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Application Proof of

STAR SPORTS MEDICINE CO., LTD.
北京天星醫療股份有限公司

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

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STAR SPORTS MEDICINE CO., LTD.

北京天星醫療股份有限公司

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

[REDACTED]

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

***Joint Sponsors* [REDACTED]**

CITIC SECURITIES

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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 the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**].

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

OVERVIEW

We are a China-based medical device company specializing in clinical sports medicine solutions. We are the fourth largest sports medicine device provider, representing a market share of approximately 6.5% in China's sports medicine implants and instruments market, and the largest domestic sports medicine device provider in China, in terms of sales revenue in 2024, according to CIC. We offer holistic solutions for the treatment of injuries to soft tissues of rotator cuffs, ligaments and meniscus at shoulders, knees, hips, feet/ankles, elbows, and hands/wrist, as well as for the rehabilitation and prevention of sports-related injuries, leveraging our self-developed medical implants, active equipment, associated medical consumables and surgical instruments.

China's sports medicine device industry is still at the early development stage, with significant room for growth compared to developed countries. The China's sports medicine device market is projected to grow at a CAGR of 16.5% from 2024 to 2030, according to CIC. Meanwhile, domestic sports medicine providers are expected to steadily enhance their market penetration in China's sports medicine device market. In addition, China's intelligent rehabilitation solutions market is expected to grow at a CAGR of 47.5% to reach approximately RMB22.9 billion in 2030. We intend to capture such growth and extend our success into China's intelligent rehabilitation solutions market with our sports medicine prescription and rehabilitation system.

Our sports medicine product matrix mainly comprises 62 products spanning medical implants, active equipment and associated medical consumables, as well as surgical instruments and regenerative repair products, as of the Latest Practicable Date. Leveraging our technological capabilities, we obtained, on average, over seven medical device certificates for our products every year during the Track Record Period.

Leveraging our diversified product portfolio, we have achieved deep market penetration in China during the Track Record Period: the number of hospitals that had adopted our products increased from over 1,000 as of December 31, 2022 to over 3,000 as of December 31, 2024, among which over 1,000 were Class III hospitals. As of September 30, 2025, we had cumulatively sold over 1.8 million units of our products, with revenue of RMB146.6 million, RMB238.5 million, RMB327.1 million, RMB220.6 million and RMB273.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

OUR STRENGTHS

The following strengths underpin our success and enable us to sustainable growth: (i) renowned brand and market recognition in China's fast-growing sports medicine device market with rapid global expansion; (ii) comprehensive, efficient and sustainable research and development capabilities underpinned by multidisciplinary and synergistic technology platforms; (iii) clinically-oriented product portfolio; (iv) proven product development and commercialization capabilities in China and worldwide; and (v) visionary and experienced leadership and strong support from professional investors.

See "Business — Our Strengths."

OUR STRATEGIES

We will carry out the following strategies: (i) develop full-cycle treatment and rehabilitation solutions, and build multidimensional technological capabilities; (ii) expand our production capacity and improve quality control; (iii) amplify our market presence in the domestic market and become one of the leading brands worldwide; (iv) pursue vertical integration and supply chain upgrade; and (v) recruit and develop talent in sports medicine and rehabilitation medicine.

See "Business — Our Strategies."

OUR PRODUCTS

Our product portfolio covers the key steps of the sports medicine cycle with a market share of approximately 6.5% of China's sports medicine implants and instruments market in terms of sales revenue in 2024, according to CIC. As of the Latest Practicable Date, our product portfolio encompassed 62 products spanning medical implants, surgical equipment and associated medical consumables, as well as surgical instruments and regenerative repair products. We had 27 products with Class III medical device certificates and 24 with Class II medical device certificates as of the same date, the most among China's sports medical device companies, according to CIC. In addition, we secured in aggregate over 200 regulatory approvals and registration certificates for medical devices in Europe, Southeast Asia, the Middle East and Latin America as of the Latest Practicable Date.

The following table sets forth our revenue breakdown by product segment both in absolute amounts and as a percentage of total revenue for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Medical implants	116,977	79.8	186,516	78.2	249,987	76.4	167,222	75.8	212,108	77.6
Surgical equipment and associated medical consumables	29,598	20.2	51,919	21.8	76,986	23.5	53,279	24.1	60,980	22.3
Others[(1)]	21	0.0	107	0.0	146	0.1	135	0.1	218	0.1
Total	**146,596**	**100.0**	**238,542**	**100.0**	**327,119**	**100.0**	**220,636**	**100.0**	**273,306**	**100.0**

Note:

(1) Others primarily comprised revenue from the sales of surgical utility carts and regenerative repair products for joint soft tissues.

The following table sets forth a breakdown of our gross profit and gross profit margin by product segment for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	**Gross profit margin (%)**	**Gross profit**	**Gross profit margin (%)**	**Gross profit**	**Gross profit margin (%)**	**Gross profit**	**Gross profit margin (%)**	**Gross profit**	**Gross profit margin (%)**
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Medical implants	87,015	74.4	147,356	79.0	180,958	72.4	120,052	71.8	162,397	76.6

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Surgical equipment and associated medical consumables	16,914	57.1	29,927	57.6	46,582	60.5	31,647	59.4	39,225	64.3
Others	10	47.6	25	23.4	55	37.7	58	43.0	173	79.4
Total	**103,939**	**70.9**	**177,308**	**74.3**	**227,595**	**69.6**	**151,757**	**68.8**	**201,795**	**73.8**

Gross profit margin for medical implants decreased from 79.0% in 2023 to 72.4% in 2024, primarily due to the lower selling prices of our medical implants, resulting from the implementation of the volume-based procurement programs since 2024. Gross profit margin for medical implants increased from 71.8% in the nine months ended September 30, 2024 to 76.6% in the nine months ended September 30, 2025, primarily due to our effective cost management and economies of scales in production. Specifically, we negotiated with core suppliers for favorable procurement price. We collaborated with suppliers on raw material design and production workflows, providing critical insights to optimize their production. We fostered robust relationships with them while securing favorable pricing terms. We also sourced certain raw materials from diversified suppliers to enhance our resilience against supply chain disruptions. In the meantime, our increased production volumes and improved production efficiency to further lower per-unit labor and manufacturing expenses.

The following table sets forth a breakdown of our sales volume and average sales price by product category for the periods indicated:

		Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
Medical implants	Sales Volume (Units)	158,989	262,000	560,110	359,698	472,806
	Average Selling Price (RMB/Unit)	735.8	711.9	446.3	464.9	448.6
Surgical equipment and associated medical consumables	Sales Volume (Units)	56,655	87,098	152,266	103,046	115,761
	Average Selling Price (RMB/Unit)	522.4	596.1	505.6[(1)]	517.0	526.8[(2)]

Notes:

(1) The average selling price of surgical equipment and associated medical consumables decreased from RMB596.1 per unit in 2023 to RMB505.6 per unit in 2024, primarily due to the increase in the sales of medical consumables used for surgical equipment, which command relatively lower selling prices.

