)	(895)	(390,479)

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Year ended December 31, 2025				
	Smart power distribution and utilization	Medical services	Leasing and advisory services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	19,801,217	5,967,319	18,028	25,786,564
Segment liabilities	10,967,909	3,038,977	4,049	14,010,935
Year ended December 31, 2024				
	Smart power distribution and utilization	Medical services	Leasing and advisory services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	15,223,115	8,541,635	711,736	24,476,486
Segment liabilities	6,574,538	5,623,006	5,004	12,202,548
Year ended December 31, 2023				
	Smart power distribution and utilization	Medical services	Leasing and advisory services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	12,188,003	7,667,860	1,657,158	21,513,021
Segment liabilities	5,370,872	4,974,494	14,347	10,359,713

Geographical information

(a) Revenue from external customers

Year ended December 31,			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	9,501,862	11,886,977	11,579,995
Other countries/jurisdictions	1,960,646	2,713,501	2,780,771
Total revenue	<u>11,462,508</u>	<u>14,600,478</u>	<u>14,360,766</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Year ended December 31,			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	7,989,321	9,207,818	9,303,632
Other countries/jurisdictions	59,764	86,243	269,152
Total non-current assets	<u>8,049,085</u>	<u>9,294,061</u>	<u>9,572,784</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from a single customer which accounted for 10% or more of the Group’s revenue during the Relevant Periods are set out below:

Year ended December 31,			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	<u>3,197,858</u>	<u>3,022,023</u>	<u>2,719,547</u>

Information about products and services is disclosed in note 5 to the Historical Financial Information.

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	11,367,308	14,531,410	14,294,122
Revenue from other sources			
Gross rental income from operating leases	53,269	63,054	65,254
Revenue from finance leases	41,931	6,014	1,390
Subtotal	95,200	69,068	66,644
Total	11,462,508	14,600,478	14,360,766

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Sales of smart power distribution, smart power utilization and new energy products	8,436,344	11,120,129	11,162,661
Hospital healthcare services	2,782,527	3,258,073	2,975,697
Others	148,437	153,208	155,764
Total	11,367,308	14,531,410	14,294,122
Timing of revenue recognition			
Revenue recognized at a point in time:			
Sales of smart power distribution, smart power utilization and new energy products	8,436,344	11,120,129	11,162,661
Hospital healthcare services	2,782,527	3,258,073	2,975,697
Others	148,437	153,208	155,764
Total	11,367,308	14,531,410	14,294,122

The following table shows the amounts of revenue recognized in each reporting period that were included in the contract liabilities at the beginning of each reporting period:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of smart power distribution, smart power utilization and new energy products	253,318	1,303,980	1,494,188
Hospital healthcare services	57,892	71,944	59,468
Total	311,210	1,375,924	1,553,656

(ii) Performance obligations

Information about the Group’s performance obligations is summarized below:

Sales of smart power distribution, smart power utilization and new energy products

Revenue from the sale of goods is recognized at the point in time when the industrial products are delivered to the customer and confirmed by the customer. In the case where installation is required, the revenue is recognized at the point in time when the installation is completed and confirmed by the customer. The Group generally requires customers to make certain payments in advance before the delivery of products. The normal credit terms for the remaining amount are 30 days to 180 days effective from the revenue recognition date.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

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The Group’s obligation to transfer products to customers for consideration received or receivable is presented as contract liabilities.

Hospital healthcare services

Revenue from hospital healthcare services is recognized when the customer obtains the control of the completed services or pharmaceutical products and the Group has satisfied its performance obligations with present right to payment. The Group generally requires customers to make payments in advance before the delivery of services or products, except for medical insurance payments and part of in-patient services.

Others

Others mainly consist of the Group’s sales of scrap and raw materials.

Sales of scrap and raw materials

The performance obligation is satisfied when the goods are delivered to and accepted by the customer at the location specified by the customer (delivery) and payments in advance are generally required.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other income:			
Government grants: <i>(Note)</i>			
Income related	130,799	192,140	196,930
Asset-related	6,842	11,738	9,374
Bank interest income	46,439	75,791	42,465
Additional deduction of input value-added tax	43,647	42,555	39,607
Interest income from debt investments at fair value through other comprehensive income	—	985	5,975
	<u>227,727</u>	<u>323,209</u>	<u>294,351</u>
Other gains:			
Compensation received for intellectual property infringement	—	100,000	20,000
Compensations from suppliers	9,701	18,027	16,748
Performance compensation related to acquisition of non-controlling interests in a subsidiary in the prior year	—	—	26,550
Performance compensation related to acquisition of subsidiaries in the prior year	—	—	39,917
Fair value gain on derivative financial instruments	—	12,996	—
Gain on disposal of right-of-use assets	—	13	1,250
Foreign exchange differences, net	40,921	—	139,416
Fair value gain on financial assets at FVTPL	143,670	—	204,051
Gain on disposal of a subsidiary	50,979	—	—
Others	2,144	7,530	6,427
	<u>247,415</u>	<u>138,566</u>	<u>454,359</u>
Total	<u>475,142</u>	<u>461,775</u>	<u>748,710</u>

Note: The income related government grants were mainly incentives provided by local government authorities in the PRC to reward the Group’s support and contribution for the development of local economies. The asset-related government grants are related to purchases of property, plant and equipment. The grants related to assets were recognized in profit or loss over the useful lives of relevant assets. As at December 31, 2023, 2024 and 2025, there were no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT BEFORE TAX

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

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of smart power distribution, smart power utilization and new energy products sold		5,602,086	7,334,778	8,264,280
Cost of hospital healthcare services provided		1,908,476	2,140,708	2,117,654
Total		<u>7,510,562</u>	<u>9,475,486</u>	<u>10,381,934</u>

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	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	14	262,467	291,981	350,883
Depreciation of investment properties	15	25,121	33,562	34,480
Depreciation of right-of-use assets	16	90,261	135,053	144,070
Amortization of intangible assets	18	12,630	15,750	12,228
Research and development costs		470,827	523,327	607,283
Lease payments not included in the measurement of lease liabilities	16(c)	1,755	15,545	5,833
Auditor’s remuneration		4,028	4,028	4,028
Employee benefit expenses (excluding directors’ and chief executive’s remuneration):				
Wages and salaries		1,888,788	2,059,233	2,068,684
Pension scheme contributions and social welfare . .		183,320	214,601	243,767
Equity-settled share-based payment expenses		46,127	31,720	1,628
Total		<u>2,118,235</u>	<u>2,305,554</u>	<u>2,314,079</u>
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment property		2,558	3,833	631
Foreign exchange differences, net	5, 7	(40,921)	111,941	(139,416)
Impairment loss/(reversal of impairment loss) on financial and contract assets, net:				
Impairment loss on trade and bills receivables, net .	23	22,170	23,598	69,480
Impairment loss on contract assets	22	2,336	7,408	9,929
Impairment (gain)/loss on financial assets included in prepayments and other receivables		(10,531)	7,891	(30,476)
Total		<u>13,975</u>	<u>38,897</u>	<u>48,933</u>
Write-down of inventories to net realizable value . .		1,967	35,483	77,377
Impairment loss on goodwill	17	8,683	13,604	355,865

7. OTHER EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fair value losses on financial assets at fair value through profit or loss	–	154,146	–
Foreign exchange differences, net	–	111,941	–
Late payment surcharge on taxes	–	17,034	5,761
Compensation to customers	10,975	6,823	16,472
Losses on disposal of items of property, plant and equipment	1,083	3,944	6,203
Donations	66	896	28
Fair value losses on derivative financial instruments	10,200	–	5,165
Others	8,540	6,161	16,074
Total	<u>30,864</u>	<u>300,945</u>	<u>49,703</u>

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8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings	19,758	43,934	67,876
Interest on lease liabilities (<i>note 16(b)</i>)	32,993	51,067	56,618
Total	<u>52,751</u>	<u>95,001</u>	<u>124,494</u>

9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Details of the remuneration received or receivable by the directors from the Group are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees:	300	300	300
Other emoluments:			
Salaries, allowances and benefits in kind	7,484	5,164	3,260
Performance related bonuses*	6,722	1,580	1,107
Equity-settled share-based payment expenses**	3,841	9,036	2,229
Pension scheme contributions and social welfare	252	272	120
Subtotal	<u>18,299</u>	<u>16,052</u>	<u>6,716</u>
Total	<u>18,599</u>	<u>16,352</u>	<u>7,016</u>

* Certain directors of the Company are entitled to bonus payments which are determined according to their performance.

** Certain directors were granted share options, in respect of their services to the Group, further details of which are set out in note 38 to the Historical Financial Information. The fair value of such share incentive awards, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods are included in the above directors’ and chief executive’s remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Ms. WANG Xihong	100	100	100
Mr. DUAN Yichao	100	100	100
Mr. YANG Huajun	100	56	–
Mr. FENG Shaogang	–	44	100
Total	<u>300</u>	<u>300</u>	<u>300</u>

There were no other emoluments payable to the independent non-executive directors during Relevant Periods.

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(b) Executive directors, non-executive directors and the chief executive

Year ended December 31, 2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Ms. SHEN Guoying (a)	3,054	1,440	1,277	102	5,873
Mr. CHENG Zhihao (b)	587	679	673	21	1,960
Ms. GUO Su (c)	550	728	1,179	74	2,531
Non-executive directors:					
Mr. ZHENG Jianjiang (d)	—	—	—	—	—
Mr. GE Yubin (e)	473	189	136	23	821
Mr. YI Shiwei (f)	2,820	3,686	576	32	7,114
	<u>7,484</u>	<u>6,722</u>	<u>3,841</u>	<u>252</u>	<u>18,299</u>

Year ended December 31, 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Ms. SHEN Guoying (a)	1,573	—	1,803	121	3,497
Mr. CHENG Zhihao (b)	1,691	543	1,809	32	4,075
Ms. GUO Su (c)	544	625	955	63	2,187
Non-executive directors:					
Mr. ZHENG Jianjiang (d)	—	—	—	—	—
Ms. QIU Ruoying (g)	—	—	—	—	—
Ms. LYU Meng (h)	—	—	3,855	—	3,855
Mr. GE Yubin (e)	331	188	313	24	856
Mr. YI Shiwei* (f)	1,025	224	301	32	1,582
	<u>5,164</u>	<u>1,580</u>	<u>9,036</u>	<u>272</u>	<u>16,052</u>

* Mr. YI Shiwei resigned on February 22, 2024, and the amount include his full year salary.

Year ended December 31, 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Ms. SHEN Guoying (a)	—	—	343	—	343
Mr. CHENG Zhihao (b)	2,285	696	442	34	3,457
Ms. GUO Su (c)	562	246	129	78	1,015
Non-executive directors:					
Mr. ZHENG Jianjiang (d)	—	—	—	—	—
Ms. LYU Meng (h)	—	—	1,315	—	1,315
Mr. ZHENG Weike (i)	413	165	—	8	586
Ms. QIU Ruoying (g)	—	—	—	—	—
	<u>3,260</u>	<u>1,107</u>	<u>2,229</u>	<u>120</u>	<u>6,716</u>

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

- (a) Ms. SHEN Guoying was appointed as the chairperson of the Board and executive director of the Company in June 2020.
- (b) Mr. CHENG Zhihao was appointed as the executive director of the Company in May 2023.
- (c) Ms. GUO Su was appointed as the executive director of the Company in December 2020.

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- (d) Mr. ZHENG Jianjiang was appointed as a non-executive director of the Company in June 2020.
- (e) Mr. GE Yubin was a non-executive director of the Company between May 2022 and August 2024.
- (f) Mr. YI Shiwei was a non-executive director of the Company between May 2022 and February 2024.
- (g) Ms. QIU Ruoying was a non-executive director of the Company between May 2024 and September 2025.
- (h) Ms. LYU Meng was appointed as a non-executive director of the Company in September 2024.
- (i) Mr. ZHENG Weike was appointed as a non-executive director of the Company in September 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended December 31, 2023, 2024 and 2025 included two directors, no director and one director, respectively, details of whose remuneration are set out in note 9 to the financial information.

Details of the remuneration for the remaining three, five and four highest paid employees who are neither directors nor the chief executive of the Company during the years ended December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	5,800	23,316	8,090
Performance related bonuses	4,533	5,906	2,146
Equity-settled share-based payment expenses	3,071	7,724	55
Pension scheme contributions and social welfare	142	398	111
Total	<u>13,546</u>	<u>37,344</u>	<u>10,402</u>

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended December 31,		
	2023	2024	2025
HKD2,500,001 to HKD3,000,000	—	2	3
HKD3,500,001 to HKD4,000,000	1	—	1
HKD4,000,001 to HKD4,500,000	—	1	—
HKD4,500,001 to HKD5,000,000	1	—	—
HKD6,000,001 to HKD6,500,000	1	—	—
HKD13,500,001 to HKD14,000,000	—	1	—
HKD16,500,001 to HKD17,000,000	—	1	—
Total	<u>3</u>	<u>5</u>	<u>4</u>

11. INCOME TAX

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

Chinese Mainland

Under the law of the PRC on corporate income tax (the “CIT Law”) and the implementation regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% unless they are entitled to preferential tax as set out below.

In 2020, the Company and its subsidiaries, Ningbo Aux Smart Technology Co., Ltd. and Ningbo Sanxing Smart Electric Co., Ltd. were accredited as “High and New Technology Enterprise” (“HNTE”) and were entitled to a preferential income tax rate of 15% for a period of three years from December 2020 to December 2023. They renewed their HNTE qualifications in 2023 and are entitled to the preferential tax rate of 15% from December 2023 to December 2026.

The State Taxation Administration of the PRC (“STA”) announced in March 2021 that manufacturing enterprises engaging in research and development activities would be entitled to claim 200% of their research and development expenses as an additional tax deduction since January 1, 2021. The STA further announced in March 2023 that eligible enterprises would be entitled to claim 200% of their research and development expenses as an additional tax deduction since January 1, 2023. The Group has made its best estimate for the additional tax deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the Relevant Periods.

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Hong Kong

Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits arising in Hong Kong for the Relevant Periods, except for a subsidiary incorporated in Hong Kong which is a qualifying entity under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HKD\$2,000,000 of assessable profits of the qualifying entity are taxed at 8.25% and the remaining profits are taxed at 16.5%.

Corporate income tax in other jurisdictions

Income tax on profits arising in other jurisdictions, including Brazil, Indonesia, Bangladesh, Sweden, Poland, Colombia, Mexico, Peru, Germany, Singapore, Nigeria and Nepal was calculated on the estimated assessable profits for each of the Relevant Periods at the respective rates prevailing in the relevant jurisdictions.

The income tax expense of the Group is analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax:			
Charge for the year	351,913	588,532	339,307
Under provision in respect of prior years	8,188	1,396	2,150
Deferred income tax (<i>note 29</i>)	(18,838)	(190,609)	(11,455)
Total	<u>341,263</u>	<u>399,319</u>	<u>330,002</u>

A reconciliation of the income tax expense applicable to profit before tax using the statutory tax rate for the jurisdiction in which the majority of the Company’s subsidiaries are domiciled and/or operate the income tax expense at the effective tax rate is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	<u>2,262,067</u>	<u>2,672,556</u>	<u>1,578,848</u>
Tax at the statutory tax rate	565,517	668,139	394,712
Effect of lower tax rate enacted by local tax authorities . . .	(159,794)	(205,805)	(87,651)
Expenses not deductible for tax	28,144	28,355	105,475
Additional deductible allowance for research and development costs	(63,748)	(63,629)	(61,521)
Deductible temporary differences and tax losses not recognized	10,134	6,881	6,656
Income not subject to tax	(26,087)	(27,260)	(28,942)
Utilization of tax losses not recognized in previous years . .	(21,091)	(8,758)	(877)
Adjustments in respect of current tax of previous years . . .	8,188	1,396	2,150
Tax charge at the Group’s effective rate	<u>341,263</u>	<u>399,319</u>	<u>330,002</u>

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at December 31, 2025 in certain jurisdictions in which the Group operate.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the year ended December 31, 2025. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes.

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12. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interim dividend in respect of the current year, declared or paid during the year (tax inclusive)	–	–	678,735
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	494,428	909,796	1,245,551
Total	<u>494,428</u>	<u>909,796</u>	<u>1,924,286</u>

The final dividends of RMB3.50 (tax inclusive) for every 10 shares of Company’s shares (excluding shares held in dedicated account for share repurchase) in respect of the years ended December 31, 2022 were approved by the shareholders of the Company, amounting to total dividend of approximately RMB494,428,000.

The final dividends of RMB6.50 (tax inclusive) for every 10 shares of Company’s shares (excluding shares held in dedicated account for share repurchase) in respect of the years ended December 31, 2023 were approved by the shareholders of the Company, amounting to total dividend of approximately RMB909,796,000.

The final dividends of RMB8.90 (tax inclusive) for every 10 shares of Company’s shares (excluding shares held in dedicated account for share repurchase) in respect of the years ended December 31, 2024 were approved by the shareholders of the Company, amounting to total dividend of approximately RMB1,245,551,000.

The interim dividend of RMB6.30 (tax inclusive) for every 10 shares of Company’s shares (excluding shares held in dedicated account for share repurchase) in respect of the six months ended June 30, 2025 were approved by the shareholders of the Company, amounting to total dividend of approximately RMB678,735,000.

The final dividend distribution of RMB202,921,000 with a dividend of RMB1.45 for every 10 shares of the Company’s shares (excluding shares held in dedicated account for share repurchase) in respect of the year ended December 31, 2025 was subsequently approved by the shareholders on May 15, 2026.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for each of the Relevant Periods attributable to ordinary equity holders of the parent after deducting dividend declared to treasury shares, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares, which includes the weighted average numbers of ordinary shares outstanding as at December 31, 2023, 2024 and 2025 as used in the basic earnings per share calculation, and the weighted average numbers of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Earnings			
Profit attributable to ordinary equity holders of the parent . .	1,903,702	2,259,518	1,273,962
Less: dividend declared to treasury shares	(9,129)	(10,585)	(7,121)
	<u>1,894,573</u>	<u>2,248,933</u>	<u>1,266,841</u>
	Number of shares		
	2023	2024	2025
Shares			
Weighted average number of ordinary shares outstanding during the year*	<u>1,391,804,181</u>	<u>1,387,340,586</u>	<u>1,394,742,359</u>
Effect of dilution – weighted average number of ordinary shares:			
Restricted shares granted for share-based payments	5,732,390	3,247,573	–
	<u>1,397,536,571</u>	<u>1,390,588,159</u>	<u>1,394,742,359</u>

* The weighted average number of shares was determined after taking into account the effect of treasury shares held by the Company.

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14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Motor vehicles	Electronic and office equipment	Improvements to self-owned property	Leasehold improvements	Medical devices	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2023									
At January 1, 2023									
Cost	1,367,573	452,151	27,228	227,871	29,241	234,883	435,906	367,696	3,142,549
Accumulated depreciation	(486,443)	(221,245)	(16,505)	(134,207)	(7,429)	–	(295,889)	–	(1,161,718)
Accumulated impairment	–	–	–	–	–	–	–	(5,792)	(5,792)
Net carrying amount	<u>881,130</u>	<u>230,906</u>	<u>10,723</u>	<u>93,664</u>	<u>21,812</u>	<u>234,883</u>	<u>140,017</u>	<u>361,904</u>	<u>1,975,039</u>
At January 1, 2023, net of accumulated depreciation and impairment	881,130	230,906	10,723	93,664	21,812	234,883	140,017	361,904	1,975,039
Additions	–	75,339	17,305	65,424	11,032	111,107	56,335	211,885	548,427
Transfers	10,497	35,341	–	884	1,879	17,560	–	(365,084)	(298,923)
Depreciation provided during the year	(59,156)	(40,620)	(5,475)	(28,337)	(7,334)	(54,432)	(67,113)	–	(262,467)
Disposals	–	(2,744)	(66)	(53,649)	–	–	(2,060)	–	(58,519)
Exchange realignment	160	668	174	4,183	–	–	–	–	5,185
Others	(24,878)	–	–	–	–	–	–	–	(24,878)
Additions from business combination (note 42)	–	–	520	5,311	–	34,603	55,875	–	96,309
At December 31, 2023, net of accumulated depreciation and impairment	<u>807,753</u>	<u>298,890</u>	<u>23,181</u>	<u>87,480</u>	<u>27,389</u>	<u>343,721</u>	<u>183,054</u>	<u>208,705</u>	<u>1,980,173</u>
At December 31, 2023:									
Cost	1,352,833	559,710	44,841	255,560	42,152	343,721	608,433	208,705	3,415,955
Accumulated depreciation	(545,080)	(260,820)	(21,660)	(168,080)	(14,763)	–	(425,379)	–	(1,435,782)
Net carrying amount	<u>807,753</u>	<u>298,890</u>	<u>23,181</u>	<u>87,480</u>	<u>27,389</u>	<u>343,721</u>	<u>183,054</u>	<u>208,705</u>	<u>1,980,173</u>
December 31, 2024									
At January 1, 2024									
Cost	1,352,833	559,710	44,841	255,560	42,152	343,721	608,433	208,705	3,415,955
Accumulated depreciation	(545,080)	(260,820)	(21,660)	(168,080)	(14,763)	–	(425,379)	–	(1,435,782)
Net carrying amount	<u>807,753</u>	<u>298,890</u>	<u>23,181</u>	<u>87,480</u>	<u>27,389</u>	<u>343,721</u>	<u>183,054</u>	<u>208,705</u>	<u>1,980,173</u>
At January 1, 2024, net of accumulated depreciation and impairment	807,753	298,890	23,181	87,480	27,389	343,721	183,054	208,705	1,980,173
Additions	4,281	84,525	7,953	22,528	4,532	153,772	68,237	471,075	816,903
Transfers	162,580	5,221	–	96	–	136,720	91	(304,708)	–
Depreciation provided during the year	(62,703)	(57,497)	(9,360)	(21,485)	(4,761)	(72,050)	(64,125)	–	(291,981)
Disposals	–	(4,092)	(742)	(2,197)	–	–	(704)	–	(7,735)
Exchange realignment	(64)	(3,774)	(20)	(2,640)	–	–	–	–	(6,498)
Additions from business combination (note 42)	–	–	–	8	–	–	295	1,420	1,723
At December 31, 2024, net of accumulated depreciation and impairment	<u>911,847</u>	<u>323,273</u>	<u>21,012</u>	<u>83,790</u>	<u>27,160</u>	<u>562,163</u>	<u>186,848</u>	<u>376,492</u>	<u>2,492,585</u>
At December 31, 2024:									
Cost	1,519,577	635,248	50,922	268,308	46,684	562,163	658,748	376,492	4,118,142
Accumulated depreciation	(607,730)	(311,975)	(29,910)	(184,518)	(19,524)	–	(471,900)	–	(1,625,557)

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	Buildings	Machinery and equipment	Motor vehicles	Electronic and office equipment	Improvements to self-owned property	Leasehold improvements	Medical devices	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net carrying amount	911,847	323,273	21,012	83,790	27,160	562,163	186,848	376,492	2,492,585
December 31, 2025									
At January 1, 2025									
Cost	1,519,577	635,248	50,922	268,308	46,684	562,163	658,748	376,492	4,118,142
Accumulated depreciation	(607,730)	(311,975)	(29,910)	(184,518)	(19,524)	–	(471,900)	–	(1,625,557)
Net carrying amount	911,847	323,273	21,012	83,790	27,160	562,163	186,848	376,492	2,492,585
At January 1, 2025, net of accumulated depreciation and impairment	911,847	323,273	21,012	83,790	27,160	562,163	186,848	376,492	2,492,585
Additions	2,913	246,595	11,402	113,379	46,045	14,421	11,375	445,099	891,229
Transfers	595,630	30,778	–	224	900	–	2,309	(634,400)	(4,559)
Depreciation provided during the year	(84,069)	(54,607)	(10,176)	(69,034)	(10,942)	(85,855)	(36,200)	–	(350,883)
Disposals	–	(9,208)	(60)	(1,646)	–	–	(1,742)	–	(12,656)
Exchange realignment	60	2,680	10	609	–	–	–	254	3,613
At December 31, 2025, net of accumulated depreciation and impairment	1,426,381	539,511	22,188	127,322	63,163	490,729	162,590	187,445	3,019,329
At December 31, 2025:									
Cost	2,117,316	877,699	60,475	358,945	93,629	490,729	653,630	187,445	4,839,868
Accumulated depreciation	(690,935)	(338,188)	(38,287)	(231,623)	(30,466)	–	(491,040)	–	(1,820,539)
Net carrying amount	1,426,381	539,511	22,188	127,322	63,163	490,729	162,590	187,445	3,019,329

As at December 31, 2023, 2024 and 2025, certain of the Group’s buildings with aggregate net carrying values of approximately RMB128,888,000, RMB116,069,000 and RMB105,148,000, respectively, were pledged to secure certain interest-bearing bank borrowings and bank facilities of the Group (note 33).

15. INVESTMENT PROPERTIES

	Buildings	Land use rights	Total
	RMB'000	RMB'000	RMB'000
December 31, 2023			
At January 1, 2023:			
Cost	314,024	250,853	564,877
Accumulated depreciation	(77,860)	(53,366)	(131,226)
Net carrying amount	236,164	197,487	433,651
At January 1, 2023, net of accumulated depreciation	236,164	197,487	433,651
Additions	3,491	–	3,491
Transfers	293,177	–	293,177
Depreciation provided during the year	(20,069)	(5,052)	(25,121)
At December 31, 2023, net of accumulated depreciation	512,763	192,435	705,198
At December 31, 2023:			
Cost	610,692	250,853	861,545
Accumulated depreciation	(97,929)	(58,418)	(156,347)
Net carrying amount	512,763	192,435	705,198

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	Buildings	Land use rights	Total
	RMB’000	RMB’000	RMB’000
December 31, 2024			
At January 1, 2024:			
Cost	610,692	250,853	861,545
Accumulated depreciation	(97,929)	(58,418)	(156,347)
Net carrying amount	512,763	192,435	705,198
At January 1, 2024, net of accumulated depreciation	512,763	192,435	705,198
Additions	10,926	–	10,926
Depreciation provided during the year	(28,519)	(5,043)	(33,562)
At December 31, 2024, net of accumulated depreciation	495,170	187,392	682,562
At December 31, 2024:			
Cost	621,618	250,853	872,471
Accumulated depreciation	(126,448)	(63,461)	(189,909)
Net carrying amount	495,170	187,392	682,562
	Buildings	Land use rights	Total
	RMB’000	RMB’000	RMB’000
December 31, 2025			
At January 1, 2025:			
Cost	621,618	250,853	872,471
Accumulated depreciation	(126,448)	(63,461)	(189,909)
Net carrying amount	495,170	187,392	682,562
At January 1, 2025, net of accumulated depreciation	495,170	187,392	682,562
Additions	22,012	–	22,012
Others	(15,785)	–	(15,785)
Depreciation provided during the year	(29,436)	(5,044)	(34,480)
At December 31, 2025, net of accumulated depreciation	471,961	182,348	654,309
At December 31, 2025:			
Cost	627,845	250,853	878,698
Accumulated depreciation	(155,884)	(68,505)	(224,389)
Net carrying amount	471,961	182,348	654,309

The Group’s investment properties are measured using a cost model and depreciated to write off their costs net of estimated residual values over their estimated useful lives on a straight-line basis.