(2) The average selling price of surgical equipment and associated medical consumables increased slightly from RMB517.0 per unit in 2024 to RMB526.8 per unit in the nine months ended September 30, 2025, primarily due to the increased sales of surgical equipment that commanded relatively higher average selling prices than associated medical consumables. The sales volume of our surgical equipment increased as we successfully expanded our customer base in overseas markets, where new customers typically adopt our equipment at the initial stage of their engagement with us.

Since its implementation in Chinese Mainland in 2024, 14 out of 19 of our medical implants have been included into the volume-based procurement program. For these 14 products, the average selling prices decreased, improving the affordability and accessibility of our medical implants. As a result, the sales volume increased significantly. In contrast, the Medical Insurance Reimbursement Lists primarily affect patients' out-of-pocket expenditures without directly impacting product ex-factory prices or sales volumes.

The following chart illustrates our sports medicine and rehabilitation medicine product portfolio as of the Latest Practicable Date:

Platform	Category	Number of approved products	Number of products under development	R&D focus	Approved advantageous products
Biomaterial Platform	Suture anchor	11	-	Self-guided separable All-suture	China's first-to-market all-suture anchor
	Interference screws system	7	1		China's first-to-market carbon fiber-reinforced PEEK suture anchor
	Meniscus repair system	2	1		China's first-to-market PEEK composite interference screw
	Suture buttons	2	1		China's first-to-market multi-needle and flexible meniscus repair system
	Soft tissue suture system	2	1		
Imaging and Dynamic Platform	Plasma RF ablation equipment	4	2	Integrated Cordless Algorithm controlled	China's first-to-market integrated cordless handheld shaver system
	Arthroscopic surgical shaver	4	2		China's first-to-market sports rehabilitation system
	Endoscope camera system	6	4		China's first-to-market all-suture buttons
	Surgical instruments and medical consumables for active equipment	19	7		China's first-to-market pre-loaded all-suture anchor
Intelligent Medicine Platform	Surgical robot	-	1	AI-enabled	China's first-to-market pre-loaded metal suture anchor
	Digital rehabilitation systems	1	-		China's first-to-market pre-loaded PEEK suture anchor
Tissue Engineering Platform	PRP preparation devices	4	3	Cell centrifugation and separation Superior biomechanical performance Controllable degradation Enhanced tissue regeneration	China's first-to-market pre-loaded bioabsorbable suture anchor
	Repair scaffolds for joint soft tissue	-	9		First domestically-produced bioabsorbable suture anchor of its kind in China
					First domestically-produced PEEK suture anchor of its kind in China
					First domestically-produced PEEK sheath fixation system of its kind in China
					First domestically-produced bioabsorbable interference screw of its kind in China
					First domestically-produced bioabsorbable interference screws and sheath fixation system of its kind in China
					First domestically-produced adjustable suture button of its kind in China
					First domestically-produced UHMWPE suture of its kind in China
					First domestically-produced all-suture meniscus repair system of its kind in China
					First domestically-produced fixed suture button of its kind in China
					First domestically-produced suture button with tendon tail of its kind in China
	In Total	**62**	**32**		

Medical Implants

Our medical implants support a wide range of surgical applications, addressing prevalent sports-related conditions. This integrated medical implant product segment primarily includes (i) suture anchors, (ii) interference screws and sheath fixation system, (iii) suture buttons and high-strength sutures, and (iv) meniscus repair system.

Surgical Equipment and Associated Medical Consumables

Our surgical equipment and associated medical consumables include active equipment, compatible medical consumables and ancillary surgical instruments, integrated to optimize efficiency, safety and precision in surgeries. Active equipment relies on external energy sources to function, altering energy density or converting energy for diagnostic and therapeutic purposes. Furthermore, we offer medical consumables specifically designed for seamless compatibility with our active equipment.

Our ancillary surgical instruments enable precise operations. Our ancillary surgical instruments streamline preoperative preparation and accommodate diverse clinical needs through versatile combinations.

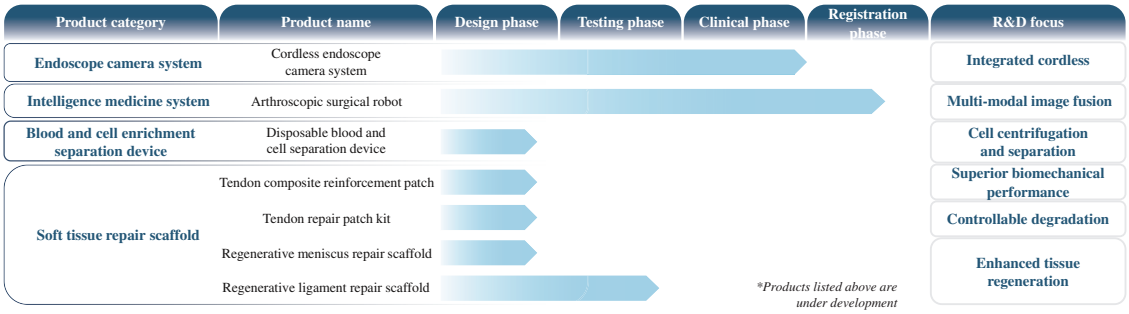
Other Products

We are developing other sports medicine products, such as regenerative repair products for joint soft tissues. As of the Latest Practicable Date, we have four regenerative repair products for joint soft tissues. We are developing soft tissue repair scaffolds targeting sports-related soft tissue damage.

Moreover, leveraging our intelligent medicine platform, we plan to integrate advanced AI technologies into our products in the future. We are developing arthroscopic surgical robots as well as sports medicine prescription and rehabilitation system, thereby expanding our portfolio into out-of-hospital care.

Product Pipeline

The following chart outlines our product pipeline, showing our select products under each product category and mapping each product category to its corresponding technology platform and development stage.



See "Business — Our Products."

OUR CORE TECHNOLOGIES

We leverage four proprietary technology platforms to deliver sports medicine solutions to doctors and patients, aligning advanced technologies with clinical and consumer demands. In particular, the biomaterial platform establishes an essential technological foundation for our medical implants. Similarly, the imaging and dynamic platform constructs a foundational layer via sophisticated imaging modalities, which directly enable our active equipment and associated medical consumables. In addition, our emerging intelligent medicine platform aims to leverage advanced algorithms, machine learning models and data analytics to drive personalized care. Likewise, the tissue engineering platform establishes a foundational regenerative toolkit through innovations in biological scaffolds.

See "Business — Our Core Technologies."