The Group’s investment properties are located on the land in Chinese Mainland with a land use right period of 50 years for self-owned property.

There were no items of investment properties pledged during the Relevant Periods.

Fair values of the investment properties as at the end of each of the Relevant Periods are as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investment properties in Chinese Mainland	1,309,000	1,298,000	1,277,000

The fair values of the Group’s investment properties as at the end of each of the Relevant Periods were determined by valuations conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Ltd., an independent professionally qualified valuer. Under the valuation models, an income approach has been adopted for these industrial properties.

The income approach is based on the net rental income of these industrial properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases.

The fair value estimations for the self-owned property (including the related leasehold land) were at Level 3 of the fair value hierarchy. There were no transfers of fair value measurements into or out of Level 3 during each of the Relevant Periods.

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16. LEASES

The Group as a lessee

The Group has lease contracts mainly for various items of land use rights and buildings used in its operations. Leases of land use rights and buildings generally have lease terms between 1 years and 49.83 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Buildings	Land use rights	Total
	RMB’000	RMB’000	RMB’000
At January 1, 2023	430,510	319,798	750,308
Additions	318,950	–	318,950
Additions from business combinations (note 42)	116,529	–	116,529
Depreciation provided	(83,275)	(6,986)	(90,261)
Early cancellation of leases	(59)	–	(59)
As at December 31, 2023 and January 1, 2024	782,655	312,812	1,095,467
As at December 31, 2023 and January 1, 2024	782,655	312,812	1,095,467
Additions	312,725	99,127	411,852
Additions from business combinations (note 42)	71,731	–	71,731
Depreciation provided	(126,199)	(8,854)	(135,053)
Early cancellation of leases	(220)	–	(220)
As at December 31, 2024 and January 1, 2025	1,040,692	403,085	1,443,777
As at December 31, 2024 and January 1, 2025	1,040,692	403,085	1,443,777
Additions	129,502	–	129,502
Depreciation provided	(134,886)	(9,184)	(144,070)
Early cancellation of leases	(61,772)	–	(61,772)
Exchange realignment	1,089	–	1,089
As at December 31, 2025	974,625	393,901	1,368,526

As at December 31, 2023, 2024 and 2025, certain of the land use rights with aggregate net carrying values of approximately RMB55,418,000, RMB43,202,000 and RMB42,247,000, respectively, were pledged to secure certain interest-bearing bank borrowings and bank facilities of the Group (note 33).

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(b) Lease liabilities

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

The Group

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	484,475	832,798	1,125,751
New leases	318,950	312,725	129,502
Additions from business combinations (note 42)	124,862	72,588	–
Accretion of interest recognized during the year (note 8)	32,993	51,067	56,618
Payments	(128,428)	(143,194)	(169,823)
Early cancellation of lease	(54)	(233)	(53,021)
Exchange realignment	–	–	(1,674)
Carrying amount at the end of the year	832,798	1,125,751	1,087,353
Analyzed into:			
Current portion	75,508	109,122	113,581
Non-current portion	757,290	1,016,629	973,772

The maturity analysis of lease liabilities is disclosed as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	75,508	109,122	113,581
In the second year	86,115	104,020	111,003
In the third to fifth years, inclusive	227,864	307,828	310,647
Beyond five years	443,311	604,781	552,122
Total	832,798	1,125,751	1,087,353

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

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	32,993	51,067	56,618
Depreciation charge of right-of-use assets	90,261	135,053	144,070
Expense relating to short-term leases	1,755	15,545	5,833
Total amount recognized in profit or loss	125,009	201,665	206,521

(d) The total cash outflow for leases is disclosed in note 39 to the Historical Financial Information.

The Group as a lessor

(1) Rental income from investment property

The Group leases its investment property (note 15) consisting an industrial property in Chinese Mainland under operating lease arrangements with leases negotiated from terms ranging from one to ten years.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Rental income	53,269	63,054	65,254

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The undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	46,389	14,291	42,953
After one year but within two years	3,887	3,887	–
After two years but within three years	3,887	–	–
Total	<u>54,163</u>	<u>18,178</u>	<u>42,953</u>

17. GOODWILL

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of the year:			
Cost	1,234,389	1,609,439	1,616,362
Accumulated impairment	(34,562)	(43,244)	(56,848)
Net carrying amount	1,199,827	1,566,195	1,559,514
Acquisition of subsidiaries (<i>Note 42</i>)	375,050	6,923	–
Impairment during the year	(8,682)	(13,604)	(355,865)
At end of year	<u>1,566,195</u>	<u>1,559,514</u>	<u>1,203,649</u>

Impairment testing of goodwill

Goodwill acquired through business combinations, net of impairment, is allocated to the following cash-generating units for impairment testing:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Xin Zhebei ¹	20,556	20,556	20,556
Mingzhou Rehabilitation ²	267,579	267,579	158,006
Wenzhou Shenlan ³	32,319	18,715	13,693
Nanchang Mingzhou Rehabilitation ⁴	76,362	76,362	34,950
Hangzhou Mingzhou Rehabilitation ⁵	273,772	273,772	250,944
Wuhan Mingzhou Rehabilitation ⁶	126,983	126,983	102,765
Nanjing Mingzhou Rehabilitation ⁷	106,727	106,727	106,727
Ningbo Beilun Mingzhou Rehabilitation ⁸	85,018	85,018	71,557
Changzhou Mingzhou Rehabilitation ⁹	98,457	98,457	–
Changsha Mingzhou Rehabilitation ¹⁰	101,132	101,132	83,235
Zhebei Mingzhou ¹¹	91,430	91,430	91,430
Jiaxing Mingzhou ¹²	32,669	32,669	32,669
Quzhou Mingzhou ¹³	65,073	65,073	42,076
Quanzhou Mingzhou Rehabilitation ¹⁴	106,469	106,469	106,469
Yuyao Mingzhou Rehabilitation ¹⁵	79,409	79,409	79,409
Guangzhou Mingzhou Rehabilitation ¹⁶	–	6,923	6,923
Others	2,240	2,240	2,240
Total	<u>1,566,195</u>	<u>1,559,514</u>	<u>1,203,649</u>

1 In 2016, a subsidiary of the Company acquired a 51% equity interest in Xin Zhebei, resulting in goodwill of RMB20,556,000. The Company allocated the goodwill to the main asset group of Xin Zhebei. The recoverable amount of Xin Zhebei has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 12.51%, 12.27% and 14.19%, respectively. The growth rates used to extrapolate the cash flows of Xin Zhebei beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of each of the Relevant Periods.

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- 2 In 2017, a subsidiary of the Company acquired a 100% equity interest in Mingzhou Rehabilitation, resulting in goodwill of RMB267,579,000. The Company allocated the goodwill to the main asset group of Mingzhou Rehabilitation. The recoverable amount of Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.28%, 15.05% and 15.45%, respectively. The growth rates used to extrapolate the cash flows of Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of 2023 and 2024. The carrying amount of Mingzhou Rehabilitation was impaired by RMB109,573,000 during the year ended December 31, 2025. Consequently, the carrying amount of goodwill was written down by RMB109,573,000. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 3 A subsidiary of the Company acquired a 100% equity interest in Wenzhou Shenlan in 2017, resulting in goodwill of RMB75,564,000. The Company allocated the goodwill to the main asset group of Wenzhou Shenlan. The recoverable amount of Wenzhou Shenlan has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 12.56%, 13.16% and 16.03%, respectively. The growth rates used to extrapolate the cash flows of Wenzhou Shenlan beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. The carrying amounts of Wenzhou Shenlan was impaired by RMB43,245,000, RMB13,604,000 and RMB5,022,000 during the years ended December 31, 2023, 2024 and 2025, respectively. Consequently, the carrying amounts of goodwill were written down by RMB43,245,000, RMB13,604,000 and RMB5,022,000, respectively. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 4 In 2021, a subsidiary of the Company acquired an 85% equity interest in Nanchang Mingzhou Rehabilitation, resulting in goodwill of RMB76,362,000. The Company allocated the goodwill to the main asset group of Nanchang Mingzhou Rehabilitation. The recoverable amount of Nanchang Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.05%, 14.89% and 16.01%, respectively. The growth rates used to extrapolate the cash flows of Nanchang Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of 2023 and 2024. The carrying amount of Nanchang Mingzhou Rehabilitation was impaired by RMB41,412,000 during the year ended December 31, 2025. Consequently, the carrying amount of goodwill was written down by RMB41,412,000. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 5 In 2021, a subsidiary of the Company acquired an 84% equity interest in Hangzhou Mingzhou Rehabilitation, resulting in goodwill of RMB273,772,000. The Company allocated the goodwill to the main asset group of Hangzhou Mingzhou Rehabilitation. The recoverable amount of Hangzhou Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.21%, 14.98% and 15.63%, respectively. The growth rates used to extrapolate the cash flows of Hangzhou Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of 2023 and 2024. The carrying amount of Hangzhou Mingzhou Rehabilitation was impaired by RMB22,828,000 during the year ended December 31, 2025. Consequently, the carrying amount of goodwill was written down by RMB22,828,000. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 6 In 2022, a subsidiary of the Company acquired a 100% equity interest in Wuhan Mingzhou Rehabilitation, resulting in goodwill of RMB126,983,000. The Company allocated the goodwill to the main asset group of Wuhan Mingzhou Rehabilitation. The recoverable amount of Wuhan Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.58%, 15.29% and 15.80%, respectively. The growth rates used to extrapolate the cash flows of Wuhan Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of 2023 and 2024. The carrying amount of Wuhan Mingzhou Rehabilitation was impaired by RMB24,218,000 during the year ended December 31, 2025. Consequently, the carrying amount of goodwill was written down by RMB24,218,000. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 7 In 2022, a subsidiary of the Company acquired a 100% equity interest in Nanjing Mingzhou Rehabilitation, resulting in goodwill of RMB106,727,000. The Company allocated the goodwill to the main asset group of Nanjing Mingzhou Rehabilitation. The recoverable amount of Nanjing Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.38%, 15.82% and 16.07%, respectively. The growth rates used to extrapolate the cash flows of Nanjing Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of each of the Relevant Periods.

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- 8 In 2022, a subsidiary of the Company acquired a 100% equity interest in Ningbo Beilun Mingzhou Rehabilitation, resulting in goodwill of RMB85,018,000. The Company allocated the goodwill to the main asset group of Ningbo Beilun Mingzhou Rehabilitation. The recoverable amount of Ningbo Beilun Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.23%, 15.17% and 15.69%, respectively. The growth rates used to extrapolate the cash flows of Ningbo Beilun Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of 2023 and 2024. The carrying amount of Ningbo Beilun Mingzhou Rehabilitation was impaired by RMB13,461,000 during the year ended December 31, 2025. Consequently, the carrying amount of goodwill was written down by RMB13,461,000. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 9 In 2022, a subsidiary of the Company acquired a 100% equity interest in Changzhou Mingzhou Rehabilitation, resulting in goodwill of RMB98,457,000. The Company allocated the goodwill to the main asset group of Changzhou Mingzhou Rehabilitation. The recoverable amount of Changzhou Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.28%, 15.20% and 14.82%, respectively. The growth rates used to extrapolate the cash flows of Changzhou Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of 2023 and 2024. The carrying amount of Changzhou Mingzhou Rehabilitation was impaired by RMB98,457,000 during the year ended December 31, 2025. Consequently, the carrying amount of goodwill was written down by RMB98,457,000. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 10 In 2022, a subsidiary of the Company acquired a 100% equity interest in Changsha Mingzhou Rehabilitation, resulting in goodwill of RMB101,132,000. The Company allocated the goodwill to the main asset group of Changsha Mingzhou Rehabilitation. The recoverable amount of Changsha Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 14.94%, 14.83% and 15.57%, respectively. The growth rates used to extrapolate the cash flows of Changsha Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of 2023 and 2024. The carrying amount of Changsha Mingzhou Rehabilitation was impaired by RMB17,897,000 during the year ended December 31, 2025. Consequently, the carrying amount of goodwill was written down by RMB17,897,000. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 11 In 2023, a subsidiary of the Company acquired a 100% equity interest in Zhebei Mingzhou, resulting in goodwill of RMB91,430,000. The Company allocated the goodwill to the main asset group of Zhebei Mingzhou. The recoverable amount of Zhebei Mingzhou has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 14.35%, 14.16% and 14.81%, respectively. The growth rates used to extrapolate the cash flows of Zhebei Mingzhou beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of each of the Relevant Periods.
- 12 In 2023, a subsidiary of the Company acquired a 100% equity interest in Jiaxing Mingzhou, resulting in goodwill of RMB32,669,000. The Company allocated the goodwill to the main asset group of Jiaxing Mingzhou. The recoverable amount of Jiaxing Mingzhou has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.04%, 15.22% and 15.67%, respectively. The growth rates used to extrapolate the cash flows of Jiaxing Mingzhou beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of each of the Relevant Periods.
- 13 In 2023, a subsidiary of the Company acquired a 100% equity interest in Quzhou Mingzhou, resulting in goodwill of RMB65,073,000. The Company allocated the goodwill to the main asset group of Quzhou Mingzhou. The recoverable amount of Quzhou Mingzhou has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 15.05%, 15.02% and 15.34%, respectively. The growth rates used to extrapolate the cash flows of Quzhou Mingzhou beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of 2023 and 2024. The carrying amount of Quzhou Mingzhou Rehabilitation was impaired by RMB22,997,000 during the year ended December 31, 2025. Consequently, the carrying amount of goodwill was written down by RMB22,997,000. The impairment loss recognized was included in “Impairment losses on goodwill” in the consolidated statement of profit or loss and other comprehensive income.
- 14 In 2023, a subsidiary of the Company acquired a 100% equity interest in Quanzhou Mingzhou Rehabilitation, resulting in goodwill of RMB106,469,000. The Company allocated the goodwill to the main asset group of Quanzhou Mingzhou Rehabilitation. The recoverable amount of Quanzhou Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and

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2025 were 15.08%, 15.02% and 15.76%, respectively. The growth rates used to extrapolate the cash flows of Quanzhou Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of each of the Relevant Periods.

- 15 In 2023, a subsidiary of the Company acquired a 100% equity interest in Yuyao Mingzhou Rehabilitation, resulting in goodwill of RMB79,409,000. The Company allocated the goodwill to the main asset group of Yuyao Mingzhou Rehabilitation. The recoverable amount of Yuyao Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2023, 2024 and 2025 were 14.96%, 14.91% and 15.29%, respectively. The growth rates used to extrapolate the cash flows of Yuyao Mingzhou Rehabilitation beyond the five-year period on December 31, 2023, 2024 and 2025 were nil, nil and nil, respectively. In the opinion of the directors, there was no impairment as at the end of each of the Relevant Periods.
- 16 In 2024, a subsidiary of the Company acquired a 65% equity interest in Guangzhou Mingzhou Rehabilitation, resulting in goodwill of RMB6,923,000. The Company allocated the goodwill to the main asset group of Guangzhou Mingzhou Rehabilitation. The recoverable amount of Guangzhou Mingzhou Rehabilitation has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections on December 31, 2024 and 2025 were 15.12% and 14.69%, respectively. The growth rates used to extrapolate the cash flows of Guangzhou Mingzhou Rehabilitation beyond the five-year period on December 31, 2024 and 2025 were nil and nil, respectively. In the opinion of the directors, there was no impairment as at December 31, 2024 and 2025.

Assumptions were used in the value-in-use calculation of the cash-generating unit for the years end December 31, 2023, 2024 and 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue compound growth rate — The basis used to determine the value assigned to the revenue compound growth rate is the company’s historical operating performance, growth rates, industry benchmarks, and management’s expectations regarding market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Xin Zhebei cash-generating unit

The following table sets forth the headroom of the Xin Zhebei cash-generating unit under impairment testing as of December 31, 2023, 2024 and 2025.

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	49,072	47,425	18,757

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Xin Zhebei cash-generating unit to exceed its recoverable amount as of December 31, 2023, 2024 and 2025.

Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023 and 2024.

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	3,503	4,368

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Sensitivity analysis

As of December 31, 2023, and 2024, management performed a sensitivity analysis to assess the changes in key assumptions required for the recoverable amount to equal the carrying amount of the cash-generating unit (including goodwill and long-term assets). Holding all other assumptions constant, the recoverable amount would equal the carrying amount if the revenue compound growth rate during the forecast periods was reduced, or the pre-tax discount rate was increased, as set out below:

	As at December 31,	
	2023	2024
	%	%
Change in revenue compound growth rate	0.27	0.40
Change in pre-tax discount rate	0.15	0.20

Based on the impairment testing and the recoverable amount of the Mingzhou Rehabilitation cash-generating unit, an impairment loss of goodwill of RMB109,573,000 was recognized in the consolidated profit or loss for the year ended December 31, 2025. The carrying amount of the goodwill of the Mingzhou Rehabilitation cash-generating unit was reduced to RMB158,006,000 as at December 31, 2025.

As the carrying amount of the Mingzhou Rehabilitation cash-generating unit was reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Wenzhou Shenlan cash-generating unit

Based on the impairment testing and the recoverable amount of the Wenzhou Shenlan cash-generating unit, impairment losses of goodwill of RMB43,245,000, RMB13,604,000 and RMB5,022,000 were recognized in the consolidated profit or loss for the years ended December 31, 2023, 2024 and 2025, respectively. The carrying amounts of the goodwill of the Wenzhou Shenlan cash-generating unit were reduced to RMB32,319,000, RMB18,715,000 and RMB13,693,000 as at December 31, 2023, 2024 and 2025, respectively.

As the carrying amount of the Wenzhou Shenlan cash-generating unit were reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Nanchang Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Nanchang Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023 and 2024.

	Year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	65,226	8,740

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Nanchang Mingzhou Rehabilitation cash-generating unit to exceed its recoverable amount as of December 31, 2023.

Sensitivity analysis

As of December 31, 2024, management performed a sensitivity analysis to assess the changes in key assumptions required for the recoverable amount to equal the carrying amount of the cash-generating unit (including goodwill and long-term assets). Holding all other assumptions constant, the recoverable amount would equal the carrying amount if the revenue compound growth rate during the forecast periods was reduced, or the pre-tax discount rate was increased, as set out below:

	As at December 31, 2024	
	%	
Change in revenue compound growth rate	1.8	
Change in pre-tax discount rate	1.08	

Based on the impairment testing and the recoverable amount of the Nanchang Mingzhou Rehabilitation cash-generating unit, an impairment loss of goodwill of RMB41,412,000 was recognized in the consolidated profit or loss for the year ended December 31, 2025. The carrying amount of the goodwill of the Nanchang Mingzhou Rehabilitation cash-generating unit was reduced to RMB34,950,000 as of December 31, 2025.

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As the carrying amount of the Nanchang Mingzhou Rehabilitation cash-generating unit was reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Hangzhou Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Hangzhou Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023 and 2024.

	Year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	13,068	26,972

Sensitivity analysis

As of December 31, 2023, management performed a sensitivity analysis to assess the changes in key assumptions required for the recoverable amount to equal the carrying amount of the cash-generating unit (including goodwill and long-term assets). Holding all other assumptions constant, the recoverable amount would equal the carrying amount if the revenue compound growth rate during the forecast periods was reduced, or the pre-tax discount rate was increased, as set out below:

	As at December 31, 2023
	%
Change in revenue compound growth rate	0.91
Change in pre-tax discount rate	0.56

Based on the impairment testing and the recoverable amount of the Hangzhou Mingzhou Rehabilitation cash-generating unit, an impairment loss of goodwill of RMB22,828,000 was recognized in the consolidated profit or loss for the year ended December 31, 2025. The carrying amount of the goodwill of the Hangzhou Mingzhou Rehabilitation cash-generating unit was reduced to RMB250,944,000 as at December 31, 2025.

As the carrying amount of the Hangzhou Mingzhou Rehabilitation cash-generating unit was reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Wuhan Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Wuhan Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023 and 2024.

	Year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	136,182	149,183

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Wuhan Mingzhou Rehabilitation cash-generating unit to exceed its recoverable amount as of December 31, 2023 and 2024.

Based on the impairment testing and the recoverable amount of the Wuhan Mingzhou Rehabilitation cash-generating unit, an impairment loss of goodwill of RMB24,218,000 was recognized in the consolidated profit or loss for the year ended December 31, 2025. The carrying amount of the goodwill of the Wuhan Mingzhou Rehabilitation cash-generating unit was reduced to RMB102,765,000 as at December 31, 2025.

As the carrying amount of the Wuhan Mingzhou Rehabilitation cash-generating unit was reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

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Nanjing Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Nanjing Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023, 2024 and 2025.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	103,990	70,743	4,950

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Nanjing Mingzhou Rehabilitation cash-generating unit to exceed its recoverable amount as of December 31, 2023 and 2024.

Sensitivity analysis

As of December 31, 2025, management performed a sensitivity analysis to assess the changes in key assumptions required for the recoverable amount to equal the carrying amount of the cash-generating unit (including goodwill and long-term assets). Holding all other assumptions constant, the recoverable amount would equal the carrying amount if the revenue compound growth rate during the forecast periods was reduced, or the pre-tax discount rate was increased, as set out below:

	As at December 31, 2025
	%
Change in revenue compound growth rate	0.98
Change in pre-tax discount rate	0.68

Ningbo Beilun Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Ningbo Beilun Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023 and 2024.

	Year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	31,477	22,933

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Ningbo Beilun Mingzhou Rehabilitation cash-generating unit to exceed its recoverable amount as of December 31, 2023 and 2024.

Based on the impairment testing and the recoverable amount of the Ningbo Beilun Mingzhou Rehabilitation cash-generating unit, an impairment loss of goodwill of RMB13,461,000 was recognized in the consolidated profit or loss for the year ended December 31, 2025. The carrying amount of the goodwill of the Ningbo Beilun Mingzhou Rehabilitation cash-generating unit was reduced to RMB71,557,000 as at December 31, 2025.

As the carrying amount of the Ningbo Beilun Mingzhou Rehabilitation cash-generating unit was reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Changzhou Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Changzhou Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023 and 2024.

	Year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	170,026	141,536

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Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Changzhou Mingzhou Rehabilitation cash-generating unit to exceed its recoverable amount as of December 31, 2023 and 2024.

Based on the impairment testing and the recoverable amount of the Changzhou Mingzhou Rehabilitation cash-generating unit, an impairment loss of goodwill of RMB98,457,000 was recognized in the consolidated profit or loss for the year ended December 31, 2025. The carrying amount of the goodwill of the Changzhou Mingzhou Rehabilitation cash-generating unit was reduced to nil as at December 31, 2025.

As the carrying amount of the Changzhou Mingzhou Rehabilitation cash-generating unit was reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Changsha Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Changsha Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023 and 2024.

	Year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	23,360	31,482

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Changsha Mingzhou Rehabilitation cash-generating unit to exceed its recoverable amount as of December 31, 2023 and 2024.

Based on the impairment testing and the recoverable amount of the Changsha Mingzhou Rehabilitation cash-generating unit, an impairment loss of goodwill of RMB17,897,000 was recognized in the consolidated profit or loss for the year ended December 31, 2025. The carrying amount of the goodwill of the Changsha Mingzhou Rehabilitation cash-generating unit was reduced to RMB83,235,000 as at December 31, 2025.

As the carrying amount of the Changsha Mingzhou Rehabilitation cash-generating unit was reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Zhebei Mingzhou cash-generating unit

The following table sets forth the headroom of the Zhebei Mingzhou cash-generating unit under impairment testing as of December 31, 2023, 2024 and 2025.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	11,478	14,805	21,236

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Zhebei Mingzhou cash-generating unit to exceed its recoverable amount as of December 31, 2023, 2024 and 2025.

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Jiaxing Mingzhou cash-generating unit

The following table sets forth the headroom of the Jiaxing Mingzhou cash-generating unit under impairment testing as of December 31, 2023, 2024 and 2025.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	12,369	6,762	1,231

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Jiaxing Mingzhou cash-generating unit to exceed its recoverable amount as of December 31, 2023 and 2024.

Sensitivity analysis

As of December 31, 2025, management performed a sensitivity analysis to assess the changes in key assumptions required for the recoverable amount to equal the carrying amount of the cash-generating unit (including goodwill and long-term assets). Holding all other assumptions constant, the recoverable amount would equal the carrying amount if the revenue compound growth rate during the forecast periods was reduced, or the pre-tax discount rate was increased, as set out below:

	As at December 31, 2025
	%
Change in revenue compound growth rate	0.79
Change in pre-tax discount rate	0.49

Quzhou Mingzhou cash-generating unit

The following table sets forth the headroom of the Quzhou Mingzhou cash-generating unit under impairment testing as of December 31, 2023 and 2024.

	Year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	46,378	20,074

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Quzhou Mingzhou cash-generating unit to exceed its recoverable amount as of December 31, 2023 and 2024.

Based on the impairment testing and the recoverable amount of the Quzhou Mingzhou cash-generating unit, an impairment loss of goodwill of RMB22,997,000 was recognized in the consolidated profit or loss for the year ended December 31, 2025. The carrying amount of the goodwill of the Quzhou Mingzhou cash-generating unit was reduced to RMB42,076,000 as at December 31, 2025.

As the carrying amount of the Quzhou Mingzhou cash-generating unit was reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Quanzhou Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Quanzhou Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023, 2024 and 2025.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	9,444	6,163	4,286

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Sensitivity analysis

As of December 31, 2023, 2024 and 2025, management performed a sensitivity analysis to assess the changes in key assumptions required for the recoverable amount to equal the carrying amount of the cash-generating unit (including goodwill and long-term assets). Holding all other assumptions constant, the recoverable amount would equal the carrying amount if the revenue compound growth rate during the forecast periods was reduced, or the pre-tax discount rate was increased, as set out below:

	As at December 31,		
	2023	2024	2025
	%	%	%
Change in revenue compound growth rate	1.88	1.50	0.85
Change in pre-tax discount rate	1.20	0.75	0.56

Yuyao Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Yuyao Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2023, 2024 and 2025.

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	12,188	21,088	1,808

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Yuyao Mingzhou Rehabilitation cash-generating unit to exceed its recoverable amount as of December 31, 2023 and 2024.

Sensitivity analysis

As of December 31, 2025, management performed a sensitivity analysis to assess the changes in key assumptions required for the recoverable amount to equal the carrying amount of the cash-generating unit (including goodwill and long-term assets). Holding all other assumptions constant, the recoverable amount would equal the carrying amount if the revenue compound growth rate during the forecast periods was reduced, or the pre-tax discount rate was increased, as set out below:

	As at December 31, 2025
	%
Change in revenue compound growth rate	0.42
Change in pre-tax discount rate	0.22

Guangzhou Mingzhou Rehabilitation cash-generating unit

The following table sets forth the headroom of the Guangzhou Mingzhou Rehabilitation cash-generating unit under impairment testing as of December 31, 2024 and 2025.

	Year ended December 31,	
	2024	2025
	RMB’000	RMB’000
Recoverable amount of the cash-generating unit exceeds its carrying amount by	8,157	23,821

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Guangzhou Mingzhou Rehabilitation cash-generating unit to exceed its recoverable amount as of December 31, 2024 and 2025.

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18. INTANGIBLE ASSETS

	Software	Patent	Non-patented technology	Total
	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2023				
At January 1, 2023:				
Cost	76,664	–	38,436	115,100
Accumulated amortization	(33,091)	–	(28,528)	(61,619)
Net carrying amount	<u>43,573</u>	<u>–</u>	<u>9,908</u>	<u>53,481</u>
At January 1, 2023, net of accumulated amortization and impairment	43,573	–	9,908	53,481
Additions	3,753	–	720	4,473
Transfers	5,747	–	–	5,747
Additions from business combinations (note 42)	8,916	431	–	9,347
Amortization provided during the year	(9,070)	(32)	(3,528)	(12,630)
Disposals	(128)	–	–	(128)
Exchange realignment	–	–	144	144
At December 31, 2023, net of accumulated amortization and impairment	<u>52,791</u>	<u>399</u>	<u>7,244</u>	<u>60,434</u>
At December 31, 2023:				
Cost	99,003	465	40,588	140,056
Accumulated amortization	(46,212)	(66)	(33,344)	(79,622)
Net carrying amount	<u>52,791</u>	<u>399</u>	<u>7,244</u>	<u>60,434</u>
	Software	Patent	Non-patented technology	Total
	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2024				
At January 1, 2024:				
Cost	99,003	465	40,588	140,056
Accumulated amortization	(46,212)	(66)	(33,344)	(79,622)
Net carrying amount	<u>52,791</u>	<u>399</u>	<u>7,244</u>	<u>60,434</u>
At January 1, 2024, net of accumulated amortization and impairment	52,791	399	7,244	60,434
Additions	16,069	–	180	16,249
Amortization provided during the year	(10,379)	(53)	(5,318)	(15,750)
Disposals	(197)	–	–	(197)
Exchange realignment	–	–	(535)	(535)
At December 31, 2024, net of accumulated amortization and impairment	<u>58,284</u>	<u>346</u>	<u>1,571</u>	<u>60,201</u>
At December 31, 2024:				
Cost	114,690	465	37,584	152,739
Accumulated amortization	(56,406)	(119)	(36,013)	(92,538)
Net carrying amount	<u>58,284</u>	<u>346</u>	<u>1,571</u>	<u>60,201</u>

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	Software	Patent	Non-patented technology	Total
	RMB’000	RMB’000	RMB’000	RMB’000
December 31, 2025				
At January 1, 2025:				
Cost	114,690	465	37,584	152,739
Accumulated amortization	(56,406)	(119)	(36,013)	(92,538)
Net carrying amount	<u>58,284</u>	<u>346</u>	<u>1,571</u>	<u>60,201</u>
At January 1, 2025, net of accumulated amortization and impairment	58,284	346	1,571	60,201
Additions	8,977	–	208	9,185
Amortization provided during the year	(11,953)	(52)	(223)	(12,228)
Disposals	(1,374)	(25)	–	(1,399)
Exchange realignment	1	–	92	93
Transfers	<u>4,559</u>	<u>–</u>	<u>–</u>	<u>4,559</u>
At December 31, 2025, net of accumulated amortization and impairment	<u>58,494</u>	<u>269</u>	<u>1,648</u>	<u>60,411</u>
At December 31, 2025:				
Cost	125,778	435	31,226	157,439
Accumulated amortization	(67,284)	(166)	(29,578)	(97,028)
Net carrying amount	<u>58,494</u>	<u>269</u>	<u>1,648</u>	<u>60,411</u>

19. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

(i) Investments in associates

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Share of net assets	2,458,591	2,586,669	2,637,746
Goodwill on acquisition	146,915	146,915	146,915
Other adjustments*	(176,673)	(154,114)	(120,121)
	<u>2,428,833</u>	<u>2,579,470</u>	<u>2,664,540</u>

* According to the partnership agreement of Aux Kaiyun, the partnership shall prioritize the distribution of investment returns to the priority limited partner. In the event of insufficient liquidity, the partnership may borrow from the subordinate limited partners to cover the shortfall. After the actual distributed investment returns to each priority limited partner have reached the returns stipulated in the supplementary agreement of this partnership agreement, if there are any remaining distributable funds (hereinafter referred to as the “Remaining Distributable Funds”), such funds shall be allocated as follows: 20% shall be distributed to the intermediate limited partners, and the remaining 80% shall be distributed between the subordinate limited partners (80%) and the general partner (20%) according to the respective ratios. The Company’s subsidiary, as the intermediate limited partner, is entitled to 20% of the Remaining Distributable Funds.

Particulars of the Group’s material associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Ningbo Aux Kaiyun Medical Investment Partnership (L.P.) (“寧 波奧克斯開雲醫療投資 合夥企業(有限合夥)” (“Aux Kaiyun”)	Registered paid-in capital of RMB1 each	PRC/Chinese Mainland	34.67%	Investment
Ningbo Yinzhou Rural Commercial Bank Co., Ltd. (“寧波鄞州農村商 業銀行股份有限公司”) .	Registered paid-in capital of RMB1 each	PRC/Chinese Mainland	3.27%	Commercial banking

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Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Ningbo Commerce Bank Company Limited (“寧波通商銀行股份有限公司”)	Registered paid-in capital of RMB1 each	PRC/Chinese Mainland	9.00%	Commercial banking

The English names of the companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not have any official English names.

The Group is able to exercise significant influence over these companies through its representation on the board of directors, with the power to participate in the financial and operating policy decisions, but do not have control or joint control over these companies. Accordingly, these companies are regarded as associates of the Group.

The above three associates, which are considered material associates of the Group, are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of the associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

Aux Kaiyun:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	258,659	9,819	11,476
Other current assets	1,527,046	1,627,256	1,400,655
Current liabilities	(33,299)	(38,455)	(45,214)
Net assets	<u>1,752,406</u>	<u>1,598,620</u>	<u>1,366,917</u>
	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Reconciliation to the Group’s interest in the associate:			
Proportion of the Group’s ownership	34.67%	34.67%	34.67%
Group’s share of net assets of the associate, excluding goodwill	607,559	554,242	473,910
Adjusted items	(176,673)	(154,114)	(120,121)
Carrying amount of the investment	<u>430,886</u>	<u>400,128</u>	<u>353,789</u>
Revenue	–	–	–
Profit and total comprehensive income/(loss) for the year . .	<u>313,962</u>	<u>72,855</u>	<u>(225,080)</u>

Ningbo Yinzhou Rural Commercial Bank Co., Ltd.:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	40,964,428	46,814,254	52,961,453
Other current assets	21,473,384	25,313,569	8,795,900
Non-current assets	201,391,129	211,441,240	235,073,860
Current liabilities	(230,251,530)	(251,234,249)	(263,682,243)
Non-current liabilities	(10,193,517)	(7,442,971)	(7,089,859)
Net assets	<u>23,383,894</u>	<u>24,891,843</u>	<u>26,059,111</u>
Attributable to:			
Owners of the parent	22,583,273	23,938,493	25,077,366
Non-controlling interests	800,621	953,350	981,745

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Proportion of the Group’s ownership	3.27%	3.27%	3.27%
Group’s share of net assets of the associate, excluding goodwill	738,473	782,789	820,030
Carrying amount of the investment	<u>738,473</u>	<u>782,789</u>	<u>820,030</u>
Revenue	5,204,388	5,749,553	5,776,548
Income tax	316,039	377,353	302,632
Profit for the year	1,874,565	1,913,356	1,836,890
Other comprehensive income/(loss)	65,204	71,825	(258,926)
Total comprehensive income for the year	<u>1,939,769</u>	<u>1,985,181</u>	<u>1,577,964</u>
Attributable to:			
Owners of the parent	1,844,584	1,826,447	1,533,703
Non-controlling interests	95,185	158,734	44,261
Dividend received	<u>10,820</u>	<u>10,820</u>	<u>9,738</u>

Ningbo Commerce Bank Company Limited:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	17,468,263	17,671,510	20,065,280
Other current assets	6,798,079	6,826,746	7,192,033
Non-current assets	130,949,644	149,154,901	162,480,240
Current liabilities	(112,166,332)	(129,122,388)	(147,310,564)
Non-current liabilities	(30,687,885)	(30,645,898)	(27,495,816)
Net assets	<u>12,361,769</u>	<u>13,884,871</u>	<u>14,931,173</u>

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Proportion of the Group’s ownership	9.00%	9.00%	9.00%
Group’s share of net assets of the associate, excluding goodwill	1,112,559	1,249,638	1,343,806
Goodwill on acquisition of the associate	146,915	146,915	146,915
Carrying amount of the investment	<u>1,259,474</u>	<u>1,396,553</u>	<u>1,490,721</u>
Revenue	3,457,133	3,809,172	3,938,745
Income tax	120,152	173,462	200,246
Profit for the year	1,222,742	1,360,372	1,512,702
Other comprehensive income/(loss)	348,111	563,591	(528,598)
Total comprehensive income for the year	<u>1,570,853</u>	<u>1,923,963</u>	<u>984,104</u>
Dividend received	<u>25,839</u>	<u>29,597</u>	<u>32,886</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	<u>1,997,947</u>	<u>2,179,342</u>	<u>2,310,751</u>

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Particulars of the Company’s material associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Ningbo Yinzhou Rural Commercial Bank Co., Ltd. (“寧波鄞州農村商業銀行股份有限公司”)	Registered paid-in capital of RMB1 each	PRC/Chinese Mainland	3.27%	Finance
Ningbo Commerce Bank Company Limited (“寧波通商銀行股份有限公司”)	Registered paid-in capital of RMB1 each	PRC/Chinese Mainland	9.00%	Finance

The summarized financial information in respect of these two associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements is the same as that of the Group.

(ii) Investments in subsidiaries

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments, at cost	6,205,933	6,232,535	6,234,810

Particulars of the Company’s principal subsidiaries are included in note 1 to the Historical Financial Information.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Value-added-tax recoverable	159,636	210,910	217,793
Prepayments	258,079	196,295	196,080
Deposits and other receivables	93,421	136,016	162,968
Finance lease receivables	196,653	82,079	40,652
Consideration receivable for disposal of a subsidiary	58,289	38,403	8,390
Others	—	18,927	—
	766,078	682,630	625,883
Impairment allowance	(87,893)	(96,946)	(64,846)
	678,185	585,684	561,037
Non-current			
Finance lease receivables	6,619	—	—
Prepayments for investment	500	—	50,000
Consideration receivable for disposal of a subsidiary	21,614	—	—
Prepayments for equipment	20,140	151,286	183,796
	48,873	151,286	233,796
Impairment allowance	(1,162)	—	—
	47,711	151,286	233,796

Impairment of other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit losses.

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Reconciliation of the allowance for deposits and other receivables is as follows:

As at December 31, 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	8,151	94,819	731	103,701
Impairment (reversal)/loss	2,498	(13,781)	752	(10,531)
Amounts written off as uncollectible	(4,115)	–	–	(4,115)
As at December 31, 2023	<u>6,534</u>	<u>81,038</u>	<u>1,483</u>	<u>89,055</u>

As at December 31, 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	6,535	81,038	1,483	89,055
Impairment loss	5,917	942	1,032	7,891
As at December 31, 2024	<u>12,452</u>	<u>81,980</u>	<u>2,515</u>	<u>96,946</u>

As at December 31, 2025

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	12,451	81,980	2,515	96,946
Impairment loss/(reversal)	7,320	(39,246)	1,450	(30,476)
Amounts written off as uncollectible	–	–	(1,624)	(1,624)
As at December 31, 2025	<u>19,771</u>	<u>42,734</u>	<u>2,341</u>	<u>64,846</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Value-added-tax recoverable	–	12,104	5,020
Prepayments	45,979	21,441	21,959
Deposits and other receivables	4,428	2,755	3,070
	<u>50,407</u>	<u>36,300</u>	<u>30,049</u>
Impairment allowance	(924)	(521)	(575)
	<u>49,483</u>	<u>35,779</u>	<u>29,474</u>
Non-current			
Prepayments for investment	–	–	50,000
Prepayments for equipment	1,306	6,864	11,669
	<u>1,306</u>	<u>6,864</u>	<u>61,669</u>

Impairment of other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit losses.

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Reconciliation of the allowance for deposits and other receivables is as follows:

As at December 31, 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	291	328	143	762
Impairment (reversal)/loss	(278)	133	307	162
As at December 31, 2023	<u>13</u>	<u>461</u>	<u>450</u>	<u>924</u>

As at December 31, 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	13	461	450	924
Impairment loss/(reversal)	(2)	(424)	23	(403)
As at December 31, 2024	<u>11</u>	<u>37</u>	<u>473</u>	<u>521</u>

As at December 31, 2025

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	11	37	473	521
Impairment (reversal)/loss	80	(22)	(4)	54
As at December 31, 2025	<u>91</u>	<u>15</u>	<u>469</u>	<u>575</u>

21. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	2,685,050	3,296,484	3,500,172
Raw materials	392,664	473,472	550,971
Work in progress	64,582	175,375	126,228
Contract fulfillment costs	53,752	55,464	66,585
Medical supplies	60,590	76,339	59,097
	<u>3,256,638</u>	<u>4,077,134</u>	<u>4,303,053</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	263,862	219,170	262,284
Raw materials	2,385	3,931	4,131
Work in progress	4,554	7,799	11,218
Contract fulfillment costs	784	1,175	2,094
	<u>271,585</u>	<u>232,075</u>	<u>279,727</u>

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22. CONTRACT ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract assets arising from:			
Sales of smart power distribution, smart power utilization and new energy products	395,911	517,109	626,091
Impairment allowance	(19,905)	(27,312)	(37,236)
Net carrying amount	<u>376,006</u>	<u>489,797</u>	<u>588,855</u>

Contract assets are initially recognized for revenue earned from the sales of smart power distribution, smart power utilization and new energy products when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Included in contract assets are retention receivables. Upon expiration of the warranty period without any product quality issues, the amounts recognized as contract assets are reclassified to trade receivables. The increase in contract assets from 2023 to 2025 was the result of the increase in the ongoing sales of smart power distribution, smart power utilization and new energy products during the Relevant Periods.

The expected timing of recovery or settlement for contract assets as at the end of each of the Relevant Periods, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	182,699	165,131	220,631
After one year	193,307	324,666	368,224
Total contract assets	<u>376,006</u>	<u>489,797</u>	<u>588,855</u>

The movements in the loss allowance for impairment of contract assets are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	17,569	19,905	27,312
Impairment losses, net	2,336	7,408	9,929
Amount written off as uncollectible	—	(1)	(5)
At end of year	<u>19,905</u>	<u>27,312</u>	<u>37,236</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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.

Set out below is the information about the credit risk exposure on the Group’s contract assets using a provision matrix:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Expected credit loss rate	5.03%	5.28%	5.95%
Gross carrying amount	395,911	517,109	626,091
Expected credit losses	19,905	27,312	37,236

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract assets arising from:			
Sales of smart power distribution and smart power utilization products	151,349	119,058	119,434
Impairment allowance	(7,567)	(5,953)	(5,972)
Net carrying amount	<u>143,782</u>	<u>113,105</u>	<u>113,462</u>

The expected timing of recovery or settlement for contract assets as at the end of each of the Relevant Periods is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	90,682	29,564	19,697
After one year	53,100	83,541	93,765
Total contract assets	<u>143,782</u>	<u>113,105</u>	<u>113,462</u>

The movements in the loss allowance for impairment of contract assets are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	6,212	7,567	5,953
Impairment losses, net	1,355	(1,614)	19
At end of year	<u>7,567</u>	<u>5,953</u>	<u>5,972</u>

Set out below is the information about the credit risk exposure on the Company’s contract assets using a provision matrix:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Expected credit loss rate	5.00%	5.00%	5.00%
Gross carrying amount	151,349	119,058	119,434
Expected credit losses	7,567	5,953	5,972

23. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	2,321,144	3,183,229	3,202,655
Bills receivable	200,182	309,420	278,131
Impairment	(131,156)	(153,227)	(221,746)
Trade and bills receivables	<u>2,390,170</u>	<u>3,339,422</u>	<u>3,259,040</u>

The Group’s trading terms with its customers are mainly on credit. The credit terms are generally one to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing. Bills receivable are aged within six months.

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An ageing analysis of the Group’s trade and bills receivables, based on the revenue recognition date and net of loss allowance, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	2,327,281	3,263,420	3,131,037
1 to 2 years	56,065	52,137	122,302
2 to 3 years	6,824	23,865	5,701
Total	<u>2,390,170</u>	<u>3,339,422</u>	<u>3,259,040</u>

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

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	108,378	131,156	153,227
Impairment losses, net	22,170	23,598	69,480
Amounts written off as uncollectible	(361)	(1,527)	(961)
Others	969	—	—
At end of year	<u>131,156</u>	<u>153,227</u>	<u>221,746</u>

For trade and bills receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. To measure the expected credit losses, trade receivables have been assessed on an individual basis for debtors with severe financial difficulty, or by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience, based on the ageing of the trade and bills receivables, adjusted as appropriate to reflect current and forward-looking information.

As at December 31, 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB’000	RMB’000	RMB’000
Provision on a collective basis:				
Aged within 1 year	0.19%	2,331,626	(4,345)	2,327,281
Aged 1 to 2 years	31.67%	82,054	(25,989)	56,065
Aged 2 to 3 years	61.66%	17,797	(10,973)	6,824
Aged over 3 years	100.00%	8,671	(8,671)	—
Provision on an individual basis	100.00%	81,178	(81,178)	—
		<u>2,521,326</u>	<u>(131,156)</u>	<u>2,390,170</u>

As at December 31, 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB’000	RMB’000	RMB’000
Provision on a collective basis:				
Aged within 1 year	0.12%	3,267,416	(3,996)	3,263,420
Aged 1 to 2 years	28.95%	73,377	(21,240)	52,137
Aged 2 to 3 years	55.18%	53,241	(29,376)	23,865
Aged over 3 years	100.00%	12,388	(12,388)	—
Provision on an individual basis	100.00%	86,227	(86,227)	—
		<u>3,492,649</u>	<u>(153,227)</u>	<u>3,339,422</u>

As at December 31, 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB’000	RMB’000	RMB’000
Provision on a collective basis:				
Aged within 1 year	0.55%	3,148,319	(17,282)	3,131,037
Aged 1 to 2 years	29.95%	174,587	(52,285)	122,302

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	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Aged 2 to 3 years	60.00%	14,251	(8,550)	5,701
Aged over 3 years	100.00%	28,839	(28,839)	–
Provision on an individual basis	100.00%	114,790	(114,790)	–
		<u>3,480,786</u>	<u>(221,746)</u>	<u>3,259,040</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	235,996	252,007	261,354
Bills receivable	9,518	133,639	1,054
Impairment	(6,531)	(3,948)	(4,977)
Trade and bills receivables	<u>238,983</u>	<u>381,698</u>	<u>257,431</u>

An ageing analysis of the Company’s trade and bills receivables, based on the revenue recognition date and net of loss allowance, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	234,190	379,241	253,770
1 to 2 years	2,068	2,275	3,653
2 to 3 years	2,725	182	8
Total	<u>238,983</u>	<u>381,698</u>	<u>257,431</u>

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

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	6,132	6,531	3,948
Impairment losses, net	399	(2,583)	1,029
At end of year	<u>6,531</u>	<u>3,948</u>	<u>4,977</u>

As at December 31, 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Provision on a collective basis:				
Aged within 1 year	0.27%	234,832	(642)	234,190
Aged 1 to 2 years	29.99%	2,954	(886)	2,068
Aged 2 to 3 years	60.00%	6,812	(4,087)	2,725
Aged over 3 years	100.00%	916	(916)	–
		<u>245,514</u>	<u>(6,531)</u>	<u>238,983</u>

As at December 31, 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Provision on a collective basis:				
Aged within 1 year	0.47%	381,048	(1,807)	379,241
Aged 1 to 2 years	29.99%	3,251	(976)	2,275
Aged 2 to 3 years	60.00%	455	(273)	182

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	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Aged over 3 years	100.00%	892	(892)	—
		<u>385,646</u>	<u>(3,948)</u>	<u>381,698</u>

As at December 31, 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Provision on a collective basis:				
Aged within 1 year	1.09%	256,570	(2,800)	253,770
Aged 1 to 2 years	29.99%	5,218	(1,565)	3,653
Aged 2 to 3 years	57.89%	19	(11)	8
Aged over 3 years	100.00%	601	(601)	—
		<u>262,408</u>	<u>(4,977)</u>	<u>257,431</u>

24. RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills receivable at fair value through other comprehensive income	<u>166,045</u>	<u>218,532</u>	<u>236,175</u>

All these bills receivable at fair value through other comprehensive income are aged within six months.

25. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognized in their entirety

At December 31, 2023, 2024 and 2025, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the “Endorsed Bills”) with carrying amounts of RMB143,315,000, RMB170,577,000 and RMB179,412,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the Company’s directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognize the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate amounts of the trade payables settled by the Endorsed Bills to which the suppliers have recourse were RMB509,662,000, RMB513,984,000 and RMB708,612,000 during the years ended December 31, 2023, 2024 and 2025, respectively.

Transferred financial assets that are derecognized in their entirety

At December 31, 2023, 2024 and 2025, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB2,162,317,000, RMB708,010,000 and RMB718,094,000, respectively. The Derecognized Bills had a maturity of one to six months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized Bills, including the Group, disregarding the order of precedence (the “Continuing Involvement”). In the opinion of the Company’s directors, the risk of the Group being claimed by the holders of the Derecognized Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognized Bills are not significant.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Assets:			
Commodity futures contracts	2,262	—	159
Forward currency contracts	<u>—</u>	<u>—</u>	<u>59</u>
Total	<u>2,262</u>	<u>—</u>	<u>218</u>

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Liabilities:			
Commodity futures contracts	—	18,927	—
Foreign exchange option	—	3,754	432
	—	22,681	432
	—		

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as “held for trading” for accounting purposes and are accounted for as financial assets at fair value through profit or loss.

Cash flow hedge — futures contracts for the purchase of copper

Futures contracts for the purchase of copper are designated as hedging instruments in cash flow hedges of forecast purchases of copper. These forecast transactions are highly probable. There is an economic relationship between the hedged items and the hedging instruments as the terms of the futures contracts for the purchase of copper match the terms of the expected highly probable forecast transactions. To measure the hedge effectiveness, the Group compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

During the years ended December 31, 2023, 2024, and 2025, the effective portions of the hedges recognized in profit or loss for the period were RMB10,127,000, RMB16,223,000, and RMB(455,000), respectively, and the ineffective portions recognized in investment income amounted to RMB3,028,000, RMB15,579,000, and RMB(3,807,000), respectively.

Cash flow hedge — foreign currency risk

The Group’s exposure to foreign exchange risk primarily arises from financial assets and liabilities denominated in United States dollars and Euro. The Group continuously monitors the volume of foreign currency transactions as well as the size of foreign currency assets and liabilities, in order to minimize its foreign exchange risk exposure. In addition, the Group may enter into forward foreign exchange contracts or currency swap agreements to hedge against foreign exchange risk. Forward foreign exchange contracts were entered into by the Group in 2023 and 2025.

For the years ended December 31, 2023 and 2025, the effective portions of the hedges recognized in profit or loss were RMB(7,750,000) and RMB352,000, respectively, and the ineffective portions recognized in investment income amounted to RMB(863,000) and nil, respectively.

All the other derivative instruments of the Group do not qualify for hedge accounting, thus, changes in the fair value of which are recognized immediately in “other income and gains” or “other expenses” in profit or loss.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets:			
Listed equity investments, at fair value*	28,358	28,036	35,042
Wealth management products**	25,366	801,574	529,138
	53,724	829,610	564,180
Non-current assets:			
Unlisted equity investments, at fair value	952,112	756,411	939,098
	1,005,836	1,586,021	1,503,278

* Listed equity investments represented equity securities listed on the Stock Exchange. The fair values of these investments were based on the quoted market prices at the end of each of the Relevant Periods.

** The above wealth management products issued by banks in Chinese Mainland are mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

28. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	5,042,686	4,140,697	5,059,387
Pledged deposits	410,252	398,471	366,080

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Subtotal	5,452,938	4,539,168	5,425,467
Less: Interest on short-term time deposits*	–	(8,663)	(11,472)
Pledged deposits for:			
Pledged deposits for bills payable	(143,304)	(95,892)	(71,202)
Pledged deposits for issuance of letter of guarantee	(254,118)	(292,387)	(280,275)
Pledged time deposit for performance bond	–	(1,529)	–
Pledged deposits for forward exchange option	(12,830)	–	–
Pledged deposits for futures contracts for the purchase of copper	–	–	(3,131)
Cash and cash equivalents	5,042,686	4,140,697	5,059,387
Denominated in:			
RMB	4,725,470	3,381,952	3,906,058
USD	49,734	292,627	721,581
EUR	132,903	315,754	263,855
HKD	26,042	23,416	–
IDR	53,623	92,359	74,402
Others	54,914	34,589	93,491
	5,042,686	4,140,697	5,059,387

* The interest on short-term time deposits was nil, RMB8,663,000 and 11,472,000 as at December 31, 2023, 2024 and 2025, respectively, with all such deposits denominated in RMB.