RESEARCH AND DEVELOPMENT

Our R&D capabilities are crucial to our commitment to bringing sports medicine solutions. During the Track Record Period, our research and development expenses were RMB18.3 million, RMB35.0 million, RMB37.3 million, RMB26.8 million and RMB32.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. We were recognized as the National High-Tech Enterprise, National Technologically Advanced "Little Giant" Enterprise, Beijing Municipal Enterprise Technology Center and Beijing Intellectual Property Advantage Unit. We have participated in formulating a set of industry standards and applied for over 260 patents, among which over 180 had been granted as of the Latest Practicable Date, further enhancing our reputation for scientific excellence and innovations.

See "Business — Research and Development."

SALES AND CUSTOMERS

We primarily sell our products through distributorship. As of September 30, 2025, our domestic distribution network included over 200 distributors across Chinese mainland. During the Track Record Period, we also sell our products to overseas distributors. We had 8, 24, 49 and 63 distributors overseas as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively.

The following table sets forth a breakdown of our revenue by geographical regions based on our distributors' principal places of business, in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Chinese mainland	146,217	99.7	231,876	97.2	306,267	93.6	208,053	94.3	235,006	86.0
Other countries and regions[(1)]	379	0.3	6,666	2.8	20,852	6.4	12,583	5.7	38,300	14.0
Total	**146,596**	**100.0**	**238,542**	**100.0**	**327,119**	**100.0**	**220,636**	**100.0**	**273,306**	**100.0**

Note:

(1) Other countries and regions mainly include France, Poland and Spain.

The following table sets forth a breakdown of our sales volume and average selling price by geographical region for the periods indicated:

		Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
Chinese mainland	Sales Volume (Units)	214,623	339,544	675,394	439,265	521,011
	Average Selling Price (RMB)	681.3	682.9	453.5	473.6	451.1
Other countries and regions[(1)]	Sales Volume (Units)	1,024	9,576	37,008	23,497	67,853
	Average Selling Price (RMB)	370.1	696.1	563.4[(2)]	535.5	564.5[(3)]

Notes:

(1) Other countries and regions mainly include France, Poland and Spain.

(2) The average selling price of our products in other countries and regions decreased from RMB696.1 per unit in 2023 to RMB563.4 per unit in 2024, primarily due to our strategic initiatives to lower prices in overseas markets to expand our presence. We adjusted our sales strategies by enhancing promotional activities, which effectively broadened our customer base and increased sales volumes. Additionally, shifts in our product mix contributed to this trend, with a higher proportion of sales from our medical implants, which command lower average selling prices than surgical equipment and associated medical consumables.

(3) The average selling price of our products in other countries and regions remained relatively stable at RMB563.4 per unit in 2024 and RMB564.5 per unit in the nine months ended September 30, 2025, as we maintained a similar product mix in overseas markets during this period.

Revenue generated from our five largest customers in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB46.7 million, RMB126.8 million, RMB188.7 million and RMB159.6 million, respectively, representing 31.9%, 53.1%, 57.7% and 58.5% of our total revenue in the respective periods. Revenue generated from our largest customer in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB11.2 million, RMB42.0 million, RMB56.9 million and RMB52.9 million, respectively, accounting for 7.7%, 17.6%, 17.4% and 19.4% of our revenue in the respective periods.

See "Business — Sales and Marketing."

RAW MATERIALS AND SUPPLIERS

Our key raw materials include bioabsorbable materials, PEEK materials, UHMWPE yarn and inserter components for medical implants; electronic components for active equipment; electrode wires, ceramic bases, inner and outer tubes for associated medical consumables; and metal components, tool handles and casings for surgical instruments. Our suppliers primarily comprise raw material and component providers. Purchase from our five largest suppliers in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB23.6 million, RMB38.2 million, RMB96.8 million and RMB34.9 million, respectively, accounting for 35.0%, 28.4%, 44.8% and 26.0% of our total purchases in 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. Purchase from our largest supplier in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB9.7 million, RMB12.5 million, RMB52.1 million and RMB10.3 million, respectively, accounting for 14.4%, 9.3%, 24.1% and 7.7% of our total purchases in 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively.

See "Business — Supply Chain Management."

SEASONALITY

Our sales volume is typically higher in the second half of the year. This seasonality is driven primarily by increased surgical demand during holiday seasons and a higher incidence of winter sports related injuries in the second half of the year, which elevate procedure volumes and sports medicine product usage. According to CIC, this seasonality is common across the sports medicine device industry, with medical device manufacturers similarly experiencing stronger procurement demand and sales in the second half of the year.

COMPETITION

We compete in China's sports medicine device market. According to CIC, China's sports medicine device market is highly concentrated and currently dominated by international players. In 2024, the five largest sports medicine device providers in China accounted for approximately 59.3% of the market share in terms of sales revenue, with four of them being international players. We ranked fourth in China's sports medicine device market among all brands, representing a market share of approximately 6.5% in China's sports medicine implants and instruments market, and first among all domestic brands in terms of sales revenue in 2024.

Our business spans key product categories, including sports medical implants, surgical equipment and associated medical consumables, and other sports medicine products such as regenerative repair products for joint soft tissues. In China's sports medical implants market, we ranked first among domestic brands and fourth among all brands in 2024, by sales revenue, with a market share of approximately 8.8%. In China's surgical equipment and associated medical consumables market, we ranked first among domestic brands and sixth among all brands in 2024 by sales revenue, with a market share of approximately 3.2%.

See "Industry Overview."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Dong, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang are directly interested in 33.14%, 1.88%, 2.36% and 4.09% of the issued share capital of our Company, respectively. The general partner of each of Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang is Tianjin Bokang, which is held as to 99% by Mr. Dong. As such, Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang are able to collectively control the voting rights in approximately 41.47% of the issued share capital of our Company as of the Latest Practicable Date.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang will be able to control the voting rights in approximately [**REDACTED**]% of the issued share capital of our Company. Therefore, Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang will be regarded as a group of Controlling Shareholders upon [**REDACTED**].

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Description of Major Components of Our Results of Operations

The following table sets forth a summary of our results of operations for the periods indicated:

	Year ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Revenue	146,596	238,542	327,119	220,636	273,306
Cost of sales	(42,657)	(61,234)	(99,524)	(68,879)	(71,511)
Gross profit	**103,939**	**177,308**	**227,595**	**151,757**	**201,795**
Other income and gains	6,791	14,834	10,097	4,618	10,787
Selling and distribution expenses	(39,792)	(66,108)	(69,628)	(42,455)	(47,448)
Administrative expenses	(11,269)	(26,165)	(22,768)	(17,745)	(29,230)
Research and development expenses	(18,299)	(35,024)	(37,252)	(26,770)	(32,671)
Other expenses	(85)	(49)	(13)	(253)	(403)
(Impairment)/reversal of impairment of financial assets, net	(108)	12	(111)	22	(436)
Finance costs	(553)	(486)	(352)	(274)	(237)
Profit before tax	**40,624**	**64,322**	**107,568**	**68,900**	**102,157**
Income tax expense	(282)	(7,210)	(12,179)	(8,020)	(12,285)
Profit for the year/period	**40,342**	**57,112**	**95,389**	**60,880**	**89,872**
Profit attributable to:					
Owners of the parent	40,342	57,112	95,389	60,880	89.872

Non-IFRS Measure

To supplement our historical financial information, which is presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) as additional financial measured, which are not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by adjusting for potential impacts of items. We believe that this measure provides useful information to investors

and others in understanding and evaluating our consolidated results of operations. Our presentation of adjusted profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation form, or as substitutes for analysis of, or our results of operations as reported under IFRS.

The following table reconciles our adjusted profit (non-IFRS measure) for the year/period presented in accordance with IFRS, which is profit for the year/period.

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit for the year/period	40,342	57,112	95,389	60,880	89,872
Add:					
Share award expenses[(1)]	–	905	1,083	810	875
[**REDACTED**][(2)]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted profit for the year/period (non-IFRS measure)	40,342	58,017	96,472	61,690	105,431

Notes:

(1) Share award expenses are non-cash in nature.

(2) [**REDACTED**] represent expenses related to the [**REDACTED**].

Revenue

During the Track Record Period, we recorded steady revenue growth. Our revenue increased from RMB146.6 million in 2022 to RMB238.5 million in 2023, primarily due to the increased sales volume in all our product categories, which was driven by the growing market acceptance. Our revenue further increased from RMB238.5 million in 2023 to RMB327.1 million in 2024, and further increased from RMB220.6 million in the nine months ended September 30, 2024 to RMB273.3 million in the nine months ended September 30, 2025, primarily due to the continuously increased sales volume of our products, which were driven by the enhanced market recognition and improved accessibility of our medical implants, as well as the increased adoption of our associated medical consumables used for active equipment.

Gross Profit Margin

Gross profit margin for medical implants increased from 74.4% in 2022 to 79.0% in 2023, primarily due to (i) the enhanced economies of scale; and (ii) the increased sales of certain medical implants with higher margins. Gross profit margin for medical implants decreased from 79.0% in 2023 to 72.4% in 2024, primarily due to the lower selling prices of our medical implants, which were included in the volume-based procurement programs since 2024. Gross profit margin for medical implants increased from 71.8% in the nine months ended September 30, 2024 to 76.6% in the nine months ended September 30, 2025, primarily due to our effective cost management and economies of scale.

Gross profit margin for surgical equipment and associated medical consumables remained relatively stable at 57.1% in 2022 and 57.6% in 2023. Gross profit margin for surgical equipment and associated medical consumables increased from 57.6% in 2023 to 60.5% in 2024, primarily due to a decrease in raw material costs, as we benefitted from favorable procurement prices, as well as the economies of scale. Gross profit margin for surgical equipment and associated medical consumables increased from 59.4% in the nine months ended September 30, 2024 to 64.3% in the nine months ended September 30, 2025, primarily due to our effective cost management strategies and economies of scale.

Net Profit

Our profit for the year increased from RMB40.3 million in 2022 to RMB57.1 million in 2023, and further to RMB95.4 million in 2024, and further increased from RMB60.9 million in the nine months ended September 30, 2024 to RMB89.9 million in the nine months ended September 30, 2025, primarily due to the increased revenue.

Discussion of Certain Key Balance Sheet Items

The following table sets forth a summary of selected information from our balance sheet as of the dates indicated:

	As of December 31			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Total current assets	309,681	405,144	522,360	584,341
Total non-current assets	37,242	46,134	94,974	94,989
Total assets				
Total current liabilities	55,656	70,525	127,233	92,037
Total non-current liabilities	8,954	5,985	18,861	25,306
Net current assets	**254,025**	**334,619**	**395,127**	**492,304**
Net assets	**282,313**	**374,768**	**471,240**	**561,987**
Equity attributable to owners of the parent				
Paid-in capital	45,923	–	–	–
Share capital	–	46,409	46,409	46,409
Reserves	236,390	328,359	424,831	515,578
Total equity	**282,313**	**374,768**	**471,240**	**561,987**

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-[**REDACTED**], see "— Pre-[**REDACTED**]" below and note 27 to the Accountants' Report set out in Appendix I to this document.

Our net assets increased from RMB282.3 million as of December 31, 2022 to RMB374.8 million as of December 31, 2023, primarily due to (i) our profit for the year of RMB57.1 million and (ii) our issue of share capital of RMB34.4 million. Our net assets increased from RMB374.8 million as of December 31, 2023 to RMB471.2 million as of December 31, 2024, primarily due to our profit for the year of RMB95.4 million. Our net assets increased from RMB471.2 million as of December 31, 2024 to RMB562.0 million as of September 30, 2025, primarily due to our profit for the period of RMB89.9 million.

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
	(RMB in thousands)				*(Unaudited)*
Current assets					
Inventories	27,065	39,287	57,154	70,603	66,619
Trade and bills receivables	3,241	2,651	19,134	13,535	49,151
Prepayments, other receivables and other assets	6,535	6,836	12,011	14,425	18,284
Financial assets at fair value through profit or loss	–	–	–	251,393	391,889
Restricted bank deposits	–	–	–	10,261	–
Time deposits with an initial term of over three months	–	–	344,093	44,367	–
Cash and cash equivalents	272,840	356,370	89,968	179,757	116,862
Total current assets	**309,681**	**405,144**	**522,360**	**584,341**	**642,805**
Current liabilities					
Trade payables	5,925	12,900	23,550	22,834	32,052
Other payables and accruals	34,779	40,173	77,780	42,450	56,712
Contract liabilities	7,397	9,198	10,487	4,325	6,188
Interest-bearing bank borrowings	–	–	–	500	12,000
Lease liabilities	3,037	3,276	3,716	2,822	1,891
Tax payable	–	1,306	1,617	7,556	1,248
Refund liabilities	4,518	3,672	10,083	11,550	12,370
Total current liabilities	**55,656**	**70,525**	**127,233**	**92,037**	**122,461**
Net current assets	**254,025**	**334,619**	**395,127**	**492,304**	**520,344**

Our net current assets increased from RMB492.3 million as of September 30, 2025 to RMB520.3 million as of January 31, 2026, primarily due to (i) an increase in trade and bills receivables of RMB35.6 million, driven by the growth in sales; and (ii) an increase in financial assets at fair value through profit or loss of RMB140.5 million.

Our net current assets increased from RMB395.1 million as of December 31, 2024 to RMB492.3 million as of September 30, 2025, primarily due to (i) an increase in cash and cash equivalents of RMB89.8 million, primarily due to our continued business growth; and (ii) an increase in inventories of RMB13.4 million, primarily due to our increased procurement of raw materials and our production expansion.