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	488,367	739,038	921,860
Pledged deposits	63,772	74,449	93,857
Subtotal	552,139	813,487	1,015,717
Less:			
Pledged deposits for:			
Pledged deposit for issuance of letter of guarantee	(63,772)	(74,449)	(93,857)
Cash and cash equivalents	488,367	739,038	921,860
Denominated in:			
RMB	486,086	714,314	864,500
USD	1,143	18,321	57,330
EUR	1,102	6,137	3
Others	36	266	27
	488,367	739,038	921,860

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29. DEFERRED TAX

(a) Deferred tax assets

The movements in deferred tax assets of the Group during each of the Relevant Periods are as follows:

	Impairment of non-financial assets	Impairment of financial assets	Fair value adjustments of derivative financial instruments	Fair value adjustments of financial assets at FVTPL	Warranty provision	Employee benefits	Accrued expenses	Deferred income	Lease liabilities	Losses available for offsetting against future taxable profits	Unrealized profit from intra-group transactions	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
As at January 1, 2023	5,393	40,730	1,435	6,250	17,588	34,390	765	34,422	122,130	17,901	19,050	18,268	318,322
Deferred tax (charged)/credited to the statement of profit or loss during the year (<i>note II</i>)	(755)	(374)	(1,435)	–	10,039	14,835	(269)	(1,205)	99,583	52,992	9,227	4,649	187,287
As at December 31, 2023 and January 1, 2024	4,638	40,356	–	6,250	27,627	49,225	496	33,217	221,713	70,893	28,277	22,917	505,609
Deferred tax credited/(charged) to the statement of profit or loss during the year (<i>note II</i>)	6,434	5,278	3,402	42,947	18,417	10,672	39	(2,420)	74,209	53,115	(1,551)	(11,185)	199,357
As at December 31, 2024 and January 1, 2025	11,072	45,634	3,402	49,197	46,044	59,897	535	30,797	295,922	124,008	26,726	11,732	704,966
Deferred tax (charged)/credited to the statement of profit or loss during the year (<i>note II</i>)	11,846	(425)	(3,337)	(5,672)	(10,185)	(11,287)	(535)	3,148	(36,720)	6,097	7,096	119	(39,855)
As at December 31, 2025	22,918	45,209	65	43,525	35,859	48,610	–	33,945	259,202	130,105	33,822	11,851	665,111

(b) Deferred tax liabilities

The movements in deferred tax liabilities of the Group during each of the Relevant Periods are as follows:

	Fair value adjustments arising from acquisition of subsidiaries	Temporary differences in depreciation of fixed assets	Fair value adjustments of derivative financial instruments	Fair value adjustments of financial assets at FVTPL	Share of profits and losses of associates	Temporary differences related to embedded software	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	1,109	1,136	856	36,592	44,854	–	109,276	7,688	201,511
Deferred tax charged/(credited) to the statement of profit or loss during the year (<i>note II</i>)	4,668	(123)	(856)	24,119	15,367	8,740	87,485	(744)	138,656
As at December 31, 2023 and January 1, 2024	5,777	1,013	–	60,711	60,221	8,740	196,761	6,944	340,167
Deferred tax charged/(credited) to the statement of profit or loss during the year (<i>note II</i>)	(2,678)	4	–	(29,387)	(34,430)	18,433	64,462	(6,844)	9,560
As at December 31, 2024 and January 1, 2025	3,099	1,017	–	31,324	25,791	27,173	261,223	100	349,727
Deferred tax charged/(credited) to the statement of profit or loss during the year (<i>note II</i>)	(1,855)	(322)	33	29,371	(11,585)	(27,173)	(36,825)	(100)	(48,456)
As at December 31, 2025	1,244	695	33	60,695	14,206	–	224,398	–	301,271

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

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statements of financial position	278,780	370,312	387,281
Net deferred tax liabilities recognized in the consolidated statements of financial position	113,338	15,073	23,441

The total amounts of tax losses at December 31, 2023, 2024 and 2025 were RMB526,682,000, RMB748,789,000 and RMB898,733,000, respectively, most of which were generated within Chinese Mainland.

The amounts of unrecognized tax losses as at December 31, 2023, 2024 and 2025 were RMB243,108,000, RMB252,533,000 and RMB285,090,000, respectively, which will expire in five to ten years for offsetting against future taxable profits of the subsidiaries in which the losses arose. The amounts of unrecognized temporary differences as at December 31, 2023, 2024 and 2025 were RMB19,801,000, RMB11,936,000 and RMB49,751,000, respectively. No deferred tax assets have been recognized in relation to these tax losses and temporary differences as it is not considered probable that taxable profit will be available against which these tax losses and temporary differences can be utilized.

30. TRADE AND BILLS PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	2,173,054	2,970,138	3,414,593
Bills payable	620,695	490,210	414,848
Total	2,793,749	3,460,348	3,829,441

The trade payables are non-interest-bearing and are normally settled on terms of one to three months.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	34,386	38,822	528,175
Bills payable	9,442	101,571	1,041
Total	43,828	140,393	529,216

The trade payables are non-interest-bearing and are normally settled on terms of one to three months.

31. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Payroll payables	653,215	642,620	561,849
Value-added tax payables	91,854	190,692	189,044
Other tax payables	44,620	55,717	69,551
Deposits	350,200	412,810	431,100
Equipment and construction payables	123,163	155,444	204,432
Accrued expenses	175,752	205,143	231,329
Obligation related to share-based payments	114,536	93,454	17,454
Consideration payable for acquiring non-controlling interests in a subsidiary	—	35,280	—
Others	142,434	199,092	107,691
	1,695,774	1,990,252	1,812,450

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Long-term employee benefits	1,683	2,034	2,295
Consideration payable for acquiring non-controlling interests in a subsidiary	–	32,821	7,303
Finance lease liabilities	4,268	4,126	2,373
	<u>5,951</u>	<u>38,981</u>	<u>11,971</u>

Other current payables are unsecured, non-interest-bearing and repayable on demand.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Payroll payables	110,735	92,405	87,741
Value-added tax payables	13,026	37,048	3,679
Other tax payables	3,122	6,814	18,931
Deposits	6,042	9,405	15,841
Equipment and construction payables	1,783	2,125	2,694
Accrued expenses	20,254	28,087	18,594
Obligation related to share-based payments	114,536	93,454	17,454
Others	5,130	4,884	19,820
	<u>274,628</u>	<u>274,222</u>	<u>184,754</u>

Other current payables are unsecured, non-interest-bearing and repayable on demand.

32. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities			
– Advances received on sales of goods and services	<u>1,375,924</u>	<u>1,553,656</u>	<u>1,540,469</u>

As at January 1, 2023, the carrying amount of contract liabilities was RMB311,210,000.

The Group’s contract liabilities are mainly related to short-term advances received to deliver goods and services. The increase in contract liabilities from 2023 to 2024 was mainly due to the continuous growth in the scale of the Group’s operations in 2024. The contract liabilities remained relatively stable in 2025.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities			
– Advances received on sales of goods and services	<u>46,776</u>	<u>91,933</u>	<u>163,283</u>

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33. INTEREST-BEARING BANK BORROWINGS

The Group

As at December 31, 2023				
	Note	Effective interest rate (%)	Maturity	RMB'000
Current				
Bank loans – secured	(a)	2.6-3.0	2024	161,847
Bank loans – unsecured	(b)	2.6-2.95	2024	24,656
Total – current				186,503
Non-current				
Bank loans – secured	(a)	2.7-2.8	2025-2026	889,000
Bank loans – unsecured		2.6-3.0	2025-2026	1,577,000
Total – non-current				2,466,000
As at December 31, 2024				
	Note	Effective interest rate (%)	Maturity	RMB'000
Current				
Bank loans – secured	(a)	2.5-3.0	2025	3,434
Bank loans – unsecured		2.5-3.0	2025	15,666
Total – current				19,100
Non-current				
Bank loans – secured		2.5-2.55	2026-2027	796,600
Bank loans – unsecured		2.5-2.8	2026-2027	2,387,660
Total – non-current				3,184,260
As at December 31, 2025				
	Note	Effective interest rate (%)	Maturity	RMB'000
Current				
Bank loans – secured	(a)	2.24-2.80	2026	18,426
Bank loans – unsecured		2.24-2.50	2026	39,837
Total – current				58,263
Non-current				
Bank loans – secured		2.24-2.55	2027	2,633,120
Bank loans – unsecured		2.24-2.80	2027	2,438,960
Total – non-current				5,072,080

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

As at December 31,			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed interest rate	1,149,000	900,676	407,993
Variable interest rate	1,503,503	2,302,684	4,722,350
	2,652,503	3,203,360	5,130,343

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	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analyzed into:			
Bank loans repayable:			
Within one year or on demand	186,503	19,100	58,263
In the second year	2,366,000	2,884,460	5,072,080
In the third to fifth years, inclusive	100,000	299,800	–
	<u>2,652,503</u>	<u>3,203,360</u>	<u>5,130,343</u>

Note:

- (a) As at December 31, 2023, 2024 and 2025, interest-bearing bank borrowings with the amounts of RMB128,888,000, RMB116,069,000 and RMB105,148,000, respectively, were secured by buildings (Note 14) of the Group. Interest-bearing bank borrowings with the amounts of RMB55,418,000, RMB43,202,000 and RMB42,247,000, respectively, were secured by land use rights (Note 16(a)) of the Group.
- (b) The above loan balances are all denominated in RMB.

The Company

As at December 31, 2023			
	Effective interest rate (%)	Maturity	RMB’000
Current			
Bank loans – secured	2.6-3.0	2024	513
Bank loans – unsecured	2.6-2.95	2024	24,439
Total – current			<u>24,952</u>
Non-current			
Bank loans – secured	2.8	2025-2026	600,000
Bank loans – unsecured	2.6-3.0	2025-2026	1,477,000
Total – non-current			<u>2,077,000</u>

As at December 31, 2024			
	Effective interest rate (%)	Maturity	RMB’000
Current			
Bank loans – secured		2025	–
Bank loans – unsecured	2.5-2.8	2025	15,381
Total – current			<u>15,381</u>
Non-current			
Bank loans – secured	2.55	2026-2027	299,800
Bank loans – unsecured	2.5-2.8	2026-2027	2,237,660
Total – non-current			<u>2,537,460</u>

As at December 31, 2025			
	Effective interest rate (%)	Maturity	RMB’000
Current			
Bank loans – secured	2.24-2.4	2026	2,548
Bank loans – unsecured	2.24-2.80	2026	11,645
Total – current			<u>14,193</u>
Non-current			
Bank loans – secured	2.24	2027	798,000
Bank loans – unsecured	2.24-2.80	2027	2,288,960
Total – non-current			<u>3,086,960</u>

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

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed interest rate	900,784	599,780	–
Variable interest rate	1,201,168	1,953,061	3,101,153
	<u>2,101,952</u>	<u>2,552,841</u>	<u>3,101,153</u>

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed into:			
Bank loans repayable:			
Within one year or on demand	24,952	15,381	14,193
In the second year	1,976,914	2,237,660	3,086,960
In the third to fifth years, inclusive	100,086	299,800	–
	<u>2,101,952</u>	<u>2,552,841</u>	<u>3,101,153</u>

34. DEFERRED INCOME

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	144,152	139,406	128,052
Addition	2,096	384	28,172
Amortization during the year	(6,842)	(11,738)	(9,374)
At the end of the year	<u>139,406</u>	<u>128,052</u>	<u>146,850</u>
Current portion	11,693	9,376	9,376
Non-current portion	<u>127,713</u>	<u>118,676</u>	<u>137,474</u>

35. PROVISION

	Product quality warranties	Unexecuted loss contracts	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	17,248	2,133	1,000	20,381
Additional provision	25,226	8,185	2,730	36,141
Amounts utilized during the year	(16,582)	–	(100)	(16,682)
At December 31, 2023	25,892	10,318	3,630	39,840
Portion classified as current liabilities	(2,429)	–	–	(2,429)
Non-current portion	<u>23,463</u>	<u>10,318</u>	<u>3,630</u>	<u>37,411</u>
At January 1, 2024	25,892	10,318	3,630	39,840
Additional provision	16,254	1,015	10,334	27,603
Amounts utilized during the year	(10,347)	–	(1,909)	(12,256)
At December 31, 2024	31,799	11,333	12,055	55,187
Portion classified as current liabilities	(31,799)	(9,599)	(4,594)	(45,992)
Non-current portion	<u>–</u>	<u>1,734</u>	<u>7,461</u>	<u>9,195</u>
At January 1, 2025	31,799	11,333	12,055	55,187
Additional provision	3,547	–	4,867	8,414
Amounts utilized during the year	(8,174)	(5,377)	(5,251)	(18,802)
At December 31, 2025	27,172	5,956	11,671	44,799
Portion classified as current liabilities	(27,172)	(5,956)	(5,965)	(39,093)
Non-current portion	<u>–</u>	<u>–</u>	<u>5,706</u>	<u>5,706</u>

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The duration and terms of the product quality warranties are provided in accordance with the laws and regulations relating to the products. The Group does not provide any additional services or product quality warranties, and therefore product quality warranties do not constitute separate performance obligations. The amount of the provision for the warranties is estimated based on contractual terms, historical experience on cost incurred on the past warranty claims and volumes of products sold. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

36. SHARE CAPITAL

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Ordinary shares of RMB1.00 each	1,412,070	1,411,086	1,405,209

A summary of movements in the Company’s ordinary share capital is as follows:

	Number of shares in issue	Share capital
	'000	RMB'000
At January 1, 2023	1,412,652	1,412,652
Cancellation of treasury shares	(582)	(582)
At December 31, 2023 and January 1, 2024	1,412,070	1,412,070
Cancellation of treasury shares	(984)	(984)
At December 31, 2024 and January 1, 2025	1,411,086	1,411,086
Cancellation of treasury shares	(5,877)	(5,877)
As at December 31, 2025	1,405,209	1,405,209

37. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve mainly comprises the capital premium of the Group.

- (a) The effects of the changes in capital reserve for the year ended December 31, 2023 represented the combination of the following items:

During the year ended December 31, 2023, 24 grantees under the Group’s fourth and fifth restricted share incentive plans no longer satisfied the grant conditions due to their resignation, and the corresponding restricted shares that had not been exercised were repurchased and cancelled. The number of 581,500 shares were repurchased at a consideration of RMB4,055,000, resulting in a reduction of share capital amounting to RMB582,000 and a reduction of capital reserve amounting to RMB3,473,000.

During the year ended December 31, 2023, the first tranche of restricted shares granted under the Group’s fourth and fifth restricted share incentive plans were exercised. The proportion of shares exercised was 40%, representing 8,344,200 shares, resulting in an increase of capital reserve amounting to RMB58,418,000 and a decrease of share award reserve amounting to RMB58,418,000.

- (b) The effects of the changes in capital reserve for the year ended December 31, 2024 represented the combination of the following items:

During the year ended December 31, 2024, 28 grantees under the Group’s fourth and fifth restricted share incentive plans no longer satisfied the grant conditions due to their resignation, and the corresponding restricted shares that had not been exercised were repurchased and cancelled. The number of 984,200 shares were repurchased at a consideration of RMB6,868,000, resulting in a reduction of share capital amounting to RMB984,000 and a reduction of capital reserve amounting to RMB5,884,000.

During the year ended December 31, 2024, the second tranche of restricted shares granted under the Group’s fourth and fifth restricted share incentive plans were exercised. The proportion of shares exercised was 30%, representing 8,092,609 shares, resulting in an increase of capital reserve amounting to RMB55,368,000 and a decrease of share award reserve amounting to RMB55,368,000.

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- (c) The effects of the changes in capital reserve for the year ended December 31, 2025 represented the combination of the following items:

During the year ended December 31, 2025, 15 grantees under the Group’s fourth and fifth restricted share incentive plans no longer satisfied the grant conditions due to their resignation, and the corresponding restricted shares that had not been exercised were repurchased and cancelled. The number of 121,100 shares were repurchased at a consideration of RMB700,000, resulting in a reduction of share capital amounting to RMB121,000 and a reduction of capital reserve amounting to RMB579,000.

During the year ended December 31, 2025, the Group has changed the purpose of use of 5,755,371 shares that have been repurchased. Those shares were originally used for implementing employee shareholding plans or restricted share incentive plans and were then used for canceling and reducing the Company’s registered capital. In July 2025, the 5,755,371 shares were cancelled, resulting in a reduction of share capital amounting to RMB5,756,000 and a reduction of capital reserve amounting to RMB112,690,000.

During the year ended December 31, 2025, the third tranche of restricted shares granted under the Group’s fourth and fifth restricted share incentive plans and the core team shareholding plans were exercised, totally amounting to 9,189,909 shares, resulting in an increase of capital reserve amounting to RMB69,653,000 and a decrease of share award reserve amounting to RMB69,653,000.

(ii) *Other reserve*

- (a) The effects of the changes in other reserve for the year ended December 31, 2023 represented the combination of the following items:

During the year ended December 31, 2023, the share of other comprehensive income of associates was RMB32,909,000 and the share of other reserve of associates was RMB(11,172,000).

In April 2023, the Group acquired a 2.25% equity interest in its subsidiary, Aux Smart, held by the non-controlling shareholders at a consideration of RMB37,596,280. The difference of RMB927,000 between the consideration and the book value was recognized in other reserve. The Group’s proportion of ownership in Aux Smart became 100% after this transaction.

In May 2023, the Group transferred its 5% equity interest in its subsidiary, Shaoxing Mingzhou Rehabilitation, to non-controlling shareholders at a consideration of RMB2,250,000. The difference of RMB589,000 between the consideration and the book value was recognized in other reserve. The Group’s proportion of ownership in Shaoxing Mingzhou Rehabilitation became 65% after this transaction.

- (b) The effects of the changes in other reserve for the year ended December 31, 2024 represented the combination of the following items:

During the year ended December 31, 2024, the share of other comprehensive income of associates was RMB51,150,000 and the share of other reserve of associates was RMB11,069,000.

In September 2024, the Group acquired a 15% equity interest in its subsidiary, Nanchang Mingzhou Rehabilitation, held by the non-controlling shareholders at a consideration of RMB31,250,000. The difference of RMB17,062,000 between the consideration and the book value was recognized in other reserve. The Group’s proportion of ownership in Nanchang Mingzhou Rehabilitation became 100% after this transaction.

In September 2024, the Group acquired a 16% equity interest in its subsidiary Hangzhou Mingzhou Rehabilitation, held by the non-controlling shareholders at a consideration of RMB75,680,000. The difference of RMB34,041,000 between the consideration and the book value was recognized in other reserve. The Group’s proportion of ownership in Hangzhou Mingzhou Rehabilitation became 100% after this transaction.

In December 2024, the Group acquired a 35% equity interest in its subsidiary, Ningbo Mingzhou Eastern Rehabilitation, held by the non-controlling shareholders at a consideration of RMB115,141,250. The difference of RMB82,795,000 between the consideration and the book value was recognized in other reserve. The Group’s proportion of ownership in Ningbo Mingzhou Eastern Rehabilitation became 100% after this transaction.

- (c) The effects of the changes in other reserve for the year ended December 31, 2025 represented the combination of the following items:

During the year ended December 31, 2025, the share of other comprehensive loss of associates was RMB54,224,000 and the share of reserve of associates was RMB35,313,000.

In February 2025, the Group transferred its 16% equity interest in its subsidiary, Wenzhou Shenlan, to non-controlling shareholders at a consideration of RMB4,000,000. The difference of RMB1,856,000 between the consideration and the book value was recognized in other reserve. The Group’s proportion of ownership in Wenzhou Shenlan became 84% after this transaction.

In June 2025, the non-controlling shareholders of the Group’s subsidiary, Nantong Zhongxiu, reduced the capital in this subsidiary. The difference of RMB3,357,000 between the new shareholding ratio and the original shareholding ratio of the share of the net assets of the subsidiary calculated continuously from the date of purchase or merger was recognized in other reserve. The Group’s proportion of ownership in Nantong Zhongxiu became 100% after this transaction.

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(iii) Reserve funds

In accordance with the Company Law of the PRC, certain subsidiaries of the Group, being domestic enterprises, are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their reserve funds until the reserve funds reach 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the reserve funds may be converted to registered capital, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

The Company

	Capital reserve	Other reserve	Treasury shares	Reserve funds	Share award reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023 . . .	3,769,013	278,123	(189,484)	429,337	88,883	660,402	5,036,274
Total comprehensive income for the year . . .	—	32,909	—	—	—	2,147,858	2,180,767
Appropriation to surplus reserves	—	—	—	214,786	—	(214,786)	—
Cancellation of treasury shares	(3,473)	—	4,055	—	—	—	582
Shares repurchased	—	—	(52,373)	—	—	—	(52,373)
Exercise of restricted shares	58,418	—	61,765	—	(58,418)	—	61,765
Share of other reserve of associates	—	(11,172)	—	—	—	—	(11,172)
Dividends attributable to restricted share awards .	—	—	9,129	—	—	—	9,129
Distribution of dividends to ordinary shareholders of the Company	—	—	—	—	—	(494,428)	(494,428)
Equity-settled share-based payment	—	1,797	—	—	48,485	—	50,282
As at December 31, 2023 .	<u>3,823,958</u>	<u>301,657</u>	<u>(166,908)</u>	<u>644,123</u>	<u>78,950</u>	<u>2,099,046</u>	<u>6,780,826</u>
As at January 1, 2024 . . .	3,823,958	301,657	(166,908)	644,123	78,950	2,099,046	6,780,826
Total comprehensive income for the year . . .	—	51,154	—	—	—	1,346,714	1,397,868
Cancellation of treasury shares	(5,884)	—	6,868	—	—	—	984
Shares repurchased	—	—	(226,740)	—	—	—	(226,740)
Exercise of restricted shares	55,368	—	47,120	—	(55,368)	—	47,120
Share of other reserve of associates	—	(11,069)	—	—	—	—	(11,069)
Dividends attributable to restricted share awards .	—	—	10,585	—	—	—	10,585
Appropriation to surplus reserves	—	—	—	61,420	—	(61,420)	—
Distribution of dividends to ordinary shareholders of the Company	—	—	—	—	—	(909,796)	(909,796)
Equity-settled share-based payment	—	1,696	—	—	39,324	—	41,020
As at December 31, 2024 .	<u>3,873,442</u>	<u>343,438</u>	<u>(329,075)</u>	<u>705,543</u>	<u>62,906</u>	<u>2,474,544</u>	<u>7,130,798</u>
As at January 1, 2025 . . .	3,873,442	343,438	(329,075)	705,543	62,906	2,474,544	7,130,798
Total comprehensive income for the year . . .	—	(54,194)	—	—	—	1,395,857	1,341,663
Cancellation of treasury shares	(113,269)	—	119,146	—	—	—	5,877
Exercise of restricted shares	66,514	—	67,473	—	(66,514)	—	67,473
Share of other reserve of associates	—	35,313	—	—	—	—	35,313
Dividends attributable to restricted share awards .	—	—	7,121	—	—	—	7,121
Distribution of dividends to ordinary shareholders of the Company	—	—	—	—	—	(1,924,286)	(1,924,286)
Equity-settled share-based payment	—	327	—	—	3,608	—	3,935
As at December 31, 2025 .	<u>3,826,687</u>	<u>324,884</u>	<u>(135,335)</u>	<u>705,543</u>	<u>—</u>	<u>1,946,115</u>	<u>6,667,894</u>

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38. SHARE-BASED PAYMENTS

For the purpose of awarding the employees and directors of the Group to secure their services and incentivize their maximum effort towards the Group’s success, the Group implemented a restricted share incentive plan.

In December 2021, the Company granted the fourth tranche of restricted shares amounting to 14,463,500 shares to employees at an exercise price of RMB7.80 per share. The initially granted restricted shares are subject to vesting in three tranches, with each tranche becoming eligible for release upon the completion of 12 months, 24 months and 36 months, respectively, from the date of registration of the first grant.

In March 2022, the Company granted the fifth tranche of restricted shares totaling 7,622,000 shares to employees at an exercise price of RMB7.56 per share. The restricted shares under this grant are also subject to a three-tranche vesting schedule, with each tranche vesting upon the completion of 12 months, 24 months and 36 months, respectively, from the date of registration of the initial grant.

In August 2022, the Company repurchased 678,000 restricted shares from employees who had resigned and canceled those shares, pertaining to the fourth and fifth tranches of the restricted share incentive plan.

In December 2022, the Company granted an additional 4,675,018 restricted shares, representing the reserved portion of the fourth and fifth tranches, to eligible employees at an exercise price of RMB6.64 per share. The reserved restricted shares are subject to vesting in two equal tranches, with vesting periods of 24 months and 36 months, respectively, measured from the date of initial grant registration.

In May 2023, the first vesting event was implemented for the restricted shares held by participants under the fourth and fifth tranches of the incentive plan, with 40% of the total shares eligible for release, amounting to 8,344,200 shares.

In August 2023, the Company repurchased a 581,500 restricted shares from employees who had resigned and canceled those shares, relating to the fourth and fifth tranches.

In February 2024, the Company repurchased 872,900 restricted shares from employees who had resigned and canceled those shares, pertaining to the fourth and fifth tranches.

In May 2024, the Company granted 2,048,590 shares to a core team shareholding plan, at a purchase price of RMB20.58 per share, using shares previously repurchased by the Company. The shares were allocated to 18 senior and core management personnel and key employees. Upon successful completion of performance (performance evaluation) during the vesting period, the beneficiaries’ interests under the shareholding plan shall be distributed in three tranches, with distribution points occurring 12 months, 24 months and 36 months after the date of the final transfer of the underlying shares to the shareholding plan, respectively, with allocation ratios of 60%, 20%, and 20%, respectively.

In May 2024, the second release of restricted shares was implemented for the fourth and fifth tranches of the restricted share incentive plan, with 8,092,609 shares becoming eligible for release from restrictions.

In September 2024, the Company repurchased 111,300 restricted shares from employees who had resigned and canceled those shares, relating to the fourth and fifth tranches.

In March 2025, the Company repurchased 79,300 restricted shares from employees who had resigned and canceled those shares, relating to the fourth and fifth tranches.

In May 2025, the third release of restricted shares was implemented for the fourth and fifth tranches of the restricted stock incentive plan, with 7,958,909 shares becoming eligible for release from restrictions.

In August and September 2025, the first release of restricted shares was implemented for the core team shareholding plan, with 1,231,000 shares becoming eligible for release from restrictions.