Our net current assets increased from RMB334.6 million as of December 31, 2023 to RMB395.1 million as of December 31, 2024, primarily due to (i) an increase in time deposits of RMB344.1 million, (ii) an increase in inventories of RMB17.9 million, (iii) an increase in trade and bills receivables of RMB16.5 million, in line with the growth in sales, and (iv) an increase in prepayments, other receivables and other assets of RMB5.2 million, in line with our business expansion, partially offset by (i) a decrease in cash and cash equivalent of RMB266.4 million, (ii) an increase in other payables and accruals of RMB37.6 million, and (iii) an increase in trade payables of RMB10.7 million for increased raw material procurement.

Our net current assets increased from RMB254.0 million as of December 31, 2022 to RMB334.6 million as of December 31, 2023, primarily due to (i) an increase in inventories of RMB12.2 million, and (ii) an increase in cash and cash equivalents of RMB83.5 million, partially offset by (i) an increase in other payables and accruals of RMB5.4 million, due to increased payroll and welfare payables for expanded workforce, and (ii) an increase in trade payables of RMB7.0 million for increased raw material procurement.

Summary of the Consolidated Statements of Cash Flows

The following table sets forth our cash flow for the periods indicated:

	Year ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			*(Unaudited)*	
Net cash flows from operating activities	55,812	79,856	94,515	61,947	84,671
Net cash flows from/ (used in) investing activities	6,029	(21,168)	(371,252)	(368,388)	22,200
Net cash flows from/ (used in) financing activities	133,362	24,594	10,133	(5,830)	(16,915)
Net increase/(decrease) in cash and cash equivalents	195,203	83,282	(266,604)	(312,271)	89,956
Cash and cash equivalents at beginning of year/period	74,268	272,840	356,370	356,370	89,968
Effect of exchange rate changes, net	3,369	248	202	(19)	(167)
Cash and cash equivalents at end of year/period	**272,840**	**356,370**	**89,968**	**44,080**	**179,757**

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors." You should carefully read that section in its entirety before you decide to [**REDACTED**] in our [**REDACTED**]. Some of the major risks we face include: (i) our business operation is subject to complex and evolving laws and regulations; (ii) any failure or delay to introduce new products, interruptions of our R&D initiatives or failure for our new products to receive widespread market acceptance; (iii) the prices of our products may face downward pressure caused by government-administered pricing guidance or the volume-based procurement programs; (iv) the market size of sports medicine device industry in China may not be as large as expected, and we face intensified competition from international competitors; (v) ineffectiveness of distributorship; and (vi) the level of medical insurance reimbursement patients receive for using our products.

See "Risk Factors."

[**REDACTED**] STATISTICS

	Based on the [**REDACTED**] of HK$[**REDACTED**]	Based on the [**REDACTED**] of HK$[**REDACTED**]
[**REDACTED**] of our Shares[(1)]	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share as of September 30, 2025[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be [**REDACTED**] immediately upon completion of the [**REDACTED**], assuming [**REDACTED**] is not exercised.

(2) The unaudited [**REDACTED**] adjusted net tangible assets per Share is calculated based on [**REDACTED**] Shares in [**REDACTED**] immediately following completion of the [**REDACTED**] without taking into account any Shares which may be [**REDACTED**] upon the exercise of [**REDACTED**]. Refer to Appendix II for further information.

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the midpoint of the stated range of [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]) and the [**REDACTED**] is not exercised, we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] commissions and other estimated expenses in connection with the [**REDACTED**], or HK$[**REDACTED**] million if the [**REDACTED**] is exercised in full. We intend to use the [**REDACTED**] we expect to receive from the [**REDACTED**] for the purposes and in the amounts set out below:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to expand our production capacity and enhance production efficiency, enabling us to meet the rapidly growing market demand.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our R&D efforts in line with our patient-oriented product strategy.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for commercialization, sales and marketing efforts to reinforce our leadership in China and establish our presence and brand image worldwide.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]."

[REDACTED]

[**REDACTED**] consist of professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$[**REDACTED**] in [**REDACTED**] fees. Among of the total [**REDACTED**], approximately HK$[**REDACTED**] will be directly attributable to the [**REDACTED**] of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive income.

DIVIDEND AND DIVIDEND POLICY

No dividends were paid or declared by our Company during the Track Record Period. We do not have any fixed dividend policy or pre-determined dividend payout ratio. As advised by our PRC Legal Advisor, according to the PRC Company Law, dividends may be paid only out of distributable profit, and we may distribute after-tax profits after making up losses and appropriation of statutory reserves. Any future determination to pay dividends, as well as the amount will be made at the discretion of our Board of Directors which will be subject to the corporate shareholder approval processes and may be based on a number of factors, including but not limited to our future operations and earnings, capital requirements and surplus, cash flows and general financial condition, contractual restrictions, taxation and other factors from time to time that the Board of Directors may deem relevant, and will also be subject to our Articles of Association and constitutional documents, as well as applicable laws and regulations. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends.

PRE-[REDACTED] INVESTMENTS

Since the establishment of our Group, we have attracted certain Pre-[**REDACTED**] Investors to raise funds for fueling the development of our business. Our Pre-[**REDACTED**] Investors include a select group of professional investment companies. For details of background of the Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure."

According to the share subscription agreements and Shareholders' agreements entered into by our Company and the Pre-[**REDACTED**] Investors from November 2021 to January 2023 (collectively, the "**Pre-**[**REDACTED**] **Investors Agreements**"), our Company [**REDACTED**] that granted the Pre-[**REDACTED**] Investors redemption rights and liquidation preferences rights. The ordinary Shares issued to the Pre-[**REDACTED**] Investors, which were subject to redemption rights and/or liquidation preferences, had a total issuance value of approximately RMB600 million. There was no exercise of redemption rights and liquidation preferences rights granted by our Company throughout the Track Record Period.

On January 30, 2023, our Company and the Pre-[**REDACTED**] Investors subsequently entered into supplemental agreement (the "**January 2023 Supplemental Agreement**"), agreeing that the redemption rights granted by our Company have been irrecoverably terminated and shall be *void ab initio*. On August 22, 2023, our Company and the Pre-[**REDACTED**] Investors subsequently entered into supplemental agreement (the "**August 2023 Supplemental Agreement**", together with the January 2023 Supplemental Agreement, the "**Supplemental Agreements**"), agreeing that the liquidation preferences rights granted by our Company have been irrecoverably terminated and shall be *void ab initio*. Taking into account the legal and regulatory framework of our Company's jurisdiction and the governing law of the Supplemental Agreements, our Directors considered that it is appropriate to present the Pre-[**REDACTED**] Investments as equity throughout the Track Record Period.