In September 2025, the Company repurchased 41,800 restricted shares from employees who had resigned and canceled those shares, relating to the fourth and fifth tranches.

Details of the granted restricted shares are as follows:

Date of grant	Number of shares	Subscription price per share	Fair value at grant date per share
		RMB	RMB
December 20, 2021	14,463,500	7.80	15.79
March 2, 2022	7,622,000	7.56	12.50
November 22, 2022	4,675,018	6.64	13.20
May 22, 2024	2,048,590	20.58	32.88

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The following restricted shares were outstanding during the Relevant Periods:

	Number of restricted shares
At January 1, 2023	26,082,518
Granted during the year	–
Forfeited during the year	(581,500)
Vested during the year	(8,344,200)
At December 31, 2023	17,156,818
At January 1, 2024	17,156,818
Granted during the year	2,048,590
Forfeited during the year	(984,200)
Vested during the year	(8,092,609)
At December 31, 2024	10,128,599
At January 1, 2025	10,128,599
Forfeited during the year	(121,100)
Vested during the year	(9,189,909)
At December 31, 2025	817,590

The fair value of services received in return for shares granted was measured by reference to the fair value of shares granted less the subscription price paid by the eligible participants. The fair value of the shares granted is measured by reference to the market price at the grant date.

During the years ended December 31, 2023, 2024 and 2025, the equity-settled share-based payment expenses of RMB49,968,000, RMB40,756,000 and RMB3,857,000 were charged to profit or loss, respectively.

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB318,950,000, RMB312,725,000 and RMB129,502,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Year ended December 31, 2023

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	813,075	484,475	1,297,550
Changes from financing cash flows	1,819,670	(128,428)	1,691,242
New leases	–	318,950	318,950
Business combination (note 42)	–	124,862	124,862
Interest expense (note 8)	19,758	32,993	52,751
Early cancellation of leases	–	(54)	(54)
At December 31, 2023	2,652,503	832,798	3,485,301

Year ended December 31, 2024

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2024	2,652,503	832,798	3,485,301
Changes from financing cash flows	506,923	(143,194)	363,729
New leases	–	312,725	312,725
Business combination (note 42)	–	72,588	72,588
Interest expense (note 8)	43,934	51,067	95,001
Early cancellation of leases	–	(233)	(233)
At December 31, 2024	3,203,360	1,125,751	4,329,111

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Year ended December 31, 2025

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2025	3,203,360	1,125,751	4,329,111
Changes from financing cash flows	1,859,107	(169,823)	1,689,284
New leases	—	129,502	129,502
Interest expense (note 8)	67,876	56,618	124,494
Early cancellation of leases	—	(53,021)	(53,021)
Exchange realignment	—	(1,674)	(1,674)
At December 31, 2025	<u>5,130,343</u>	<u>1,087,353</u>	<u>6,217,696</u>

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	1,755	15,545	5,833
Within financing activities	128,428	143,194	169,823
Total	<u>130,183</u>	<u>158,739</u>	<u>175,656</u>

40. PLEDGE OF ASSETS

Details of the Group’s buildings and land use rights pledged for the Group’s interest-bearing bank borrowings and bank facilities are included in notes 14 and 16(a) to the Historical Financial Information.

Details of the Group’s deposits pledged are included in note 28 to the Historical Financial Information.

41. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Period:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Buildings	66,233	136,317	88,418
Machinery	72,583	32,623	368,390
Improvements to leasehold property	—	—	13,104
Total	<u>138,816</u>	<u>168,940</u>	<u>469,912</u>

42. BUSINESS COMBINATIONS

- (a) In April 2023, the Company’s subsidiary, Rehabilitation Medical, acquired a 100% equity interest in Zhebei Mingzhou at a consideration of RMB224,000,000.

In April 2023, the Company’s subsidiary, Rehabilitation Medical, acquired a 100% equity interest in Quzhou Mingzhou at a consideration of RMB84,000,000.

In April 2023, the Company’s subsidiary, Rehabilitation Medical, acquired a 100% equity interest in Yuyao Mingzhou Rehabilitation at a consideration of RMB112,000,000.

In April 2023, the Company’s subsidiary, Rehabilitation Medical, acquired a 100% equity interest in Quanzhou Mingzhou Rehabilitation at a consideration of RMB129,000,000.

In April 2023, the Company’s subsidiary, Rehabilitation Medical, acquired a 100% equity interest in Jiaxing Mingzhou at a consideration of RMB37,000,000.

In December 2023, the Company acquired a 100% equity interest in EasyMeter GmbH at a consideration of RMB196,000.

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The fair values of the identifiable assets and liabilities of the companies acquired in 2023 mentioned above as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	<i>RMB’000</i>
Property, plant and equipment	96,309
Intangible assets	9,294
Right-of-use assets	116,529
Deferred tax assets	25,695
Cash and bank balances	124,063
Trade and bills receivables	57,655
Prepayments and other receivables	543
Inventories	4,936
Trade and bills payables	(98,013)
Other payables and accruals	(1,003)
Lease liabilities	(124,862)
Total identifiable net assets at fair value	211,146
Goodwill on acquisition	375,050
Satisfied by cash	586,196

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	December 31, 2023
	<i>RMB’000</i>
Cash consideration transferred for the business combination	586,196
Payments for business combinations in prior periods	–
Less: Cash and bank balances acquired	124,063
Less: Unpaid purchase consideration	175,996
Net outflow of cash and cash equivalents included in cash flows from investing activities	286,137
Total net cash outflow	286,137

Since the acquisition, the above acquirees contributed RMB265,479,000 to the Group’s revenue and RMB28,318,000 to the consolidated profit for the year ended December 31, 2023.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended December 31, 2023 would have been RMB11,564,108,000 and RMB1,940,390,000, respectively.

- (b) In May 2024, Mingzhou Rehabilitation, a wholly-owned subsidiary of the Company, acquired a 65% equity interest in Guangzhou Mingzhou Rehabilitation, at a total consideration of RMB4,459,000.

The fair values of the identifiable assets and liabilities of the companies acquired in 2024 mentioned above as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	<i>RMB’000</i>
Property, plant and equipment	1,723
Right-of-use assets	71,731
Deferred tax assets	3,221
Cash and bank balances	750
Trade and bills receivables	777
Prepayments and other receivables	53
Trade and bills payables	(9,457)
Lease liabilities	(72,588)
Total identifiable net assets at fair value	(3,790)
Non-controlling interests	(1,326)
Goodwill on acquisition	6,923
Satisfied by cash	4,459

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An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	December 31, 2024
	<i>RMB'000</i>
Cash consideration transferred for the business combination	4,459
Payments for business combinations in prior periods	–
Less: Cash and bank balances acquired	749
Less: Unpaid purchase consideration	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	3,710
Total net cash outflow	3,710

Since the acquisition, the above acquiree contributed RMB24,000 to the Group’s revenue and caused a loss of RMB7,579,000 to the consolidated profit for the year ended December 31, 2024.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB14,604,027,000 and RMB2,269,056,000, respectively.

43. DISPOSAL OF A SUBSIDIARY

The Company and its subsidiary, Education Investment, entered into an agreement with the Fuzhou Municipal People’s Government, Fuzhou Medical College (under preparation), and Nanchang University Fuzhou Medical College, pursuant to which the cooperation agreement relating to the reform and restructuring of Nanchang University Fuzhou Medical College was early terminated. As a result, Education Investment is entitled to recover the aggregate amount of initial capital invested, totaling RMB119,903,000.

In January 2023, Education Investment completed the disposal of its equity interest in Fuzhou Medical College (under preparation). Consequently, Fuzhou Medical College (under preparation) was deconsolidated from the Group’s consolidated financial statements as of that date.

	2023
	<i>RMB'000</i>
Net assets disposed of:	
Property, plant and equipment	57,083
Intangible assets	128
Cash and bank balances	240
Prepayments, deposits and other receivables	19,725
Other payables and accruals	(10,845)
Subtotal	66,331
Gain on disposal of a subsidiary	50,979
Unearned finance income	2,593
Total consideration	119,903
Satisfied by cash	119,903

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2023
	<i>RMB'000</i>
Cash consideration	119,903
Cash and bank balances disposed of	(240)
Long-term receivables	(79,903)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	39,760

44. RELATED PARTY TRANSACTIONS

(a) Names of and relationships with related parties

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

Name of the related party	Relationship with the Group
Ningbo Aux Electric Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Shuyi Property Services Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Aux Home Appliance Sales Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Aux Information Technology Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Aoming Medical Management Co., Ltd.	Entity controlled by an associate

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Name of the related party	Relationship with the Group
Aux Air Conditioning Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Aux Commercial Development Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Hangzhou Aux Real Estate Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Hangzhou Aux Real Estate Co., Ltd. Yuhang Branch	Entity controlled by Mr. ZHENG Jianjiang
Shuyi Property Services Co., Ltd. Hangzhou Branch	Entity controlled by Mr. ZHENG Jianjiang
Hangzhou Mingzhou Hospital Co., Ltd.	Entity controlled by an associate
Hangzhou Mingzhou Nüqiao Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Hangzhou Mingzhou Hospital	Entity controlled by an associate
Taizhou Mingzhou Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Nanjing Ruixia Mingzhou Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Changshu Mingzhou Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Nanchang Mingzhou Ganbei Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Fortune Plaza Chengdu Aux Investment Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Changsha Aosheng Commercial Development Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Qingdao Aux Real Estate Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Rui'an Mingzhou Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Zhengzhou Mingzhou Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Yangzhou Mingzhou Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Shanghai Mingzhou Yongjia Rehabilitation Hospital Co., Ltd.	Entity controlled by an associate
Ma'anshan Shengtong Real Estate Development Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Taizhou Mingzhou Nursing Home Co., Ltd.	Entity controlled by an associate
Ningbo AUX IMP. & EXP. Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Anhui Aux Smart Electrical Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Huiyue Human Resources Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Nanchang Aux Electric Manufacturing Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Dongguan Aoxin Electronic Technology Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Shuyi Property Services Co., Ltd. Nanchang Branch	Entity controlled by Mr. ZHENG Jianjiang
Hangzhou Fengqiang Electrical Technology Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Kaiyun Huafu Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huajia Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Zhongnuo Entrepreneurial Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Zhongxian Entrepreneurial Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Zhongyao Entrepreneurial Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huajing Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huayang Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huafeng Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huarui Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huasheng Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Zhongjing Entrepreneurial Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Zhongsu Entrepreneurial Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Zhongshan Entrepreneurial Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Zhongxiang Entrepreneurial Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Zhongye Entrepreneurial Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huashun Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huaci Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Kaiyun Huage Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Zhongyue Investment Management Partnership (Limited Partnership)	A relative of Mr. ZHENG Jianjiang serves as the executive partner
Ningbo Zhongsen Investment Management Partnership (Limited Partnership)	A relative of Mr. ZHENG Jianjiang serves as the executive partner
Ningbo Kaiyun Huabei Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate

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Name of the related party	Relationship with the Group
Ningbo Zhongyi Investment Management Partnership (Limited Partnership)	A relative of Mr. ZHENG Jianjiang serves as the executive partner
Ningbo Zhongdian Investment Management Partnership (Limited Partnership)	A relative of Mr. ZHENG Jianjiang serves as the executive partner
Ningbo Kaiyun Huazhao Equity Investment Partnership (Limited Partnership)	Entity controlled by an associate
Ningbo Shuyi Business Services Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Hangzhou Shuyi Business Services Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Hangzhou Mingzhou Pharmacy Co., Ltd.	Entity controlled by an associate
Ningbo Shengyuan Real Estate Development Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Fenghua Shuyi Property Service Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang
Anhui Aosong Refrigeration Equipment Co., Ltd.	Entity controlled by Mr. ZHENG Jianjiang

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

(b) Transactions with related parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchases of goods and services:			
Aux Air Conditioning Co., Ltd.	266	2,289	11,484
Hangzhou Aux Real Estate Co., Ltd. Yuhang Branch	919	501	151
Ningbo Aux Home Appliance Sales Co., Ltd.	10	–	37
Shuyi Property Services Co., Ltd.	30,669	21,663	19,559
Ningbo Aux Commercial Development Co., Ltd.	1,146	975	0
Ningbo Aux Information Technology Co., Ltd.	224	277	169
Shuyi Property Services Co., Ltd. Hangzhou Branch	15	1,425	195
Ningbo Aoming Medical Management Co., Ltd.	19	–	–
Ningbo Yinzhou Rural Commercial Bank Co., Ltd.	15	1	1
Ningbo Aux Electric Co., Ltd.	2,413	18,510	3,919
Hangzhou Shuyi Business Services Co., Ltd.	–	5	150
Ningbo Shuyi Business Services Co., Ltd.	–	70	717
Yangzhou Mingzhou Rehabilitation Hospital Co., Ltd.	–	6	–
Shuyi Property Services Co., Ltd. Nanchang Branch	–	250	229
Changshu Mingzhou Pharmacy Co., Ltd.	–	–	520
Total	35,696	45,972	37,131
Sales of goods and rendering of services:			
Anhui Aosong Refrigeration Equipment Co., Ltd.	–	–	16,557
Hangzhou Mingzhou Hospital Co., Ltd.	7,309	17,840	13,427
Shanghai Mingzhou Yongjia Rehabilitation Hospital Co., Ltd.	1,703	6,017	10,302
Hangzhou Mingzhou Nüqiao Rehabilitation Hospital Co., Ltd.	5,584	8,946	9,358
Ningbo Shengyuan Real Estate Development Co., Ltd.	–	418	–
Henan AUX Intelligent Electrical Co., Ltd.	–	–	7,927
Hangzhou Mingzhou Hospital	5,278	–	–
Taizhou Mingzhou Rehabilitation Hospital Co., Ltd.	5,072	5,556	4,574
Nanjing Ruixia Mingzhou Rehabilitation Hospital Co., Ltd.	4,699	9,180	7,575
Zhengzhou Mingzhou Rehabilitation Hospital Co., Ltd.	2,375	3,405	7,106
Changshu Mingzhou Rehabilitation Hospital Co., Ltd.	3,385	9,144	6,039
Nanchang Mingzhou Ganbei Rehabilitation Hospital Co., Ltd.	2,833	7,017	7,525
Chengdu Aux Wealth Plaza Investment Co., Ltd.	2,629	–	–
Changsha Aux Real Estate Co., Ltd.	2,597	–	–
Qingdao Aux Real Estate Co., Ltd.	2,551	–	–
Rui'an Mingzhou Rehabilitation Hospital Co., Ltd.	2,478	3,701	6,099
Yangzhou Mingzhou Rehabilitation Hospital Co., Ltd.	2,285	2,091	2,625
Hangzhou Aux Real Estate Co., Ltd.	2,160	–	–
Yuyao Mingzhou Rehabilitation Hospital Co., Ltd.	2,151	–	–
Ningbo Yinzhou Rural Commercial Bank Co., Ltd.	–	–	1,086
Ma'anshan Shengtong Real Estate Development Co., Ltd.	1,608	–	–
Aux Air Conditioning Co., Ltd.	1,442	2,261	1,997
Taizhou Mingzhou Nursing Home Co., Ltd.	698	176	977

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Jiaxing Mingzhou Rehabilitation Hospital	640	–	–
Quanzhou Mingzhou Rehabilitation Hospital	509	–	–
AUX Group	453	371	372
Quzhou Mingzhou Rehabilitation Hospital	370	–	–
Ningbo Aux Electric Co., Ltd.	311	1,567	192
Shuyi Property Services Co., Ltd.	40	67	69
Ningbo AUX IMP. & EXP. Co., Ltd.	38	59	85
Anhui Aux Smart Electrical Co., Ltd.	38	34	762
Ningbo Huiyue Co., Ltd.	30	–	–
Nanchang Aux Electric Manufacturing Co., Ltd.	23	549	30
Ningbo Aoming Medical Management Co., Ltd.	17	11	10
Ningbo Aux Information Technology Co., Ltd.	4	2	3
Dongguan Aoxin Electronic Technology Co., Ltd.	4	–	–
Shuyi Property Services Co., Ltd. Nanchang Branch	3	–	–
Ningbo Commerce Bank Company Limited	–	615	741
Hangzhou Mingzhou Pharmacy Co., Ltd.	–	1,464	1,782
Ningbo Shengyuan Real Estate Development Co., Ltd.	–	418	–
Ningbo Fenghua Shuyi Property Service Co., Ltd.	–	1	1
Changshu Mingzhou Pharmacy Co., Ltd.	–	–	239
Ningbo AUX Intelligent Manufacturing Co., Ltd	–	–	101
Ningbo Beilun Shuyi Property Service Co., Ltd	–	–	1
Total	61,317	80,910	107,562
Lease income:			
Aux Air Conditioning Co., Ltd.	2,597	3,995	3,887
Shuyi Property Services Co., Ltd.	13	89	–
Total	2,610	4,084	3,887
Lease expense for short-term leases:			
Ningbo Aux Commercial Development Co., Ltd.	1,049	1,106	94
Ningbo Aux Electric Co., Ltd.	–	11	–
AUX Group	–	–	78
Total	1,049	1,117	172
Interest income:			
Ningbo Yinzhou Rural Commercial Bank Co., Ltd.	97	82	51
Ningbo Commerce Bank Company Limited	1	4	2
Total	98	86	53
Rental payments:			
Hangzhou Fengqiang Electrical Technology Co., Ltd.	4,041	3,564	2,349
Ningbo Aux Electric Co., Ltd.	2,371	1,533	–
Ningbo Aux Commercial Development Co., Ltd.	1,113	745	97
Aux Air Conditioning Co., Ltd.	398	461	651
AUX Group	–	–	133
Total	7,923	6,303	3,230
Purchases of property, plant and equipment:			
Ningbo Aux Electric Co., Ltd.	5,823	3,108	3,941
Aux Air Conditioning Co., Ltd.	2,206	1,481	–
Ningbo Aux Home Appliance Sales Co., Ltd.	410	37	72
Ningbo Aux Information Technology Co., Ltd.	31	–	11
Shuyi Property Services Co., Ltd. Hangzhou Branch	–	–	–
Shuyi Property Services Co., Ltd.	–	402	–
Total	8,470	5,028	4,024

Acquisition of subsidiaries:

The Group acquired 5 subsidiaries from related parties in 2023, details of which are set out in note 42 to the Historical Financial Information.

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The above transactions were carried out between the Group and its related parties during the Relevant Periods on terms negotiated between the Group and the respective related parties.

(c) Compensation of key management personnel of the Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	7,484	5,164	3,260
Performance related bonuses	6,722	1,580	1,107
Pension scheme contributions and social welfare	252	272	120
Equity-settled share-based payment expenses	3,841	9,036	2,229
	<u>18,299</u>	<u>16,052</u>	<u>6,716</u>

(d) Balances with related parties

The following table sets forth the outstanding balances with related parties as of the dates indicated:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank balances*			
Ningbo Yinzhou Rural Commercial Bank Co., Ltd.	11,342	9,618	13,501
Ningbo Commerce Bank Company Limited	9	10	18
Total	<u>11,351</u>	<u>9,628</u>	<u>13,519</u>

* The balances are included in the “cash and bank balances” in the consolidated statements of financial position.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due from related parties:			
Trade nature			
Changshu Mingzhou Rehabilitation Hospital Co., Ltd.	2,346	4,599	900
Hangzhou Mingzhou Nüqiao Rehabilitation Hospital Co., Ltd.	2,505	5,127	6,574
Hangzhou Mingzhou Hospital Co., Ltd.	5,402	5,426	4,272
Nanchang Mingzhou Ganbei Rehabilitation Hospital Co., Ltd.	1,055	3,783	3,291
Nanjing Ruixia Mingzhou Rehabilitation Hospital Co., Ltd.	2,077	5,217	1,464
Rui'an Mingzhou Rehabilitation Hospital Co., Ltd.	396	3,001	7,977
Shanghai Mingzhou Yongjia Rehabilitation Hospital Co., Ltd.	205	2,708	2,271
Taizhou Mingzhou Nursing Home Co., Ltd.	50	123	1,072
Taizhou Mingzhou Rehabilitation Hospital Co., Ltd.	2,145	4,572	2,784
Yangzhou Mingzhou Rehabilitation Hospital Co., Ltd.	366	1,371	1,440
Zhengzhou Mingzhou Rehabilitation Hospital Co., Ltd.	969	1,358	1,853
Aux Air Conditioning Co., Ltd.	24	–	18
Hangzhou Mingzhou Hospital	1,663	–	–
Anhui Aosong Refrigeration Equipment Co., Ltd.	–	1,815	–
Hangzhou Mingzhou Pharmacy Co., Ltd.	–	444	475
Ningbo Shengyuan Real Estate Development Co., Ltd.	–	457	13
Changshu Mingzhou Pharmacy Co., Ltd.	–	–	250
Anhui Aux Smart Electrical Co., Ltd.	–	–	74
Hangzhou Fengqiang Electrical Technology Co., Ltd.	292	292	235
Aux Air Conditioning Co., Ltd.	–	907	189
Ningbo Aux Electric Co., Ltd.	–	1,581	–
AUX Group	–	–	55
Total	<u>19,495</u>	<u>42,781</u>	<u>35,207</u>

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The amounts due from related parties are unsecured, payable on demand and interest-free.

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Amounts due to related parties:			
Trade nature			
Shuyi Property Services Co., Ltd.	–	–	463
Hangzhou Aux Real Estate Co., Ltd. Yuhang Branch	–	7	–
Shuyi Property Services Co., Ltd.	1,849	900	900
Aux Air Conditioning Co., Ltd.	2,378	3,816	3,563
Shuyi Property Services Co., Ltd. Nanchang Branch	–	–	21
Anhui Aosong Refrigeration Equipment Co., Ltd.	–	–	13
Total	<u>4,227</u>	<u>4,723</u>	<u>4,960</u>

An ageing analysis of the amounts due to related parties-trade nature, based on the invoice date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	<u>4,227</u>	<u>4,723</u>	<u>4,960</u>

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Amounts due to related parties:			
Non-trade nature			
Ningbo Kaiyun Huajing Equity Investment Partnership (Limited Partnership)	44,100	44,100	44,100
Ningbo Kaiyun Huayang Equity Investment Partnership (Limited Partnership)	38,220	38,220	38,220
Ningbo Kaiyun Huafeng Equity Investment Partnership (Limited Partnership)	37,800	37,800	37,800
Ningbo Kaiyun Huarui Equity Investment Partnership (Limited Partnership)	33,600	33,600	33,600
Ningbo Kaiyun Huasheng Equity Investment Partnership (Limited Partnership)	23,520	23,520	23,520
Ningbo Kaiyun Zhongjing Entrepreneurial Investment Partnership (Limited Partnership)	18,900	18,900	–
Ningbo Kaiyun Zhongsu Entrepreneurial Investment Partnership (Limited Partnership)	16,380	16,380	–
Ningbo Kaiyun Zhongshan Entrepreneurial Investment Partnership (Limited Partnership)	16,200	16,200	–
Ningbo Kaiyun Zhongxiang Entrepreneurial Investment Partnership (Limited Partnership)	14,400	14,400	–
Ningbo Kaiyun Zhongye Entrepreneurial Investment Partnership (Limited Partnership)	10,080	10,080	–
Ningbo Kaiyun Huashun Equity Investment Partnership (Limited Partnership)	27,090	27,090	27,090
Ningbo Kaiyun Huaci Equity Investment Partnership (Limited Partnership)	23,520	23,520	10,035
Ningbo Kaiyun Huage Equity Investment Partnership (Limited Partnership)	17,640	17,640	10,429
Ningbo Kaiyun Huabei Equity Investment Partnership (Limited Partnership)	7,770	7,770	3,951
Ningbo Kaiyun Huazhao Equity Investment Partnership (Limited Partnership)	336	336	336
Ningbo Aux Kaiyun Medical Investment Partnership Enterprise (Limited Partnership)	66,864	66,864	66,864
Ningbo Kaiyun Huajia Venture Capital Partnership Enterprise (Limited Partnership)	29,400	–	–
Ningbo Kaiyun Zhongnuo Venture Capital Partnership Enterprise (Limited Partnership)	12,062	–	–
Ningbo Kaiyun Zhongxian Venture Capital Partnership Enterprise (Limited Partnership)	10,643	–	–

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	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Ningbo Kaiyun Zhongyao Venture Capital Partnership Enterprise (Limited Partnership)	6,300	–	–
Ningbo Kaiyun Huafu Equity Investment Partnership (Limited Partnership)	96,492	–	–
Ningbo Zhongyue Investment Management Partnership (Limited Partnership)	11,610	11,610	11,610
Ningbo Zhongyi Investment Management Partnership (Limited Partnership)	7,560	7,560	4,470
Ningbo Zhongdian Investment Management Partnership (Limited Partnership)	3,330	3,330	1,693
Ningbo Zhongsen Investment Management Partnership (Limited Partnership)	10,080	10,080	4,302
Total	<u>583,897</u>	<u>429,000</u>	<u>318,020</u>

The above amounts due to related parties are unsecured and interest-free.