Had the redemption rights and liquidation preferences rights granted by the Company to the Pre-[**REDACTED**] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements, the redemption financial liabilities, total current liabilities, net current liabilities and net liabilities would have been:

	As at 31 December
	2022
	RMB'000
Redemption financial liabilities	406,000
Total current liabilities	461,656
Net current liabilities	151,975
Net liabilities	123,687

For further details of the financial impacts, see note 27 to the Accountants' Report. As stipulated in the shareholders' agreement, the amount of redemption of financial liabilities is fixed at any given time in the event of the liquidation of the Company, there are no finance costs associated with the redemption financial liabilities charged in the consolidated statement of profit or loss during the Relevant Periods. As the Company entered into supplemental agreements with all pre-[**REDACTED**] investors in 2023, under which the redemption rights, anti-dilution rights, and liquidation preferences were irrevocably terminated and deemed void ab initio, there was no impact from redemption financial liabilities in 2023.

STAR MARKET LISTING APPLICATION

To explore the opportunity of establishing a capital market platform in the A-share market, in March 2023, we entered into a guidance agreement to receive guidance from a qualified sponsor of A-share listing. We applied for the listing of our shares on the Shanghai Stock Exchange Star Market in September 2023 (the "**Star Market Listing Application**"). The Company received one round of comments from the Shanghai Stock Exchange (the "**SSE**") in October 2023, requesting supplemental explanations primarily on business disclosure, financial disclosure and historical shareholding changes of the Company. The Company submitted its response addressing above comments to the SSE in May 2024 and did not receive official comments from SSE thereafter. Nevertheless, taking into consideration the then market conditions as well as the extensive period required for approval of a listing application on the Star Market, the Company decided to facilitate the Company's [**REDACTED**] by exploring [**REDACTED**] venue and sought to [**REDACTED**] its [**REDACTED**] on the [**REDACTED**] since early 2025, and our Star Market Listing Application was officially withdrawn by its sponsor due to the then market condition in June 2025.

To the best knowledge and belief of our Directors, our Company did not have any disagreements or disputes with the professional parties involved in the Star Market Listing Application, or any matters, including any major comments raised by the SSE or the CSRC relating to the Star Market Listing Application which would materially and adversely affect our suitability for the [**REDACTED**] or should be brought to the attention of [**REDACTED**] or would affect the suitability of our Company's [**REDACTED**] on the [**REDACTED**]. Based on the independent due diligence conducted by the Joint Sponsors, having considered the conclusion and the basis of the Directors, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the Directors' view above.

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025

The 2025 Preliminary Financial Information as set out in Appendix IIB to this document has been agreed with the Reporting Accountants of our Company following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants. The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by the reporting accountants on the 2025 Preliminary Financial Information. Since such preliminary financial information has not been audited by our Reporting Accountants or any other independent auditor, such financial information should not be relied upon to provide the same quality of information associated with information that has been subject to an audit by an independent auditor.

RECENT DEVELOPMENT AND NO ADVERSE MATERIAL CHANGE

We have maintained stable business operation and development since September 30, 2025. Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since September 30, 2025 and there has been no event since September 30, 2025 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

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

"%"	per cent
"Accountants' Report"	the accountants' report of our Company from Ernst & Young, the text of which is set out in Appendix I to this document
"affiliate(s)"	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 August 18, 2025, which will become effective on the [**REDACTED**] and as amended from time to time, a summary of which is set out in "Appendix V — Summary of the Articles of Association" to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal business to the public
"CAGR"	compound annual growth rate

[**REDACTED**]

"China", "Chinese mainland" or "PRC"	the People's Republic of China, and for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules

"Companies Ordinance"	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", "our Company" or "the Company"	Star Sports Medicine Co., Ltd. (北京天星醫療股份有限公司), a limited liability company established under the laws of the PRC on July 31, 2017 and converted into a joint stock limited company on March 8, 2023.
"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"	Red Sun Capital Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the group of controlling shareholders of our Company, namely Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, our industry consultant
"CIC Report"	the industry report commissioned by us and independently prepared by CIC, summary of which is set forth in the section headed "Industry Overview" in this document
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Unlisted Share(s)"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and [**REDACTED**] on [**REDACTED**]

"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"ESG"	Environmental, Social and Corporate Governance
	[**REDACTED**]
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
	[**REDACTED**]
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be [**REDACTED**] for and [**REDACTED**] in HK dollars and to [**REDACTED**] on the Hong Kong Stock Exchange
	[**REDACTED**]
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of the HKSCC
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"HKSCC Participant"	a participant admitted participating in CCASS as a direct clearing participant, a general clearing participant or a custodian participant

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"Hong Kong Takeovers Code" or "Takeovers Code"	Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

[**REDACTED**]

"IFRS Accounting Standards"	the IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board (IASB) and the IAS and interpretations issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are third party(ies) independent of our Company and our connected persons as defined under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	February 26, 2026 being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Dong"	Mr. Dong Wenxing (董文興), our Chairman of the Board, executive Director, general manager and one of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board

[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisor"	Zhong Lun Law Firm, the legal adviser to our Company as the laws of the PRC
"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
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the Pre-[**REDACTED**] Investors pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document
"Pre-[**REDACTED**] Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or share purchase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document

[**REDACTED**]

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"R&D"	Research and development
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAMR"	State Administration for Market Regulation of the PRC (中國國家市場監督管理總局) (formerly known as State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局)
"SAT"	State Administration of Taxation of the PRC (中國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of Shares

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Hunan Tianxing"	Hunan Tianxing Bomaidi Medical Devices Co., Ltd. (湖南天星博邁迪醫療器械有限公司), a limited liability company established under the laws of the PRC on June 7, 2022, and a wholly-owned subsidiary of our Company
"Suzhou Tianxing"	Suzhou Xingyue Smart Healthcare Technology Co., Ltd. (蘇州星悅智慧醫療科技有限公司), a limited liability company established under the laws of the PRC on April 25, 2023, and a wholly-owned subsidiary of our Company
"Star (HK)"	Star (HK) Medicine Co., Limited (天星香港醫療器械有限公司), a limited liability company established under the laws of Hong Kong on February 7, 2024, and a wholly-owned subsidiary of our Company
"Tianjin Bokang"	Tianjin Bokang Technology Co., Ltd. (天津鉑康科技有限公司), a limited liability company established under the law of the PRC on October 8, 2021, and one of our Controlling Shareholders
"Tianjin Jikang"	Tianjin Jikang Enterprise Management Consulting Partnership (Limited Partnership) (天津吉康企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on October 20, 2021, and one of our Controlling Shareholders
"Tianjin Puhe"	Tianjin Puhe Enterprise Management Consulting Partnership (Limited Partnership) (天津普合企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on November 3, 2021, and one of our Controlling Shareholders
"Tianjin Yunkang"	Tianjin Yunkang Technology Center (Limited Partnership) (天津運康科技中心(有限合夥)), a limited partnership established under the laws of the PRC on March 25, 2020, and one of our Controlling Shareholders
"Track Record Period"	the three years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025

[**REDACTED**]

[**REDACTED**]

"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"Unlisted Share(s)"	ordinary Share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are [**REDACTED**] on any stock exchange
"VAT"	value-added tax

[**REDACTED**]

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document 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.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"ACL"	anterior cruciate ligament, a ligament in the knee that connects the thigh bone to the shin bone and helps stabilize the joint
"aimer"	a device or tool used to guide or align something precisely
"arthroscopic surgery"	a minimally invasive procedure using a small camera and instruments inserted through tiny incisions to diagnose or treat joint conditions
"β-TCP"	a synthetic bone graft substitute used in medicine to regenerate bone suffered from bone defects
"biodegradable"	capable of being broken down, especially broken down into innocuous products by action of microorganisms
"centrifuge"	a machine that spins samples at high speed to separate substances based on density
"Class II medical device"	a device with moderate risk to the user that requires stringent regulatory controls to ensure its safety and effectiveness
"Class III medical device"	a device with high risk to the user that requires special and stringent regulatory controls to ensure its safety and effectiveness
"Class III hospital"	a top-tier hospital in China with comprehensive medical services, advanced equipment and strong research capabilities
"CNAS"	China National Accreditation Service for Conformity Assessment, an organization that accredits laboratories, inspection bodies and certification organizations to ensure their competence and compliance with international standards.
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contractual basis
"cross-linking"	the process of creating chemical bonds between molecules, effectively combining them together

GLOSSARY OF TECHNICAL TERMS

"CT"	computed tomography, an imaging technique that uses X-rays and computer processing to create detailed cross-sectional views of the body
"dehydrothermal cross-linking"	a physical method for enhancing the properties of biomaterials, particularly collagen, by creating crosslinks between molecules through a vacuum and heat-driven process
"endoscope camera system"	a visualization system comprising a camera system and a display monitor, intended to provide real-time in vivo imaging for minimally invasion surgery
"EU"	European Union
"freeze-drying"	a process that removes water from a product by freezing it and then reducing the surrounding pressure to allow the frozen water to sublimate. This process avoids the liquid phase, which can be beneficial for preserving the product's structure and properties
"GCP"	good clinical practice, an international standard for the design, implementation, recording and reporting of clinical trials involving human subjects. It aims to ensure the scientific, ethical, and participant rights protection of clinical trials, while also ensuring the accuracy and reliability of trial data.
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"high-load braided implant preparation technology"	a method for creating strong, flexible implants using braided materials designed to withstand high mechanical loads
"Hz"	a unit of frequency that measures cycles per second in electrical or sound signals
"interference screw"	a type of surgical screw used to secure grafts in ligament reconstruction through compression within a bone tunnel
"ISO13485"	an international standard that specifies requirements for a quality management system for medical device manufacturing
"isotropic mechanical performance"	uniform mechanical properties in all directions within a material
"lasso"	a looped surgical tool used to grasp, manipulate or guide sutures during minimally invasive procedures

"ligament"	a band of tough, fibrous tissue that connects bones and stabilizes joints
"ligament reconstruction"	a surgical procedure to replace or repair a damaged ligament using grafts or synthetic materials
"meniscus"	a C-shaped cartilage in the knee that cushions and stabilizes the joint between the femur and tibia
"MRI"	magnetic resonance imaging, a procedure that uses magnetism, radio waves, and a computer to produce the detailed image of internal structure
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), and its predecessor, the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"osteolysis"	the pathological breakdown or resorption of bone tissue, often due to disease, wear or inflammation
"PEEK"	polyetheretherketone, a colorless organic thermoplastic polymer used in engineering applications
"plasma electrode"	a disposable medical consumable used to generate or direct plasma energy in surgical or therapeutic devices
"plasma RF ablation equipment"	a medical device that integrates the radio-frequency energy with plasma technology to enable tissue ablation or coagulation, designed to minimize the damage to surrounding tissue
"platelet-rich plasma" or "PRP"	a concentration of platelets derived from a patient's own blood used to promote healing and tissue regeneration
"PLGA"	lactide-co-glycolide copolymer, a biodegradable polymer commonly used in drug delivery systems and medical implants
"RF"	radiofrequency, the use of electromagnetic waves in the frequency range of approximately 300 kHz to 1 MHz to deliver energy for heating tissues, commonly used in medical treatments such as ablation, pain management, and cosmetic procedures
"RFID recognition"	radio frequency identification recognition, a technology that uses radio waves to automatically identify and track tags attached to objects
"rotator cuff disorders"	conditions affecting the rotator cuff muscles and tendons, often causing pain, weakness or limited motion

"rotator cuff repair"	a surgical procedure to fix a torn tendon in the shoulder that helps restore the stability and mobility of the shoulder joint
"rpm"	revolutions per minute, a unit of rotational speed that measures how many full turns an object makes in one minute
"shaver system"	a powered surgical tool used to cut, remove and suction soft or bone tissue during minimally invasive procedures in orthopedics, ENT (ear, nose and throat) and spine surgery
"sinus tract"	an abnormal channel that connects a deep infection or abscess to the skin surface or another body cavity
"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies having adequate infrastructure and staff to meet the requirements of the clinical trial protocol
"suture anchor"	a device used to attach soft tissue to bone during surgical repair, often in orthopedic procedures
"suture button"	an orthopedic implant used for fixing bones to bones or bones to soft tissues during ligament or tendon reconstruction surgeries
"suture cutter"	a surgical tool designed to cut sutures cleanly and precisely during or after stitching
"suture passer"	an instrument used to pass sutures through tissue during minimally invasive or open surgery
"suture ratchet mechanism"	a motion mechanism that enables the controlled tightening and release of the suture
"tendon"	a fibrous connective tissue that attaches muscle to bone and transmits force for movement
"three-dimensional porous structure"	complex network structures composed of pores that are interconnected or partially interconnected
"tissue engineering"	a dynamic field of biomedical research and development that involves manipulating the growth of cells in a matrix to create living, biocompatible tissue for therapeutic or research purposes
"Type I collagen"	the most abundant collagen in the human body, constituting about 90% of it. Type I collagen provides strength and support to these tissues, and its proper formation and function are essential for maintaining tissue integrity
"Ultra-High Molecular Weight Polyethylene" or "UHMWPE"	a durable, biocompatible polymer used in orthopedic implants due to its wear resistance and strength

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 includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and
- various business opportunities that we may pursue.

In addition to other information in this document, you should carefully consider the following risk factors before making any [**REDACTED**] *in relation to our* [**REDACTED**]. *Any of the following risks may materially and adversely affect our business, financial condition or results of operations, or otherwise cause a decrease in the* [**REDACTED**] *of our* [**REDACTED**] *and cause you to lose part or all of the* [**REDACTED**] *in our* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.*

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

Our business operation is subject to complex and evolving laws and regulations.