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45. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

As at December 31, 2023

	Financial assets at FVTPL	Financial assets at fair value through other comprehensive income	Hedging instruments designated in fair value hedges	Financial assets at amortized cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Receivables at fair value through other comprehensive income	–	166,045	–	–	166,045
Trade and bills receivables	–	–	–	2,390,170	2,390,170
Financial assets included in prepayments, deposits and other receivables	–	–	–	288,703	288,703
Derivative financial instruments designated as hedging instruments in fair value hedges	–	–	2,262	–	2,262
Financial assets at FVTPL	1,005,836	–	–	–	1,005,836
Cash and bank balances	–	–	–	5,042,686	5,042,686
Pledged deposits	–	–	–	410,252	410,252
Amounts due from related parties	–	–	–	19,495	19,495
Total	<u>1,005,836</u>	<u>166,045</u>	<u>2,262</u>	<u>8,151,306</u>	<u>9,325,449</u>

As at December 31, 2024

	Financial assets at FVTPL	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Receivables at fair value through other comprehensive income	–	218,532	–	218,532
Trade and bills receivables	–	–	3,339,422	3,339,422
Financial assets included in prepayments, deposits and other receivables	–	–	178,479	178,479
Financial assets at FVTPL	1,586,021	–	–	1,586,021
Debt investments at fair value through other comprehensive income	–	253,505	–	253,505
Cash and bank balances	–	–	4,140,697	4,140,697
Pledged deposits	–	–	398,471	398,471
Amounts due from related parties	–	–	42,781	42,781
Total	<u>1,586,021</u>	<u>472,037</u>	<u>8,099,850</u>	<u>10,157,908</u>

As at December 31, 2025

	Financial assets at FVTPL	Financial assets at fair value through other comprehensive income	Hedging instruments designated in fair value hedges	Financial assets at amortized cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Receivables at fair value through other comprehensive income	–	236,175	–	–	236,175
Trade and bills receivables	–	–	–	3,259,040	3,259,040
Financial assets included in prepayments, deposits and other receivables	–	–	–	147,164	147,164
Derivative financial instruments	59	–	159	–	218
Financial assets at FVTPL	1,503,278	–	–	–	1,503,278
Debt investments at fair value through other comprehensive income	–	259,480	–	–	259,480
Cash and bank balances	–	–	–	5,059,387	5,059,387
Pledged deposits	–	–	–	366,080	366,080
Amounts due from related parties	–	–	–	35,207	35,207
Total	<u>1,503,337</u>	<u>495,655</u>	<u>159</u>	<u>8,866,878</u>	<u>10,866,029</u>

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Financial liabilities

As at December 31, 2023

	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000
Trade and bills payables	2,793,749	2,793,749
Financial liabilities included in other payables and accruals	910,353	910,353
Interest-bearing bank borrowings (<i>note 33</i>)	2,652,503	2,652,503
Amounts due to related parties	588,124	588,124
Total	<u>6,944,729</u>	<u>6,944,729</u>

As at December 31, 2024

	Financial liabilities at fair value through profit or loss	Hedging instruments designated in cash flow hedges	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	—	—	3,460,348	3,460,348
Financial liabilities included in other payables and accruals	—	—	1,138,170	1,138,170
Derivative financial instruments designated as hedging instruments in cash flow hedges	3,754	18,927	—	22,681
Interest-bearing bank borrowings (<i>note 33</i>)	—	—	3,203,360	3,203,360
Amounts due to related parties	—	—	433,723	433,723
Total	<u>3,754</u>	<u>18,927</u>	<u>8,235,601</u>	<u>8,258,282</u>

As at December 31, 2025

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	—	3,829,441	3,829,441
Financial liabilities included in other payables and accruals	—	1,001,682	1,001,682
Derivative financial instruments	432	—	432
Interest-bearing bank borrowings (<i>note 33</i>)	—	5,130,343	5,130,343
Amounts due to related parties	—	322,980	322,980
Total	<u>432</u>	<u>10,284,446</u>	<u>10,284,878</u>

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

Derivative financial instruments, including forward currency contracts, futures contracts for the purchase of copper and foreign currency swaps are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts, futures contracts for the purchase of copper and foreign currency swaps are the same as their fair values.

The fair values of the non-current portion of debt investments at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. It has been assessed that the fair values approximate to the carrying amounts.

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The fair values of receivables at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. It has been assessed that the fair values approximate to the carrying amounts.

The Group also invests in wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these wealth management products by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at FVTPL have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to sales (“P/S”) multiple and price to earnings (“P/E”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which were recorded in the consolidated statement of financial position, and the related changes in fair values, which were recorded in profit or loss, were reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at December 31, 2023, 2024 and 2025:

Description	Fair value			Significant unobservable inputs	Range of inputs	Sensitivity of fair value to the inputs
	As at December 31					
	2023	2024	2025			
	RMB'000	RMB'000	RMB'000			
Unlisted equity investments	952,112	756,410	939,098	Comparable company multiples	P/S: 0.65-23.76 P/E: 2.57-53.86 P/B: 2.45-7.41	If the comparable company multiples had increased/decreased by 5% with another variables held constant, the fair value at the years ended December 31, 2023, 2024 and 2025 would have increased by RMB4,849,000, RMB3,791,000, RMB9,060,000 and decreased by RMB4,849,000, RMB3,791,000, RMB9,060,000, respectively.
				Discount for lack of Marketability (“DLOM”)	24%-41%	If the DLOM had decreased/increased by 5% with another variables held constant, the fair value at the years ended December 31, 2023, 2024 and 2025 would have increased by RMB7,457,000, RMB5,803,000, RMB13,951,000 and decreased by RMB7,457,000, RMB5,803,000, RMB13,951,000, respectively.

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments.

Assets measured at fair value:

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Derivative financial instruments	2,262	–	–	2,262
Financial assets at FVTPL	28,358	25,366	952,112	1,005,836
Receivables at fair value through other comprehensive income	–	166,045	–	166,045
	<u>30,620</u>	<u>191,411</u>	<u>952,112</u>	<u>1,174,143</u>

As at December 31, 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at FVTPL	28,036	801,575	756,410	1,586,021
Debt investments at fair value through other comprehensive income	–	253,505	–	253,505
Receivables at fair value through other comprehensive income	–	218,532	–	218,532
	<u>28,036</u>	<u>1,273,612</u>	<u>756,410</u>	<u>2,058,058</u>

As at December 31, 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Derivative financial instruments	159	59	–	218
Financial assets at FVTPL	35,042	529,138	939,098	1,503,278
Debt investments at fair value through other comprehensive income	–	259,480	–	259,480
Receivables at fair value through other comprehensive income	–	236,175	–	236,175
	<u>35,201</u>	<u>1,024,852</u>	<u>939,098</u>	<u>1,999,151</u>

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Liabilities measured at fair value:

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative financial instruments	=	=	=	=

As at December 31, 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative financial instruments	18,927	3,754	=	22,681

As at December 31, 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative financial instruments	–	432	–	432
Financial liabilities included in other payables and accruals	–	–	7,303	7,303
	–	432	7,303	7,735

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, comprise cash and bank balances, pledged deposits and interest-bearing bank borrowings. The main purpose of these financial instruments is to support the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency and foreign currency swaps. The purpose is to manage the currency risks arising from the Group’s operations and its sources of finance.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarized below. The Group’s accounting policies in relation to derivatives are set out in note 2.3 to the financial information.

Interest rate risk

The Group’s exposure to the risk of changes in fair value relates primarily to the Group’s interest-bearing bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit after tax through the impact on floating rate borrowings and the Group’s equity.

	Increase/(decrease) in basis points	(Decrease)/increase in profit before tax	(Decrease)/increase in equity
		RMB'000	RMB'000
December 31, 2023			
RMB	100	16,500	14,025
RMB	(100)	(16,500)	(14,025)
December 31, 2024			
RMB	100	23,000	19,550

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	Increase/(decrease) in basis points	(Decrease)/increase in profit before tax	(Decrease)/increase in equity
		<i>RMB’000</i>	<i>RMB’000</i>
RMB.	(100)	(23,000)	(19,550)
December 31, 2025			
RMB.	100	50,990	43,342
RMB.	(100)	(50,990)	(43,342)

Foreign currency risk

The Group’s transactional currency exposures mainly arise from sales of products in overseas regions.

Therefore, the Group is exposed to foreign currency risk.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD and EUR exchange rates, with all other variables held constant, of the Group’s profit before tax (due to changes in the fair value of monetary assets and liabilities). The remaining currency amounts are not material and are not tested separately.

As at December 31, 2023

	Increase/(decrease) in USD/EUR rate in basis points	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
		<i>RMB’000</i>	<i>RMB’000</i>
If the RMB weakens against the USD	100	492	492
If the RMB strengthens against the USD	(100)	(492)	(492)
If the RMB weakens against the EUR	100	1,329	1,329
If the RMB strengthens against the EUR	(100)	(1,329)	(1,329)
If the RMB weakens against other currencies	100	3,102	3,102
If the RMB strengthens against other currencies	(100)	(3,102)	(3,102)

As at December 31, 2024

	Increase/(decrease) in USD/EUR rate in basis points	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
		<i>RMB’000</i>	<i>RMB’000</i>
If the RMB weakens against the USD	100	4,773	4,773
If the RMB strengthens against the USD	(100)	(4,773)	(4,773)
If the RMB weakens against the EUR	100	3,772	3,772
If the RMB strengthens against the EUR	(100)	(3,772)	(3,772)
If the RMB weakens against other currencies	100	3,862	3,974
If the RMB strengthens against other currencies	(100)	(3,862)	(3,974)

As at December 31, 2025

	Increase/(decrease) in USD/EUR rate in basis points	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
		<i>RMB’000</i>	<i>RMB’000</i>
If the RMB weakens against the USD	100	9,470	9,470
If the RMB strengthens against the USD	(100)	(9,470)	(9,470)
If the RMB weakens against the EUR	100	3,114	3,114
If the RMB strengthens against the EUR	(100)	(3,114)	(3,114)
If the RMB weakens against other currencies	100	6,554	6,554
If the RMB strengthens against other currencies	(100)	(6,554)	(6,554)

Credit risk

The Group trades only with recognized and creditworthy third parties and there is no requirement for collateral. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. As at December 31, 2023, 2024 and 2025, the Group had credit risk as 22.57%, 20.05% and 16.19% of the Group’s trade receivables were due from the Group’s largest customer, and 30.47%, 33.23% and 25.58% of the Group’s trade receivables were due from the Group’s five largest customers, respectively. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk.

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Maximum exposure and year-end staging

The table below shows the credit quality based on the Group’s credit policy and the maximum exposure to credit risk presented at gross carrying amounts, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of each of the Relevant Periods.

December 31, 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables*	—	—	81,178	2,440,148	2,521,326
Contract assets	—	—	379	395,532	395,911
Financial assets included in prepayments, deposits, and other receivables**	263,458	18,149	17,774	—	299,381
Cash and bank balances	5,042,686	—	—	—	5,042,686
Derivative financial instruments designated as hedging instruments in fair value hedges	2,262	—	—	—	2,262
Financial assets at FVTPL	1,005,836	—	—	—	1,005,836
Pledged deposits	410,252	—	—	—	410,252
Amounts due from related parties . .	19,495	—	—	—	19,495
Receivables at fair value through other comprehensive income	—	—	—	166,045	166,045
	<u>6,743,989</u>	<u>18,149</u>	<u>99,331</u>	<u>3,001,725</u>	<u>9,863,194</u>

December 31, 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables*	—	—	86,227	3,406,422	3,492,649
Contract assets	—	—	1,533	515,576	517,109
Financial assets included in prepayments, deposits, and other receivables**	140,104	33,368	20,375	—	193,847
Cash and bank balances	4,140,697	—	—	—	4,140,697
Pledged deposits	398,471	—	—	—	398,471
Debt investments at fair value through other comprehensive income	253,505	—	—	—	253,505
Amounts due from related parties . .	42,781	—	—	—	42,781
Financial assets at FVTPL	1,586,021	—	—	—	1,586,021
Receivables at fair value through other comprehensive income	—	—	—	218,532	218,532
	<u>6,561,579</u>	<u>33,368</u>	<u>108,135</u>	<u>4,140,530</u>	<u>10,843,612</u>

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December 31, 2025

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	114,790	3,365,996	3,480,786
Contract assets	–	–	6,244	619,847	626,091
Financial assets included in prepayments, deposits, and other receivables**	94,897	55,616	20,884	–	171,397
Cash and bank balances	5,059,387	–	–	–	5,059,387
Pledged deposits	366,080	–	–	–	366,080
Debt investments at fair value through other comprehensive income	259,480	–	–	–	259,480
Amounts due from related parties	35,207	–	–	–	35,207
Financial assets at FVTPL	1,503,278	–	–	–	1,503,278
Receivables at fair value through other comprehensive income	–	–	–	236,175	236,175
	<u>7,318,329</u>	<u>55,616</u>	<u>141,918</u>	<u>4,222,018</u>	<u>11,737,881</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 23 to the financial information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and bills receivables and other receivables are disclosed in notes 23 and 20 to the financial information, respectively.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

Due to the Group’s supplier finance arrangements, the relevant trade payables are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group’s payment terms for trade payables covered by the arrangements are either identical to the payment terms for other trade payables or extended to not more than 180 days. Management does not consider the supplier finance arrangements will result in excessive concentrations of liquidity risk given the payment terms are not significantly extended. Details of the arrangements are disclosed in note 30 to the financial information.

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

	As at December 31, 2023				
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	2,793,749	–	–	–	2,793,749
Financial liabilities included in other payables and accruals	906,085	–	4,268	–	910,353
Interest-bearing bank borrowings	–	191,266	2,577,726	–	2,768,992
Amounts due to related parties	588,124	–	–	–	588,124
Lease liabilities	–	124,560	1,007,949	–	1,132,509
Total	<u>4,287,958</u>	<u>315,826</u>	<u>3,589,943</u>	<u>–</u>	<u>8,193,727</u>

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As at December 31, 2024					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	3,460,348	–	–	–	3,460,348
Financial liabilities included in other payables and accruals	1,101,223	–	36,947	–	1,138,170
Interest-bearing bank borrowings	–	32,956	3,342,122	–	3,375,078
Amounts due to related parties	433,723	–	–	–	433,723
Lease liabilities	–	167,724	1,308,276	–	1,476,000
Total	4,995,294	200,680	4,687,345	–	9,883,319

As at December 31, 2025					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	3,829,441	–	–	–	3,829,441
Financial liabilities included in other payables and accruals	992,006	–	9,676	–	1,001,682
Interest-bearing bank borrowings	–	64,393	5,275,617	–	5,340,010
Amounts due to related parties	322,980	–	–	–	322,980
Lease liabilities	–	170,653	1,331,190	–	1,501,843
Total	5,144,427	235,046	6,616,483	–	11,995,956

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

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

The Group monitors capital on the basis of the asset-liability ratios. The ratios as at the end of each of the Relevant Periods are as follows:

As at December 31,			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets	21,513,021	24,476,486	25,786,564
Total liabilities	10,359,713	12,202,548	14,010,935
Asset-liability ratio*	48%	50%	54%

* Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

48. EVENTS AFTER THE RELEVANT PERIODS

Apart from the dividend distribution as disclosed in note 12 to the Historical Financial Information, there were no other significant events subsequent to December 31, 2025.

49. SUBSEQUENT FINANCIAL STATEMENTS

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

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 March 2026 of the property interests held by the Group.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

[Date]

The Board of Directors
NINGBO SANXING MEDICAL ELECTRIC CO., LTD.
Yinzhou Industrial Park,
Jiangshan Town, Yinzhou District,
Ningbo, Zhejiang Province,
the PRC

Dear Sirs,

Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL” or “we”) are instructed by NINGBO SANXING MEDICAL ELECTRIC CO., LTD. (the “**Company**”) to provide an opinion of the market value of the property interest held by the Company and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”). In accordance with your instructions, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at 31 March 2026 (the “**Valuation Date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interest by the income approach in our valuation by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

APPENDIX III

PROPERTY VALUATION REPORT

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including Real Estate Title Certificate and other title documents relating to the property interest in the PRC and have made relevant enquiries. However, we have not examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company’s PRC Legal Advisors — Jingtian & Gongcheng, concerning the validity of the property interests in the PRC.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We considered that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the area in respect of the property but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

The site inspection was carried out on 12 May 2026 by Mr. Frank Yuen who has 7 years’ experience in the valuation of properties in the PRC.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Notes: Eddie T. W. Yiu is a Chartered Surveyor who has 32 years’ experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interest held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at the Valuation Date
			RMB
An industrial park at No. 518 Xinmei Road, Ningbo High-Tech Industry Development Zone, Ningbo, Zhejiang Province, The PRC	The property is an industrial park located at the southern side of Jinghui Road, the northern side of Qingyi Road, the eastern side of Jianlan Road and the western side of Xinmei Road in Ningbo High-Tech Industrial Development Zone of Ningbo City. The locality of the property is a well-developed industrial area with convenient transportation network. The property comprises a parcel of land with a site area of approximately 182,597.00 sq.m. and 29 buildings erected thereon. The buildings of the property were completed in various stages between 2018 and 2023 with a total gross floor area (“GFA”) of approximately 275,284.75 sq.m., details of which are set out in note 4. The land use rights of the property have been granted for a term expiring on 27 September 2062 for industrial use.	Portions of the property were leased to various lessees for workshop, office, dormitory and ancillary purposes, whilst the remaining portion of the property was vacant as at the Valuation Date (see note 3).	1,210,000,000

Notes:

- Pursuant to a Real Estate Title Certificate — Zhe (2021) Ningbo Shi Gao Xin Bu Dong Chan Quan Di No. 0161592 issued by Ningbo Municipal Bureau of Natural Resources and Planning, the land use rights of a land parcel of the property with a site area of approximately 182,597.00 sq.m. has been granted to Ningbo Aux Industrial Management Co., Ltd. (“Ningbo Aux Industrial Management”, 寧波奧克斯產業管理有限公司), a wholly-owned subsidiary of the Company for a term expiring on 27 September 2062 for industrial use.
- Pursuant to a Real Estate Title Certificate — Zhe (2023) Ningbo Shi Gao Xin Bu Dong Chan Quan Di No. 0104380 issued by Ningbo Municipal Bureau of Natural Resources and Planning, 29 buildings of the property with a total gross floor area of approximately 275,284.75 sq.m. are owned by Ningbo Aux Industrial Management, the relevant land use rights of the property with a site area of approximately 182,597.00 sq.m. have been granted to Ningbo Aux Industrial Management for a term of expiring on 27 September 2062 for industrial use.
- Pursuant to various lease agreements and supplementary agreements, as at the Valuation Date, portions of the property with a total lettable area of approximately 205,710.49 sq.m. were leased for to various wholly-owned subsidiaries of the Company and various independent third parties for terms with the expiry dates between 5 April 2026 and 10 April 2036 for workshop, office, dormitory and ancillary uses, and the total annual passing rent was approximately RMB67,680,000.

APPENDIX III

PROPERTY VALUATION REPORT

4. According to the information provided by the Group, the GFA of the property is set out as below:

Building	GFA (sq.m.)
Workshop No. 1	3,974.76
Workshop No. 2	3,974.76
Workshop No. 3	3,974.76
Workshop No. 4	3,974.76
Workshop No. 5	9,102.18
Workshop No. 6	3,974.76
Workshop No. 7	3,904.54
Workshop No. 8	3,974.76
Workshop No. 9	3,974.76
Workshop No. 10	3,974.76
Workshop No. 11	3,974.76
Workshop No. 12	14,166.31
Workshop No. 13	15,906.06
Workshop No. 14	15,173.65
Workshop No. 15	14,167.26
Workshop No. 16	15,906.06
Workshop No. 17	14,809.81
Workshop No. 18	665.19
Block A and Block B	96,726.35
Block C	10,940.60
Dormitory No. 1 and No. 2	15,329.92
Office Building	8,398.21
Staff Canteen	4,101.29
Gas Distribution Room	84.79
3 Security Guardhouses	129.69
Total:	275,284.75

5. Our valuation has been made on the following basis and analysis:

- a. In undertaking our valuation, we have considered the actual rent in the rental schedule and existing lease agreements provided by the Group and also compared with similar properties located in the same business circle and/or nearby within reasonable distance. We adopted market rent when calculation (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;
- b. As at the Valuation Date, the monthly unit rent of the comparable units ranges from RMB24.00 to RMB27.50 per sq.m. for workshop, RMB33.00 to RMB40.50 per sq.m. for office units, dormitory and ancillary units. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the property to arrive at the market rent of the property; and
- c. Based on our research, the stabilized market yield of similar properties is in the range of 5.5% to 6.5% as at the Valuation Date. Considering the location, lease term and other characteristics of the property, we have applied a market yield of 6.0% in the valuation.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, *inter alia*, the following:

- a. Ningbo Aux Industrial Management is the sole legal owner of the property;
- b. Ningbo Aux Industrial Management is entitled to freely occupy, use, lease, transfer, mortgage or otherwise dispose the property according to relevant PRC laws;
- c. The property is free from mortgage compulsory requisition, seizure or any other third-party rights and interests; and
- d. The lease agreements and supplementary agreements for the property entered into between Ningbo Aux Industrial Management and various wholly-owned subsidiaries of the Company and various independent third parties are protected by the PRC laws and shall be legally binding on both parties.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Set out herein is a summary of the Articles of Association for the main purpose of providing an overview of the Articles of Association to [REDACTED]. As the information contained herein is only a summary, it may not contain all the information that is important to [REDACTED].

OVERVIEW

This Appendix sets out a summary of the principal provisions of the Articles of Association. The Company’s Articles of Association shall become effective upon the [REDACTED] of the H Shares on the Hong Kong Stock Exchange.

SHARES AND REGISTERED CAPITAL

The shares issued by the Company shall have a nominal value of RMB1.00 each.

The issuance of the Company’s shares shall follow the principles of openness, fairness, and impartiality. Each share of the same class shall carry equal rights. For shares of the same class issued in the same issuance, the issuance conditions and price per share shall be identical; each subscriber shall pay the same amount per share subscribed.

INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES

Increase of Shares

Subject to the resolution of the shareholders’ meeting and in accordance with the provisions of laws and regulations, the Company may increase its capital by the following methods based on its operational and development needs: (i) Issuing shares to non-specific investors; (ii) Issuing shares to specific investors; (iii) Issuing bonus shares to existing shareholders; (iv) Capitalizing public reserves to increase share capital; (v) Other methods as prescribed by laws, administrative regulations, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, and the securities regulatory authorities of the place where the Company’s shares are listed (such as the CSRC and the Hong Kong Stock Exchange).

Reduction of Registered Capital

The Company may reduce its registered capital. The reduction of registered capital shall be conducted in accordance with the Company Law, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, other relevant regulations, and the procedures stipulated in the Company’s Articles of Association.

Share Repurchase

The Company shall not purchase its own shares except under any of the following circumstances: (i) Reducing the Company’s registered capital; (ii) Merging with another company that holds shares of the Company; (iii) Using the shares for employee stock ownership plans or equity incentives; (iv) Shareholders dissenting from a resolution on merger or division passed by the shareholders’ meeting requesting the Company to purchase their shares; (v) Using the shares for conversion of convertible corporate bonds issued by the Company; (vi) Where necessary for the Company to maintain its corporate value and protect shareholders’ equity.

Share Transfer

Shares of the Company may be transferred in accordance with the law. The transfer of H Shares of the Company shall comply with the Hong Kong Listing Rules and other relevant laws, regulations, and regulatory requirements of the place where the H Shares are listed.

Shares issued prior to the public issuance of A Shares shall not be transferred within one year from the date the Company’s A Shares are listed on the stock exchange.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Directors and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes thereto. During their term of office as determined at the time of appointment, the number of shares they may transfer each year shall not exceed twenty-five percent (25%) of their total holdings of the same class of shares of the Company. Shares of the Company held by such persons shall not be transferred within one year from the date the Company’s shares are listed on the stock exchange. Such persons shall not transfer their shares in the Company within six months after leaving office. Where laws, administrative regulations, or the securities regulatory authorities of the place where the Company’s shares are listed (such as the CSRC and the Hong Kong Stock Exchange) provide otherwise regarding the transfer of shares by shareholders, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS’ MEETING

Shareholders

The Company shall establish a register of shareholders based on the records provided by the securities registration and clearing institution. The register of shareholders shall be conclusive evidence of a shareholder’s holding of the Company’s shares. Shareholders shall enjoy rights and assume obligations based on the class of shares held; shareholders holding the same class of shares shall enjoy equal rights and assume the same obligations.

For convening shareholders’ meetings, distributing dividends, liquidation, and other actions requiring confirmation of shareholder identity, the Board of Directors or the convener of the shareholders’ meeting shall determine a record date. Shareholders registered in the register of shareholders at the close of business on the record date shall be the shareholders entitled to the relevant rights and interests.

Rights and Obligations of Shareholders

Shareholders of the Company shall enjoy the following rights: (i) To receive dividends and other forms of profit distribution in proportion to the number of shares held; (ii) To request, convene, preside over, attend, or appoint a proxy to attend shareholders’ meetings in accordance with the law, and to exercise corresponding voting rights; (iii) To supervise the Company’s operations, make suggestions, or raise inquiries; (iv) To transfer, gift, or pledge shares held in accordance with laws, administrative regulations, and the Company’s Articles of Association; (v) To inspect and copy the Company’s Articles of Association, register of shareholders, minutes of shareholders’ meetings, resolutions of Board meetings, and financial accounting reports. Qualified shareholders may inspect the Company’s accounting books and accounting records; (vi) To participate in the distribution of the Company’s remaining assets upon termination or liquidation in proportion to the number of shares held; (vii) Shareholders dissenting from a resolution on merger or division passed by the shareholders’ meeting may request the Company to purchase their shares; (viii) Other rights as provided by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed, or the Company’s Articles of Association.

Shareholders of the Company shall assume the following obligations: (i) To comply with laws, administrative regulations, and the Company’s Articles of Association; (ii) To pay the subscription monies according to the shares subscribed for and the method of capital contribution; (iii) Not to withdraw their capital contribution except under circumstances prescribed by laws and regulations; (iv) Not to abuse shareholder rights to harm the interests of the Company or other shareholders; not to abuse the Company’s independent legal person status or the limited liability of shareholders to harm the interests of the Company’s creditors; (v) Other obligations as required by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and the Company’s Articles of Association.

If a shareholder abuses shareholder rights and causes losses to the Company or other shareholders, such shareholder shall be liable for compensation in accordance with the law. If a shareholder abuses the Company’s independent legal person status or the limited liability of shareholders to evade debts and seriously damages the interests of the Company’s creditors, such shareholder shall bear joint and several liability for the Company’s debts.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

General Provisions on Shareholders’ Meetings

The shareholders’ meeting of the Company shall consist of all shareholders. The shareholders’ meeting is the organ of authority of the Company and shall exercise the following powers in accordance with the law: (i) To elect and replace directors and decide on matters concerning the remuneration of directors; (ii) To consider and approve reports of the Board of Directors; (iii) To consider and approve the Company’s profit distribution plans and plans for making up losses; (iv) To consider and approve plans for the adjustment or change of the Company’s profit distribution policy; (v) To pass resolutions on the increase or reduction of the Company’s registered capital; (vi) To pass resolutions on the issuance of corporate bonds; (vii) To pass resolutions on the merger, division, dissolution, liquidation, or change of corporate form of the Company; (viii) To amend the Company’s Articles of Association; (ix) To pass resolutions on the appointment, removal, and remuneration of the accounting firm responsible for auditing the Company; (x) To consider and approve guarantee matters specified in Article 47 of the Company’s Articles of Association; (xi) To consider matters where the purchase or sale of significant assets by the Company within one year exceeds thirty percent (30%) of the Company’s latest audited total assets; (xii) To consider and approve changes in the use of raised funds; (xiii) To consider equity incentive plans and employee stock ownership plans; (xiv) To consider other matters required by laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, or the Company’s Articles of Association to be decided by the shareholders’ meeting.

The shareholders’ meeting may authorize the Board of Directors to pass resolutions on the issuance of corporate bonds.

The Company may issue shares or convertible corporate bonds upon resolution of the shareholders’ meeting, or upon resolution of the Board of Directors as authorized by the Company’s Articles of Association or the shareholders’ meeting. The specific implementation shall comply with the provisions of laws, administrative regulations, the securities regulatory authorities of the place where the Company’s shares are listed (such as the CSRC and the Hong Kong Stock Exchange), and the stock exchange.

Shareholders’ meetings shall be divided into annual meetings and extraordinary meetings. An annual meeting shall be held once a year, within six months after the end of the preceding fiscal year.

Unless otherwise provided by the securities regulatory rules of the place where the Company’s shares are listed, an extraordinary meeting shall be convened within two months from the date of occurrence of any of the following circumstances: (i) When the number of directors is less than the number prescribed by the Company Law or two-thirds of the number stipulated in the Company’s Articles of Association, i.e., fewer than 6 persons; (ii) When the Company’s accumulated uncovered losses reach one-third of its total share capital; (iii) Upon the request of shareholders individually or jointly holding ten percent (10%) or more of the Company’s shares; (iv) When the Board of Directors deems it necessary; (v) Upon the proposal of the Audit Committee; (vi) Other circumstances stipulated by laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, or the Company’s Articles of Association.

Proposals and Notice of Shareholders’ Meetings

The content of a proposal shall fall within the scope of authority of the shareholders’ meeting, contain a clear topic and specific matters for resolution, and comply with the provisions of laws, administrative regulations, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, and the Company’s Articles of Association.

For convening a shareholders’ meeting, the Board of Directors, the Audit Committee, and shareholders individually or jointly holding one percent (1%) or more of the Company’s shares shall have the right to submit proposals to the Company.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Shareholders individually or jointly holding one percent (1%) or more of the Company's shares may submit temporary proposals in writing to the convener ten (10) days before the convening of the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two (2) days of receiving the proposal, announce the content of the temporary proposal, and submit such temporary proposal to the shareholders' meeting for deliberation, unless the temporary proposal violates laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the Hong Kong Listing Rules, or the Company's Articles of Association, or does not fall within the scope of authority of the shareholders' meeting. If, according to the securities regulatory rules of the place where the Company's shares are listed, the shareholders' meeting must be postponed due to the publication of a supplementary notice, the shareholders' meeting shall be convened in accordance with the postponement provisions of such rules.

Except as provided in the preceding paragraph, after issuing the notice of a shareholders' meeting, the convener shall not modify the proposals already listed in the notice or add new proposals.

The convener shall notify all shareholders in writing (including by announcement) twenty-one (21) days before the convening of an annual meeting, and fifteen (15) days before the convening of an extraordinary meeting.

The notice of a shareholders' meeting shall include the following: (i) The date, time, place, and duration of the meeting; (ii) The matters and proposals to be submitted to the meeting for consideration; (iii) A clear statement that all shareholders are entitled to attend the shareholders' meeting and may appoint a proxy in writing to attend and vote on their behalf, and that such proxy need not be a shareholder of the Company; (iv) The record date for determining shareholders entitled to attend the shareholders' meeting; (v) The name and telephone number of the contact person for the meeting; (vi) The time and procedure for voting by electronic or other means.

Convening of Shareholders' Meetings

All shareholders registered on the record date, or their proxies, shall be entitled to attend the shareholders' meeting and, in accordance with relevant laws, regulations, and the Company's Articles of Association, to speak and exercise voting rights at the shareholders' meeting (unless certain shareholders are required to abstain from voting on specific matters under the securities regulatory rules of the place where the Company's shares are listed).

Shareholders may attend the shareholders' meeting in person or appoint a proxy to attend and vote on their behalf. Such proxy need not be a shareholder of the Company.

The shareholders' meeting shall be presided over by the Chairman of the Board. If the Chairman is unable or fails to perform their duties, the Vice Chairman shall preside. If the Vice Chairman is unable or fails to perform their duties, a director nominated by a majority of the directors shall preside.

If the Audit Committee convenes the shareholders' meeting, it shall be presided over by the convener of the Audit Committee. If the convener is unable or fails to perform their duties, a member of the Audit Committee nominated by a majority of the Audit Committee members shall preside.

If shareholders convene the shareholders' meeting, it shall be presided over by the convener or a representative nominated by the convener.

Voting and Resolutions of Shareholders' Meetings

Resolutions of the shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by a simple majority of the voting rights represented by the shareholders (including proxies) attending the meeting.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

A special resolution shall be passed by two-thirds or more of the voting rights represented by the shareholders (including proxies) attending the meeting.

The following matters shall be resolved by ordinary resolution of the shareholders’ meeting: (i) Work report of the Board of Directors; (ii) Profit distribution plans and plans for making up losses proposed by the Board of Directors; (iii) Appointment and removal of members of the Board of Directors and matters concerning their remuneration and payment methods; (iv) Other matters not required by laws, administrative regulations, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, or the Company’s Articles of Association to be resolved by special resolution.

The following matters shall be resolved by special resolution of the shareholders’ meeting: (i) Increase or reduction of the Company’s registered capital; (ii) Division, spin-off, merger, dissolution, and liquidation of the Company; (iii) Amendment of the Company’s Articles of Association; (iv) Purchase or sale of significant assets by the Company within one year, or provision of guarantees, where the amount exceeds thirty percent (30%) of the Company’s latest audited total assets; (v) Equity incentive plans; (vi) Inability to determine the profit distribution plan for the current year in accordance with the established cash dividend policy or minimum cash dividend ratio; (vii) Adjustment or change of the Company’s cash dividend policy; (viii) Other matters required by laws, administrative regulations, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, or the Company’s Articles of Association, or matters deemed by the shareholders’ meeting through an ordinary resolution to have a significant impact on the Company and requiring a special resolution.

Shareholders (including proxies) shall exercise voting rights based on the number of voting shares they represent. Each share shall carry one vote. When voting, shareholders (including proxies) holding two or more votes are not required to cast all their votes uniformly in favor, against, or abstention. Unless otherwise provided by the securities regulatory rules of the place where the Company’s shares are listed.

When the shareholders’ meeting deliberates on significant matters affecting the interests of small and medium-sized investors, the votes of such investors shall be counted separately. The results of the separate vote count shall be disclosed publicly in a timely manner.

Shares held by the Company itself shall carry no voting rights and shall not be counted in the total number of voting shares present at the shareholders’ meeting. Where special provisions apply under the securities regulatory rules of the place where the Company’s shares are listed, such provisions shall prevail.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the shareholders’ meeting and may be removed from office by the shareholders’ meeting prior to the expiration of their term. The term of office for directors shall be three (3) years. Directors may be re-elected upon expiration of their term. Where special provisions apply regarding the re-election of directors under the relevant securities regulatory rules of the place where the Company’s shares are listed, such provisions shall prevail.

The term of a director shall commence from the date of appointment and end upon the expiration of the term of the current Board of Directors. If a director’s term expires without timely re-election, the outgoing director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and the Company’s Articles of Association until the newly elected director assumes office. Without prejudice to the relevant regulations and securities regulatory rules of the place where the Company’s shares are listed, if the Board of Directors appoints a new director to fill a casual vacancy or to increase the number of directors, the term of such appointed director shall only last until the first annual meeting following their appointment, at which time they shall be eligible for re-election.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Directors may concurrently serve as General Manager (President) or other senior management personnel, provided that the total number of directors concurrently serving as General Manager (President) or other senior management personnel shall not exceed one-half of the total number of directors of the Company.

When the Company has three hundred (300) or more employees, the Board of Directors shall include at least one (1) employee representative director. The employee representative on the Board of Directors shall be elected by the Company's employees through the employee representatives' congress and shall not be subject to approval by the shareholders' meeting.

Directors shall comply with laws, administrative regulations, and the Company's Articles of Association, bear a duty of loyalty to the Company, take measures to avoid conflicts between their own interests and those of the Company, and shall not use their authority to seek improper benefits. Directors shall owe the following duties of loyalty to the Company: (i) Not to misappropriate Company property or embezzle Company funds; (ii) Not to open accounts in their own name or the name of any other individual for depositing Company funds; (iii) Not to use their authority to accept bribes or other illegal income; (iv) Not to enter into contracts or conduct transactions directly or indirectly with the Company without reporting to the Board of Directors or the shareholders' meeting and obtaining approval through a resolution of the Board of Directors or the shareholders' meeting in accordance with the Company's Articles of Association; (v) Not to use their position to seek business opportunities belonging to the Company for themselves or others, unless they have reported such opportunities to the Board of Directors or the shareholders' meeting and obtained approval through a resolution of the shareholders' meeting, or the Company cannot utilize such business opportunity according to the provisions of laws, administrative regulations, or the Company's Articles of Association; (vi) Not to engage in business similar to that of the Company, either for themselves or on behalf of others, without reporting to the Board of Directors or the shareholders' meeting and obtaining approval through a resolution of the shareholders' meeting; (vii) Not to accept commissions related to Company transactions for personal gain; (viii) Not to disclose Company secrets without authorization; (ix) Not to use their connected relationships to harm the interests of the Company; (x) Other duties of loyalty as prescribed by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed and the Hong Kong Listing Rules, and the Company's Articles of Association.

Income derived by a director from a breach of this Article shall belong to the Company. If losses are caused to the Company, the director shall be liable for compensation.

Directors shall owe the following duties of care to the Company: (i) To exercise the powers conferred by the Company with caution, conscientiousness, and diligence, ensuring that the Company's commercial activities comply with national laws, administrative regulations, and economic policies, and that its business activities do not exceed the scope specified in its business license; (ii) To treat all shareholders fairly; (iii) To keep abreast of the Company's operational and managerial status in a timely manner; (iv) To sign written confirmation opinions on the Company's periodic reports and ensure the truthfulness, accuracy, and completeness of the information disclosed by the Company; (v) To truthfully provide relevant information and materials to the Audit Committee and shall not impede the Audit Committee's exercise of its powers; (vi) Other duties of care as prescribed by laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the Company's shares are listed and the Hong Kong Listing Rules, and the Company's Articles of Association.

Board of Directors

The Board of Directors shall exercise the following powers: (i) To convene shareholders' meetings and report on its work to the shareholders' meeting; (ii) To implement resolutions of the shareholders' meeting; (iii) To decide on the Company's operational plans and investment schemes; (iv) To formulate the Company's profit distribution plans and plans for making up losses; (v) To formulate plans for the increase or reduction of registered capital, issuance of bonds or other securities, and listing; (vi) To formulate plans for the adjustment or change of the Company's profit distribution policy; (vii) To draft plans for significant acquisitions, purchase of the Company's own shares, or merger, division, dissolution, and change of corporate form; (viii) Within the scope authorized by the shareholders' meeting, to decide

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

on matters concerning external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, external donations, etc.; (ix) To decide on the establishment of the Company’s internal management structure; (x) To decide on the appointment or removal of the General Manager (President), Secretary to the Board of Directors, and other senior management personnel, and decide on their remuneration, rewards, and penalties; based on the nomination of the General Manager (President), to decide on the appointment or removal of the Executive General Manager (Executive President), Deputy General Manager (Vice President), Chief Financial Officer, and other senior management personnel, and decide on their remuneration, rewards, and penalties; (xi) To formulate the Company’s basic management systems; (xii) To formulate proposals for amending the Company’s Articles of Association; (xiii) To manage the Company’s information disclosure matters; (xiv) To propose to the shareholders’ meeting the appointment or change of the accounting firm responsible for auditing the Company; (xv) To receive work reports from the General Manager (President) and review the work of the General Manager (President); (xvi) Other powers granted by laws, administrative regulations, departmental rules, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, or the Company’s Articles of Association.

A meeting of the Board of Directors shall be validly held only if a majority of the directors are present. Resolutions of the Board of Directors shall be passed by the affirmative vote of a majority of all directors. Unless otherwise provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, or the Company’s Articles of Association.

Voting on resolutions of the Board of Directors shall be conducted on a one-director-one-vote basis.

Special Committees of the Board of Directors

The Company shall establish an Audit Committee under the Board of Directors, which shall exercise the functions and powers of the supervisory committee stipulated in the Company Law.

The Audit Committee shall consist of three (3) members, all of whom shall be non-executive directors. Among them, two (2) shall be independent non-executive directors. The convener of the Audit Committee shall be an independent non-executive director with the professional expertise in accounting or financial management required by the securities regulatory rules of the place where the Company’s shares are listed.

The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board of Directors for deliberation after obtaining the consent of a majority of all members of the Audit Committee: (i) Disclosure of financial accounting reports and financial information in periodic reports, and internal control evaluation reports; (ii) Appointment or dismissal of the accounting firm responsible for auditing the listed company; (iii) Appointment or dismissal of the Chief Financial Officer of the listed company; (iv) Changes in accounting policies or accounting estimates, or corrections of significant accounting errors, for reasons other than changes in accounting standards; (v) Other matters stipulated by laws, administrative regulations, the securities regulatory authorities of the place where the Company’s shares are listed (such as the CSRC and the Hong Kong Stock Exchange), the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, and the Company’s Articles of Association.

The Board of Directors shall establish other special committees, including Strategy, Nomination, Remuneration and Appraisal Committees, composed of directors of the Company. Independent directors shall constitute a majority on the Nomination Committee and the Remuneration and Appraisal Committee, and shall serve as their conveners. Special committees shall perform their duties in accordance with the Company’s Articles of Association and the authorization of the Board of Directors. Proposals from special committees shall be submitted to the Board of Directors for deliberation and decision. The working procedures for special committees shall be formulated by the Board of Directors.

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The Nomination Committee shall be responsible for formulating the criteria and procedures for selecting directors and senior management personnel, conducting selection and review of candidates for directors and senior management positions and their qualifications, and making recommendations to the Board of Directors on the following matters: (i) Nomination or appointment and removal of directors; (ii) Appointment or dismissal of senior management personnel; (iii) Other matters stipulated by laws, administrative regulations, the securities regulatory authorities of the place where the Company’s shares are listed (such as the CSRC and the Hong Kong Stock Exchange), the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, and the Company’s Articles of Association.

The Remuneration and Appraisal Committee shall be responsible for formulating and reviewing the appraisal criteria for directors and senior management personnel, developing and reviewing the remuneration determination mechanism, decision-making process, payment, and clawback arrangements and other remuneration policies and plans for directors and senior management, and making recommendations to the Board of Directors on the following matters: (i) Remuneration of directors and senior management personnel; (ii) Formulation or amendment of equity incentive plans and employee stock ownership plans, and the satisfaction of conditions for granting or exercising rights and interests by incentive recipients; (iii) Shareholding plans for directors and senior management in proposed spin-off subsidiaries; (iv) Other matters stipulated by laws, administrative regulations, the securities regulatory authorities of the place where the Company’s shares are listed (such as the CSRC and the Hong Kong Stock Exchange), the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules, and the Company’s Articles of Association.

General Manager (President) and Other Senior Management Personnel

The Company shall have one (1) General Manager (President), who shall be appointed or dismissed by the Board of Directors. The Company may have one (1) Executive General Manager (Executive President) and one (1) Deputy General Manager (Vice President), who shall be appointed or dismissed by the Board of Directors.

The General Manager (President), Executive General Manager (Executive President), Deputy General Manager (Vice President), Chief Financial Officer, and Secretary to the Board of Directors shall constitute the senior management personnel of the Company.

The General Manager (President) shall be accountable to the Board of Directors and shall exercise the following powers: (i) To preside over the production and operational management of the Company, organize the implementation of resolutions of the Board of Directors, and report work to the Board of Directors; (ii) To organize the implementation of the Company’s annual operational plan and investment scheme; (iii) To draft plans for the establishment of the Company’s internal management structure; (iv) To draft the Company’s basic management systems; (v) To formulate the Company’s specific rules and regulations; (vi) To propose to the Board of Directors the appointment or dismissal of the Executive General Manager (Executive President), Deputy General Manager (Vice President), and Chief Financial Officer; (vii) To decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors; (viii) To approve connected transactions with connected natural persons involving an amount less than RMB300,000, and connected transactions with connected legal persons involving an amount less than RMB3,000,000 or less than 0.5% of the Company’s latest audited net assets; (ix) Other powers granted by the Company’s Articles of Association or the Board of Directors.

Financial Accounting System, Profit Distribution and Audit

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, relevant provisions of state authorities, the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

When distributing the after-tax profits for the current year, the Company shall allocate ten percent (10%) of the profit to the statutory surplus reserve. Allocation to the statutory surplus reserve may cease when the accumulated balance of the statutory surplus reserve reaches fifty percent (50%) or more of the Company’s registered capital.

If the statutory surplus reserve is insufficient to cover the Company’s losses from previous years, the current year’s profit shall first be used to make up the losses before making the allocation to the statutory surplus reserve as provided in the preceding paragraph.

After making the allocation to the statutory surplus reserve from the after-tax profit, the Company may, upon resolution of the shareholders’ meeting, allocate an amount from the after-tax profit to the discretionary surplus reserve.

The remaining after-tax profit after making up losses and making allocations to surplus reserves shall be distributed to shareholders in proportion to their shareholdings, unless otherwise provided in the Company’s Articles of Association that distribution shall not be made in proportion to shareholdings.

The basic principles of the Company’s profit distribution are as follows: The Company shall implement an active profit distribution policy. Profit distribution shall emphasize reasonable investment returns to investors. The profit distribution policy shall maintain continuity and stability and comply with the relevant provisions of laws and regulations. It shall also take into account the Company’s long-term interests, the overall interests of all shareholders, and the Company’s sustainable development. The Company’s shares held by the Company itself shall not participate in profit distribution. The Company shall prioritize cash dividends as the method of profit distribution.

The Company shall implement an internal audit system, clearly defining the leadership structure, responsibilities and authority, staffing, funding support, application of audit results, and accountability for internal audit work. The Company shall allocate full-time audit personnel to conduct internal audit supervision over the Company’s financial income and expenditure and economic activities.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and disclosed externally. The internal audit function shall be accountable to the Board of Directors.

MERGER, DIVISION, INCREASE OF CAPITAL, REDUCTION OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, Division, Increase of Capital and Reduction of Capital

For a merger of the Company, the merging parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the resolution approving the merger, and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within thirty (30) days. Creditors may, within thirty (30) days of receipt of the notice, or within forty-five (45) days of the announcement if no notice is received, request the Company to settle its debts or provide corresponding guarantees. Upon a merger of the Company, the claims and debts of the merging parties shall be assumed by the surviving company after the merger or the newly established company.

Upon a division of the Company, its assets shall be divided accordingly. Debts incurred by the Company prior to its division shall be jointly and severally assumed by the companies resulting from the division, unless otherwise agreed in a written agreement between the Company and its creditors regarding debt settlement prior to the division.

When reducing its registered capital, the Company shall prepare a balance sheet and an inventory of assets. When reducing registered capital, the Company shall reduce the capital contribution or shares proportionally according to the proportion of shares held by shareholders, unless otherwise provided by law or the Company’s Articles of Association.

APPENDIX IV

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Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons: (i) Expiration of the business term stipulated in the Company’s Articles of Association or the occurrence of any other cause for dissolution stipulated in the Company’s Articles of Association; (ii) Resolution of the shareholders’ meeting to dissolve the Company; (iii) Dissolution arising from a merger or division of the Company; (iv) Revocation of the business license, order to close down, or revocation by competent authorities in accordance with the law; (v) In the event of serious difficulties in the Company’s operation and management, where the continued existence of the Company would cause significant losses to shareholders’ interests, and such situation cannot be resolved through other means, shareholders holding ten percent (10%) or more of the total voting rights of the Company may petition the people’s court for dissolution of the Company.

Upon the occurrence of any cause for dissolution as specified in the preceding paragraph, the Company shall publicize the cause for dissolution through the National Enterprise Credit Information Publicity System within ten (10) days.

After reviewing the Company’s assets, preparing the balance sheet and asset inventory, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders’ meeting or the people’s court for confirmation.

After paying liquidation expenses, wages and salaries of employees, social insurance premiums and statutory compensation, settling outstanding taxes, and paying off the Company’s debts, the remaining assets of the Company shall be distributed to shareholders in proportion to their respective shareholdings.

If, after reviewing the Company’s assets and preparing the balance sheet and asset inventory, the liquidation committee discovers that the Company’s assets are insufficient to settle its debts, it shall apply to the people’s court for a declaration of bankruptcy in accordance with the law. Upon acceptance of the bankruptcy application by the people’s court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the people’s court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders’ meeting or the people’s court for confirmation, and file it with the company registration authority to apply for deregistration of the Company and announce the termination of the Company.

Amendment of Articles of Association

The Company shall amend its Articles of Association under any of the following circumstances: (i) Where the Company Law or relevant laws, administrative regulations, departmental rules, normative documents, or the listing rules of the place where the Company’s shares are listed and the Hong Kong Listing Rules are amended, resulting in a conflict between the provisions of the Articles of Association and the amended provisions of such laws or administrative regulations; (ii) Where changes occur in the Company’s circumstances that are inconsistent with the matters recorded in the Articles of Association; (iii) Where the shareholders’ meeting decides to amend the Articles of Association.

If the amendment to the Articles of Association passed by resolution of the shareholders’ meeting requires approval from the competent authority, such approval shall be obtained. Where matters involve company registration items, registration of changes shall be processed in accordance with the law.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the PRC on February 1, 2007, and was converted into a joint stock limited company on March 24, 2008. Our Company completed the listing of our A Shares on the Shanghai Stock Exchange (stock code: 601567) in June 2011.

As of the date of this document, our Company’s registered address and headquarters are located at Yinzhou Industrial Park (Jiangshan Town, Yinzhou District, Ningbo), Ningbo, Zhejiang Province, PRC. Our Company’s corporate structure and Articles of Association are governed by PRC laws and regulations.

The summary of the Articles of Association is set out in “Appendix IV — Summary of Articles of Association” to this document.

Our principal place of business in Hong Kong is at Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Our Company is registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 28, 2026. Ms. YIP Hoi Lam (葉凱琳) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

2. Changes in the Share Capital of Our Company

Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this document:

79,300 A Shares were cancelled by our Company on March 31, 2025. The total issued share capital of our Company was then decreased from 1,411,085,871 to 1,411,006,571.

As approved by the Board meeting on May 28, 2025 and by the first extraordinary general meeting of 2025 of our Company on July 31, 2025, the 5,755,371 A Shares repurchased by our Company were cancelled on July 31, 2025. The total issued share capital of our Company was then decreased from 1,411,006,571 to 1,405,251,200.

41,800 A Shares were cancelled by our Company on September 12, 2025. The total issued share capital of our Company was then decreased from 1,405,251,200 to 1,405,209,400.

3. Changes in the Share Capital of Our Major Subsidiaries

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this document. For details, see “Waivers from Strict Compliance with the Listing Rules — Waiver in respect of Alteration in Share Capital” in this document.

Save as disclosed below, no alteration in the registered capital of our Major Subsidiaries has taken place within the two years preceding the date of this document.

On November 19, 2025, the registered capital of Ningbo AUX Yongneng Technology Co., Ltd. (寧波奧克斯甬能科技有限公司) was increased from RMB300,000,000 to RMB700,000,000.

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STATUTORY AND GENERAL INFORMATION

4. Resolutions of Shareholders

At the general meeting of our Company held on April 15, 2026, the following resolutions were passed by the Shareholders:

- (i) the issuance of H Shares with a nominal value of RMB1.00 each by our Company and such H Shares be [REDACTED] on the Stock Exchange;
- (ii) the number of H Shares to be issued pursuant to the [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED], and the [REDACTED] shall not exceed [REDACTED]% of the above number of H Shares to be issued;
- (iii) subject to the completion of the [REDACTED], the Articles of Association to become effective on the [REDACTED] shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and
- (iv) to authorize the Board and its authorized person to handle the matters relating to, among others, the [REDACTED], the [REDACTED] and [REDACTED] of the H Shares.

A. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

We have entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

- (i) the [REDACTED].

2. Intellectual Property Rights

(a) Trademarks

Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Owner	Class	Place of registration	Expiry date	Registration number
1 . .		the Company	9	Hong Kong	December 4, 2035	307118839
2 . .		the Company	9	PRC	January 27, 2030	28659194
3 . .		the Company	9	PRC	December 6, 2035	15548385
4 . .		the Company	9	PRC	August 6, 2027	1072602
5 . .		the Company	9	Argentina	September 4, 2029	3699106

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No.	Trademark	Owner	Class	Place of registration	Expiry date	Registration number
6. . .		the Company	9	Nicaragua	October 24, 2028	2018124634 LM
7. . .		the Company	9	Nigeria	February 6, 2039	32838
8. . .		the Company	9	Sri Lanka	February 14, 2028	227203
9. . .		the Company	9	Uganda	February 8, 2035	60791
10. .		the Company	9	Madrid	September 7, 2028	1442854
11. .		the Company	9	Malaysia	March 9, 2028	2018055088
12. .		Ningbo AUX Yongneng Technology Co., Ltd.	9	PRC	December 20, 2034	12997194
13. .		Ningbo AUX Yongneng Technology Co., Ltd.	9	Brazil	August 15, 2033	926940732
14. .		Ningbo AUX Yongneng Technology Co., Ltd.	9	Pakistan	June 9, 2032	665438
15. .		Mingzhou Healthcare Group	5	PRC	March 6, 2034	73189376
16. .		Mingzhou Healthcare Group	10	PRC	February 27, 2034	73167841
17. .		AUX Smart Technology	9	Peru	January 14, 2035	00366970
18. .		Ningbo AUX Yongneng Technology Co., Ltd.	9	Sweden	November 4, 2034	824184

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(b) Patents

Registered Patents

As of the Latest Practicable Date, we owned the following registered patents which we consider to be or may be material to our business:

No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
1. . . .	A rehabilitation assistive exercise device for orthopedics (一種骨科用復健輔助運動設備)	Invention	PRC	ZL202110597717.9	Hangzhou Mingzhou Naokang Rehabilitation Hospital Co., Ltd. (杭州明州腦康康復醫院有限公司)	May 30, 2041
2. . . .	An error compensation method for self-heating of electricity meters (一種電能表自熱的誤差補償方法)	Invention	PRC	ZL202211428797.6	the Company	November 14, 2042
3. . . .	Electricity meter with a communication module	PCT (Sweden)	Sweden	SE545382C2	the Company	May 8, 2040
4. . . .	A frequency band switching circuit and electronic device (一種頻段切換電路和電子設備)	Invention	PRC	ZL202310472937.8	the Company	April 25, 2043
5. . . .	An electric meter box and an electric meter box assembly (一種電錶箱以及電錶箱組件)	Invention	PRC	ZL202411360454.X	AUX Smart Technology	September 26, 2044
6. . . .	A method and system for temperature control of a transformer (一種變壓器的溫度控制方法及溫度控制系統)	Invention	PRC	ZL202111164946.8	AUX Smart Technology	September 29, 2041
7. . . .	A method for prepaid electricity meter fee control, a smart meter, and a storage medium (一種預付費電能表的費控處理方法、智慧電錶、存儲介質)	Invention	PRC	ZL202210914406.5	the Company	July 31, 2042
8. . . .	Data file push method, server and computer-readable storage medium (數據檔案推送方法、服務器和計算機可讀存儲介質)	Invention	PRC	ZL202210764095.9	Sanxing Smart Electric	June 28, 2042
9. . . .	A housing structure for an electricity meter, the electricity meter, and a method for manufacturing the housing of the electricity meter (一種電能表的殼體結構及其電能表、電能表的殼體製造方法)	Invention	PRC	ZL202110864930.1	the Company	July 28, 2041
10. . . .	Methods, devices, electronic equipment and computer-readable storage media for identifying electricity theft (竊電行為辨識方法、裝置、電子設備及計算機可讀存儲介質)	Invention	PRC	ZL202210745113.9	Sanxing Smart Electric	June 26, 2042
11. . . .	Electricity meter operation control method (電能表運轉控制方法)	Invention	PRC	ZL202010758047.X	the Company	July 30, 2040

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
12.	Clock synchronization circuit, method, electronic equipment and medium for dual-core energy meters (雙芯電能表時鐘同步電路、方法、電子設備及介質)	Invention	PRC	ZL202111439707.9	Sanxing Smart Electric	November 29, 2041
13.	Data transmission method, device and system for load identification module (負載識別模塊數據傳輸方法、裝置及系統)	Invention	PRC	L201911399365.5	the Company	December 26, 2039
14.	A circuit that can turn off the power supply using a serial port (一種可利用串口關斷電源的電路)	Invention	PRC	ZL202111164015.8	Sanxing Smart Electric	September 29, 2041
15.	Methods and devices for detecting secure access incidents to electricity meters (電錶安全訪問事件的檢測方法及裝置)	Invention	PRC	ZL201911424587.8	Sanxing Smart Electric	December 29, 2039
16.	Electric meter box	Invention	Turkey	TR 2023007637B	the Company	August 3, 2041
17.	A method to prevent electricity theft (一種防竊電方法)	Invention	PRC	ZL202010737224.6	the Company	July 27, 2040
18.	Microgrid soft-start control method and energy storage converter parallel system (微電網帶載軟啟動控制方法及儲能變流器並聯系統)	Invention	PRC	ZL202411384051.9	Ningbo AUX Yongneng Technology Co., Ltd.	September 29, 2044
19.	A box-type transformer structure (一種箱變結構)	Invention	PRC	ZL202010480137.7	AUX Smart Technology	May 29, 2040
20.	A battery box (一種電池盒)	Invention	PRC	ZL201810216711.0	the Company	March 14, 2038
21.	Time-series data storage management methods, media, and concentrators based on aggregation processing (基於聚合處理的時序數據存儲管理方法、介質及集中器)	Invention	PRC	ZL202211011731.7	Sanxing Smart Electric	August 22, 2042

(c) Copyrights

Software Copyrights

As of the Latest Practicable Date, we were the registered proprietor of the following copyrights which we consider to be or may be material to our business:

No.	Subject	Owner	Certification number	First published date	Certification date
1.	AMI Prepaid management platform V1.0 (AMI預付費管理平台V1.0)	the Company	2024SR0361629	Unpublished	March 7, 2024
2.	Charging pile multi-gun power dynamic allocation controller software V1.0 (充電樁多槍功率動態分配控制器軟體 V1.0)	Sanxing Smart Electric	2023SR0896678	May 31, 2023	August 4, 2023

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Subject	Owner	Certification number	First published date	Certification date
3. . .	Energy storage inverter monitoring platform V3038 (儲能逆變器監控平台 V3038)	Ningbo AUX Yongneng Technology Co., Ltd.	2024SR0960367	N/A	July 9, 2024
4. . .	645 Meter testing software V1.0 (645表計測試軟體 V1.0)	the Company	2022SR0768114	Unpublished	June 16, 2022
5. . .	Grid-connected inverter monitoring platform V3038 (併網逆變器監控平台 V3038)	Ningbo AUX Yongneng Technology Co., Ltd.	2024SR0960360	N/A	July 9, 2024
6. . .	Overseas smart meter software with adaptive communication module function V1.0 (具有通訊模組自適應功能的海外智慧表軟體 V1.0)	the Company	2022SR0768113	Unpublished	June 16, 2022
7. . .	Network management platform system V1.0 (網路管理平台系統V1.0)	Sanxing Smart Electric	2024SR0452112	Unpublished	April 1, 2024
8. . .	Overseas CPU card prepaid energy meter software with PID self-heating error control function V1.0 (具備PID自熱誤差控制功能的海外CPU卡預付費電能表軟體V1.0)	the Company	2022SR0768112	Unpublished	June 16, 2022
9. . .	Meter reading APP V1.0 (抄表APP V1.0)	Sanxing Smart Electric	2024SR0368831	Unpublished	March 8, 2024
10. . .	Automatic testing system for smart energy meters V3.0.0 (智慧電能表功能自動測試系統 V3.0.0)	the Company	2022SR0674244	Unpublished	May 31, 2022
11. . .	Meter data management system V1.0 (電錶數據管理系統)	Sanxing Smart Electric	2024SR0366723	Unpublished	March 8, 2024
12. . .	ASG-TL Series energy storage inverter main control software V1.0 (ASG-TL系列儲能逆變器主控軟體 V1.0)	Ningbo AUX Yongneng Technology Co., Ltd.	2024SR0962327	N/A	July 9, 2024
13. . .	Field installation and deployment management system V1.0 (現場安裝部署管理系統 V1.0)	Sanxing Smart Electric	2024SR0364515	Unpublished	March 7, 2024
14. . .	Key management system V1.0 (密鑰管理系統)	the Company	2024SR0357888	Unpublished	March 6, 2024

(d) Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain name	Owner	Expiry date
1. . .	sanxing.com	the Company	March 30, 2031
2. . .	auxsolar.com.cn	Ningbo AUX Yongneng Technology Co., Ltd.	January 12, 2029
3. . .	sanxing-mx.com	the Company	November 28, 2028
4. . .	nansensolar.com	Sanxing Smart Electric	October 29, 2028

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No.	Domain name	Owner	Expiry date
5. . .	aux-smart.com	the Company	December 18, 2028
6. . .	auxsol.com	Ningbo AUX Yongneng Technology Co., Ltd.	June 1, 2034
7. . .	auxsmart.com.cn	AUX Smart Technology	July 26, 2029
8. . .	nbmzyl.com	Mingzhou Healthcare Group	July 7, 2026
9. . .	auxyl.com	Mingzhou Healthcare Group	November 11, 2026

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents or other intellectual or industrial property rights which were material in relation to our Group’s business.

B. STOCK OWNERSHIP PLAN

The following is a summary of the principal terms of our core team stock ownership plan (the “**Stock Ownership Plan**”).

(i) *Purpose*

The purposes of the Stock Ownership Plan are to:

- (i) establish and enhance a mechanism whereby the interests of employees are aligned with those of the Shareholders and other stakeholders, promoting a culture of shared risks and rewards;
- (ii) further improve the corporate governance structure and advocate for the sustainable development of both our Company and its employees, thereby effectively motivating the Directors, management, and core employees of our Group; and
- (iii) attract and retain exceptional management talents and key business personnel by balancing our Company’s long-term and short-term interests, and to provide greater flexibility in attracting diverse talents, thereby promoting the long-term, sustainable, and healthy development of our Company.

(ii) *Eligible Participants*

The eligible participants of the Stock Ownership Plan include Directors (excluding independent Directors), core management personnel and core employees of our Group, and any other individuals deemed eligible by our Company.

(iii) *Administration*

The Stock Ownership Plan shall be self-administered by our Company. The general meeting of holders, composed of all plan participants, serves as the highest authority and appoints the management committee of the Stock Ownership Plan (the “**Management Committee**”). The Management Committee is responsible for overseeing the daily operation and management of the Stock Ownership Plan. Currently, the Management Committee includes three members, namely Ms. SHEN Guoying and Ms. GUO Su, both Directors of our Company and Mr. MIAO Xilei, an employee of our Group. It may authorize the Board secretary or any other person for the purpose of exercising such rights.

(iv) *Source of the Share Awards*

The Shares under the Stock Ownership Plan are A Shares repurchased by our Company and held in our Company’s special repurchase account.

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(v) Purchase Price

The purchase price for each A Share underlying the share awards (the “**Share Awards**”), is RMB20.58, based on the average repurchase price of the A Shares already repurchased in the dedicated securities account for repurchase.

(vi) Maximum number of A Shares and Individual Limit

The total amount of funds from eligible participants under the Employee Stock Ownership Plan shall not exceed RMB42.16 million, which corresponds to 2,048,590 A Shares underlying 2,048,590 Share Awards, representing 0.15% of the issued Shares (excluding the 5,755,371 A Shares held by our Company as treasury Shares) as of the Latest Practicable Date. The total number of A Shares corresponding to the Share Awards granted to any employee shall not exceed 1% of our Company’s total share capital.

On May 22, 2024, 18 eligible participants were granted Share Awards under the Stock Ownership Plan and no further Share Awards shall be granted pursuant to the Stock Ownership Plan.

(vii) Term

The term of Stock Ownership Plan is 48 months, commencing from the date when the Stock Ownership Plan was approved by our Company’s general meeting (i.e. the first extraordinary general meeting of 2024) and the date on which our Company announced that the last batch of A Shares of our Company to be granted under the Stock Ownership Plan had been transferred to our Company’s special account for the Stock Ownership Plan (the “**Date of Transfer**”) (i.e. May 22, 2024).

(viii) Lock-up Period and Vesting Schedule

The A Shares granted under the Stock Ownership Plan are subject to a lock-up period of 12 months, commencing from the Date of Transfer. After the expiry of the forgoing lock-up period, subject to attainment of performance targets and personal evaluation, the participants’ entitlement to the corresponding portion of A Shares held by the Stock Ownership Plan will be vested in three tranches in the proportion of 60% (the “**First Tranche**”), 20% (the “**Second Tranche**”) and 20% (the “**Third Tranche**”) on the first, second and third anniversary of the Date of Transfer, respectively.

According to the Stock Ownership Plan, after the lock-up period expires, based on the performance evaluation results of eligible participants, the Management Committee shall determine the methods to satisfy the Share Awards by (i) liquidating the corresponding A Shares held by our Company’s special account for the Stock Ownership Plan in stages and distributing the proceeds to eligible participants; or (ii) transferring the corresponding A Shares held by our Company’s special account to the eligible participants’ individual accounts.

(ix) Outstanding Share Awards under the Stock Ownership Plan

As of the Latest Practicable Date, the proposed vesting date of the First Tranche and the Second Tranche have arrived. For the Share Awards that met the performance targets, the Management Committee, in accordance with the provisions of the Stock Ownership Plan and primarily taking into account market conditions, elected to distribute the benefits by liquidating the corresponding A Shares held in our Company’s special account for the Stock Ownership Plan and distributing the corresponding proceeds to the eligible participants.

Below is the details of the remaining 409,718 A Shares underlying the current outstanding Share Awards held by our Company’s special account for the Third Tranche.

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Below are details of the A Shares to the grantees under the Stock Ownership Plan (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]):

Name of the grantee	Position	Number of A Shares underlying the outstanding Share Incentives	Date of grant	Grant price (RMB)	Vesting schedule ⁽¹⁾	Approximate percentage of issued Shares immediately after the [REDACTED]
Director and Senior Management						
SHEN Guoying	Chairperson of the Board and executive Director	44,441	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
CHENG Zhihao	Executive Director and president	52,862	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
GUO Su	Executive Director and Board secretary	16,725	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
LYU Meng	Non-executive Director	44,630	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
GE Yubin	Chief financial officer	8,887	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
Connected Persons at the Subsidiary Level						
YI Shiwei (易師偉)	–	2,512	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
ZHOU Weiguang (周偉光)	–	6,200	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
DENG Jun (鄧俊)	–	13,522	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
DONG Yongbin (董永斌)	–	10,342	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
WANG Yijuan (王義娟)	–	16,044	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
MIAO Xilei (繆錫雷)	–	43,141	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
DAI Dongdong (戴冬冬)	–	97,196	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%
Others						
Other grantees	–	53,216	May 22, 2024	20.58	<i>Note 1</i>	[REDACTED]%

Note:

- (1) For the vesting schedule of such Share Incentives to the grantees under the Stock Ownership Plan, see “— (viii) Lock-up Period and Vesting Schedule” above.

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interest

(a) Disclosure of Interests of Directors and Chief Executive

The following table sets out the interests and short positions of our Directors and chief executive of our Company as of the date of this document and immediately following the completion of the [REDACTED] (assuming (i) the [REDACTED] are not exercised and (ii) no other changes are made to the issued share capital of our Company or treasury Shares from the Latest Practicable Date to the [REDACTED]) in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

(i) Interest in our Company

Name of Shareholders	Nature of interest	Description of Shares	Number of Shares interested in under the SFO	Approximate % of the issued Shares of our Company as of the Latest Practicable Date	Immediately after the [REDACTED]	
					Approximate % of the A Shares of our Company	Approximate % of the issued Shares of our Company
Mr. ZHENG Jianjiang	Beneficial owner	A Shares	179,306,730	12.76%	[12.76]%	[REDACTED]%
	Interest in controlled corporation ⁽²⁾	A Shares	457,719,653	32.57%	[32.57]%	[REDACTED]%
	Interest in treasury Shares ⁽³⁾	A Shares	5,755,371	0.41%	[0.41]%	[REDACTED]%
Ms. SHEN Guoying	Beneficial owner	A Shares	694,441 ⁽⁴⁾	0.05%	[0.05]%	[REDACTED]%
Mr. CHENG Zhihao	Beneficial owner	A Shares	310,862 ⁽⁵⁾	0.02%	[0.02]%	[REDACTED]%
Ms. GUO Su	Beneficial owner	A Shares	466,725 ⁽⁶⁾	0.03%	[0.03]%	[REDACTED]%
Ms. LYU Meng	Beneficial owner	A Shares	544,630 ⁽⁷⁾	0.04%	[0.04]%	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) As of the Latest Practicable Date, AUX Group was owned as to 65% by Ningbo Yuanxing and 35% by Ningbo Yuanhe. Each of Ningbo Yuanxing and Ningbo Yuanhe was, in turn, owned as to 85% by Mr. ZHENG Jianjiang. Accordingly, Ningbo Yuanxing, Ningbo Yuanhe, and Mr. ZHENG Jianjiang were deemed to be interested in the A Shares held by AUX Group under the SFO.
- (3) As of the Latest Practicable Date, there were 5,755,371 A Shares held by our Company as treasury Shares. Mr. ZHENG Jianjiang, who controls more than one-third of the voting rights at the general meetings of our Company would be taken to have an interest in such treasury Shares.
- (4) Including 44,441 Shares Awards that have been granted but unvested under the Stock Ownership Plan, see “— B. Stock Ownership Plan — (ix) Outstanding Share Awards under the Stock Ownership Plan” above.
- (5) Including 52,862 Shares Awards that have been granted but unvested under the Stock Ownership Plan, see “— B. Stock Ownership Plan — (ix) Outstanding Share Awards under the Stock Ownership Plan” above.
- (6) Including 16,725 Shares Awards that have been granted but unvested under the Stock Ownership Plan, see “— B. Stock Ownership Plan — (ix) Outstanding Share Awards under the Stock Ownership Plan” above.
- (7) Including 44,630 Shares Awards that have been granted but unvested under the Stock Ownership Plan, see “— B. Stock Ownership Plan — (ix) Outstanding Share Awards under the Stock Ownership Plan” above.

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(ii) Interest in our associated corporations

Name	Name of associated corporation	Nature of interest	Approximate percentage of shareholding interest
Mr. ZHENG Jianjiang	AUX Group	Interest in controlled corporation ⁽¹⁾	85%
	Ningbo Yuanxing	Beneficial owner	85%

Notes:

- (1) As of the Latest Practicable Date, AUX Group was owned as to 65% by Ningbo Yuanxing and 35% by Ningbo Yuanhe. Each of Ningbo Yuanxing and Ningbo Yuanhe was, in turn, owned as to 85% by Mr. ZHENG Jianjiang.

(b) Disclosure of Interests of Substantial Shareholders

Interests in our Company

Save as disclosed in the section headed “Substantial Shareholders,” immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [REDACTED]), our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the voting power at any general meeting of our Company.

Interests in other members of our Group

As of the Latest Practicable Date, to the best knowledge of our Directors, the following persons or entities (other than members of our Group, the Directors or chief executive of our Company), as the case may be, were interested in 10% or more of the voting right at general meetings of our subsidiaries:

Members of our Group	Name of the substantial shareholder	Approximate % of voting right held by the substantial shareholder
Foxytech Sp.zo.o	SONEL S.A.	40.00%
PT Citra Sanxing Indonesia	PT. Citra Mahasurya Industries	31.64%
Guangzhou Mingzhou Rehabilitation Hospital Co., Ltd. (廣州明州康復醫院有限公司)	Ningbo Mingrong Venture Capital Partnership (Limited Partnership) (寧波明融創業投資合夥企業(有限合夥))	35.00%
Shaoxing Mingzhou Rehabilitation Hospital Co., Ltd. (紹興明州康復醫院有限公司)	Ningbo Mingli Venture Capital Partnership (Limited Partnership) (寧波明力創業投資合夥企業(有限合夥))	35.00%
Wuhan Mingzhou Hanxing Rehabilitation Hospital Co., Ltd. (武漢明州漢興康復醫院有限公司)	Ningbo Mingtu Venture Capital Partnership (Limited Partnership) (寧波明途創業投資合夥企業(有限合夥))	35.00%

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Members of our Group	Name of the substantial shareholder	Approximate % of voting right held by the substantial shareholder
Changzhou Zhongwu Mingzhou Rehabilitation Hospital Co., Ltd. (常州中吳明州康復醫院有限公司) . . .	Ningbo Mingxian Venture Capital Partnership (Limited Partnership) (寧波明賢創業投資合夥企業(有限合夥))	35.00%
Wenzhou Mingzhou Rehabilitation Hospital Co., Ltd. (溫州明州康復醫院有限公司)	Ningbo Mingju Venture Capital Partnership (Limited Partnership) (寧波明炬創業投資合夥企業(有限合夥))	35.00%
Suzhou Mingzhou Rehabilitation Hospital Co., Ltd. (蘇州明州康復醫院有限公司)	Ningbo Mingchu Venture Capital Partnership (Limited Partnership) (寧波明初創業投資合夥企業(有限合夥))	35.00%
Jinhua Mingzhou Rehabilitation Hospital Co., Ltd. (金華明州康復醫院有限公司)	Ningbo Mingshi Venture Capital Partnership (Limited Partnership) 寧波明實創業投資合夥企業(有限合夥))	35.00%
Wuhu Mingzhou Rehabilitation Hospital Co., Ltd. (蕪湖明州康復醫院有限公司)	Ningbo Minghao Venture Capital Partnership (Limited Partnership) (寧波明豪創業投資合夥企業(有限合夥))	35.00%
Hefei Mingzhou Rehabilitation Hospital Co., Ltd. (合肥明州康復醫院有限公司)	Ningbo Mingsheng Venture Capital Partnership (Limited Partnership) (寧波明聖創業投資合夥企業(有限合夥))	35.00%
Foshan Mingzhou Rehabilitation Hospital Co., Ltd. (佛山明州康復醫院有限公司)	Ningbo Mingbo Venture Capital Partnership (Limited Partnership) (寧波明博創業投資合夥企業(有限合夥))	35.00%
Linyi Mingzhou Rehabilitation Hospital Co., Ltd. (臨沂明州康復醫院有限公司)	Ningbo Mingben Venture Capital Partnership (Limited Partnership) (寧波明本創業投資合夥企業(有限合夥))	35.00%
Wenzhou Ouhai Mingzhou Rehabilitation Hospital Co., Ltd. (溫州甌海明州康復醫院有限公司) . . .	Ningbo Mingheng Venture Capital Partnership (Limited Partnership) (寧波明衡創業投資合夥企業(有限合夥))	35.00%
Ningbo Jiangbei Mingzhou Rehabilitation Hospital Co., Ltd. (寧波江北明州康復醫院有限公司) . . .	Ningbo Mingfeng Venture Capital Partnership (Limited Partnership) (寧波明豐創業投資合夥企業(有限合夥))	35.00%
Huzhou Mingzhou Rehabilitation Hospital Co., Ltd. (湖州明州康復醫院有限公司)	Ningbo Minghe Venture Capital Partnership (Limited Partnership) (寧波明赫創業投資合夥企業(有限合夥))	35.00%
Yiwu Mingzhou Rehabilitation Hospital Co., Ltd. (義烏明州康復醫院有限公司)	Ningbo Mingkai Venture Capital Partnership (Limited Partnership) (寧波明開創業投資合夥企業(有限合夥))	35.00%

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Members of our Group	Name of the substantial shareholder	Approximate % of voting right held by the substantial shareholder
Shanghai Yongmin Mingzhou Rehabilitation Hospital Co., Ltd. (上海甬閔明州康復醫院有限公司) . . .	Ningbo Mingli Venture Capital Partnership (Limited Partnership) (寧波明立創業投資合夥企業(有限合夥))	35.00%
Ningbo Haishu Mingzhou Rehabilitation Hospital Co., Ltd. (寧波海曙明州康復醫院有限公司)	Ningbo Mingzhong Venture Capital Partnership (Limited Partnership) (寧波明仲創業投資合夥企業(有限合夥))	35.00%
Shanghai Hongmei Mingzhou Rehabilitation Hospital Co., Ltd. (上海虹梅明州康復醫院有限公司) . . .	Ningbo Mingtang Venture Capital Partnership (Limited Partnership) (寧波明堂創業投資合夥企業(有限合夥))	35.00%
Wenzhou Deep Blue Hospital Co., Ltd. (溫州市深藍醫院有限公司)	Wenzhou Shunzhe Enterprise Management Co., Ltd. (溫州順者企業管理有限公司)	16.00%
Huzhou New Zhejiang North Comprehensive Outpatient Department Co., Ltd. (湖州新浙北綜合門診部有限公司)	Huzhou Dazhebei Health Management Co., Ltd. (湖州大浙北健康管理有限公司)	20.00%

2. Directors’ Service Contracts and Letters of Appointment

Our Company has entered into a service agreement with each of the Directors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observations of Articles of Association and provisions on arbitration.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective effective date of his/her appointment; (b) each of the agreements is subject to termination in accordance with their respective terms.

Save as disclosed above, our Directors have not entered into or propose to enter into any service contracts with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Director’s Remuneration

For details of the Directors’ remuneration, see “Directors and Senior Management — Remuneration of Our Directors, Senior Management and Employees” and Note 9 to the Accountant’s Report as set out in Appendix I to this document.

4. Disclaimers

Save as disclosed in this document:

- (i) there is no existing or proposed service contract (excluding any contract expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;

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- (ii) none of our Directors or the experts named in “— D. Other Information — 7. Qualifications and Consents of Experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (iii) save in connection with the [REDACTED], none of our Directors nor any of the experts named in “— D. Other Information — 7. Qualifications and Consents of Experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group as a whole; and
- (iv) none of our Directors or their respective close associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of the number of our issued shares) has any interest in our five largest suppliers or our five largest customers.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of the subsidiaries of our Company.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and, so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US\$1.0 million to act as a sponsor to our Company in connection with the [REDACTED].

4. Preliminary Expenses

As of the Latest Practicable Date, our Company did not incur any material preliminary expenses in relation to the incorporation of our Company.

5. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2025 (being the date to which the latest audited historical financial information of our Group were prepared).

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6. Promoters

Information of our promoters as of the time of our Company’s conversion into a joint stock company in March 2008 is as follows:

No.	Name of the promoters of our Company
1.	AUX Group
2.	Ningbo Gaosheng Investment Co., Ltd. (寧波高勝投資有限公司)
3.	ZHENG Jianjiang
4.	ZHENG Jiang
5.	WANG Wenjie (王文杰)

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

7. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Jingtian & Gongcheng	Legal advisors to our Company as to PRC law
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

Each of the experts named above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report, letter, summary of valuations, valuation certificates and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

Save in connection with the [REDACTED], none of the experts named above: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

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8. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Bilingual document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

10. Miscellaneous

Save as disclosed in “History and Corporate Structure” and in connection with the [REDACTED]:

- (i) within the two years immediately preceding the date of this document,
 - (a) no share or loan capital of our Company or any of our subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (c) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any share in our Company or any of our subsidiaries.
- (ii) no Share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (iv) there are no arrangements under which future dividends are waived or agreed to be waived;
- (v) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (vi) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (vii) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (viii) our Company has no outstanding convertible debt securities or debentures.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in “Appendix V — Statutory and General Information — D. Other Information — 7. Qualifications and Consents of Experts;” and
- (b) a copy of the material contract referred to in “Appendix V — Statutory and General Information — A. Further Information about Our Business — 1. Summary of Material Contract.”

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.sanxing.com during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this document;
- (c) the audited financial statements of our Group for the three years ended December 31, 2023, 2024 and 2025;
- (d) the report on unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;
- (e) the letter and valuation certificate relating to the selected property interest of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this document;
- (f) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisors in respect of certain matters of our Group in the PRC;
- (g) the industry report prepared by Frost & Sullivan, the summary of which is set forth in “Industry Overview;”
- (h) a copy of each of the PRC Company Law, the PRC Securities Law, the Guidelines on the Bylaws of Listed Companies (2022 Revision) together with their unofficial English translations;
- (i) the material contract referred to in “Appendix V — Statutory and General Information — A. Further Information about Our Business — 1. Summary of Material Contract;”
- (j) the written consents referred to in “Appendix V — Statutory and General Information — D. Other Information — 7. Qualifications and Consents of Experts;” and
- (k) the service contracts referred to in “Appendix V — Statutory and General Information — C. Further Information about Our Directors, Chief Executive and Substantial Shareholders — 2. Directors’ Service Contracts and Letters of Appointment.”