Securing and maintaining necessary licenses, certificates, approvals, permits and filings is critical for producing and selling our sports medicine products. Failure to obtain or renew such approvals before marketing our products could subject us to penalties, fines and legal proceedings. In addition, the NMPA and its provincial counterparts may impose enhanced scrutiny, which could lengthen approval process and incur significant time, effort and expense. We must report serious or potentially serious product incidents to the NMPA or its provincial counterparts, adding compliance burdens. The regulatory authorities may reject submissions, slow, suspend, or halt reviews, or even impose restrictive labeling or post-approval trial requirements. Failure to secure or renew approvals could prevent or delay commercialization. Our product candidates may fail to gain the necessary approval due to various reasons, such as our inability to start or complete clinical trials, failure to prove product safety and efficacy, regulatory authorities' disagreement with our trial data interpretation, and requests for additional studies. Third parties, such as distributors, suppliers, hospitals and clinical trial service providers on whom we may rely on, may be subject to similar regulatory requirements. Any non-compliance with such regulatory requirements by these third parties may expose us to potential penalties and administrative actions. Moreover, as we expand internationally, we face varied regulatory regimes that may require additional testing, validation or administrative reviews. Evolving and jurisdiction-specific regulations may increase compliance complexity and costs, delay clinical trials and product development, and require a substantial commitment of time and resources to obtain product clearances or approvals in multiple territories.

Any failure or delay to introduce new products, interruptions of our R&D initiatives or failure for our new products to receive widespread market acceptance may cause material adverse effects to our operating results.

Sports medicine device market evolves rapidly with frequent technological advancements, new product introductions and shifting clinical preferences. Our business substantially depends on revenue from the successful development and commercialization of our product candidates. Alternative treatments or competing medical devices may reduce demand for our existing offerings. However, we cannot assure you that we will be able to successfully identify market trends or promptly incorporate advanced technologies into our products. Any failure to anticipate industry trends could render our existing products obsolete or less competitive, and our operating results would suffer. Many of our products are still in clinical development or product design stages. We have invested significant resources in upgrading existing products and advancing product candidates. However, R&D of medical devices is inherently time-consuming, resource-intensive, and uncertain, with no guarantee that our efforts will yield commercially viable products. Our product R&D process may be affected by various factors, such as changes in the R&D team, insufficient funding, R&D validation failures or clinical trial failures. Consequently, we may not be able to successfully develop new products, or the development progress or performance of new products may not meet expectations. Our competitors may surpass our product pipeline layout, thereby challenging our market position. Such outcomes could also result in unrecouped investments, limiting our ability to introduce new products and maintain technological leadership. In addition, our R&D efforts may not yield commercially viable products due to technical challenges, regulatory restrictions, or misaligned innovation priorities. The complexity of

forecasting hospital demand, coupled with rapidly changing clinical practices, increases the risk that our new products may not align with market expectations, limiting their adoption. Additionally, hospital procurement committees or doctors may prioritize competing solutions with newer features or lower costs. Adverse effects, unexpected complications or restrictive regulatory labeling could also diminish confidence in sports medicine products among doctors and patients, reducing the demand for our products. On the other hand, ineffective sales and marketing strategies may fail to convey the clinical benefits of our solutions, reducing hospital adoption. Failure to introduce successful new products that address clinical needs could diminish our competitiveness, materially and adversely affecting our business, financial condition and results of operations. Furthermore, uncertainty over third-party reimbursement in China's cost-sensitive healthcare system may further discourage hospitals from adopting sports medicine products. Competitors introducing advanced products more quickly or effectively could capture market share, diminishing demand for our offerings. The significant time and financial resources devoted to research and development may not generate adequate returns if new products fail to gain traction or become outdated due to rapid technological shifts. These challenges could cause material and adverse effects to our business, financial condition and results of operations.

The prices of our products may face downward pressure caused by government-administered pricing guidance or the volume-based procurement programs, which in turn will materially and adversely affect our profit margins.

We sell our products to distributors at the price determined by us from time to time. Our pricing takes into account various factors, including our R&D costs, market demand and government policies. Hospitals may gain more bargaining power depending on the availability of alternative products, patient demand and doctor preferences, potentially leading to lower retail prices for our products. If hospitals lower retail prices of our products, our distributors may face reduced profitability, therefore lacking incentive to purchase and promote our products. In response, we may be pressured to lower the prices we set for our distributors, further reducing our margins. The PRC government has implemented policies to enhance the affordability of medical devices, including the volume-based procurement program and pricing guidance for medical devices and medical consumables. See "Regulatory Overview." Implemented across most provinces and municipalities, such programs have resulted in significant price reductions for certain medical consumables, with winning products' prices typically declining by approximately 60%. Some of our medical implant products had been included in this volume-based procurement program, leading to a decline in the selling prices of these products. If our sales volumes fail to sufficiently increase to offset these price reductions, or if we cannot achieve cost efficiencies through internal measures, our financial performance and operational results may be adversely affected. Additionally, the PRC government's Diagnosis-Related Groups (DRG) and Diagnosis Intervention Packet (DIP) payment reforms reimburse hospitals at predetermined rates rather than actual costs, incentivizing cost control and potentially reducing prices and volumes for high-value consumables like our products. As DRG/DIP expands, hospitals may negotiate lower prices or limit usage to stay within reimbursement caps, impacting our sales and results of operations. As a result, these government policies may materially and adversely affect our business, financial condition and results of operations.

The market size of sports medicine device industry in China may not be as large as expected, and we face intensified competition from international competitors.

During the Track Record Period, we derived substantially all of our our revenue from our sports medicine solutions. However, sports medicine in China is a recently emerging segment within the broader medical device industry. Market demand may fall short of our expectations due to patients' limited awareness of the benefit of minimally invasive surgical techniques, which could hinder our growth prospects. Furthermore, we face competition across our product lines from international and domestic competitors, some of which have greater scale, pricing flexibility and more established sales networks. We may not be able to compete effectively with these competitors or maintain our market position. Additionally, heightened competition and uncertainties in domestic substitution trends may compel us to engage in price reductions or increased spending on R&D and marketing, both of which could erode our profit margins. If we are unable to adapt effectively to these challenges, our business, financial condition and results of operations may suffer material adverse effects.

Ineffectiveness of distributorship may materially and adversely affect our sales performance.

We rely on third-party distributors and their sub-distributors to sell our products in China and overseas markets. We face competition in identifying and retaining qualified distributors, and there is no assurance that we will recruit, retain or manage distributors. We may terminate underperforming or breaching distributors, but replacements are costly, time-consuming, and may not be available. If we are unable to maintain or expand our relationships with qualified distributors, sales volumes or margins of our existing and future products may be adversely affected. In China, hospitals procure medical devices through public tender processes, which vary across regions and involve uncertainties in procedures, timing and outcomes. In addition, distributors may fail to penetrate markets, comply with our strategies. Their inadequate sales networks or limited technical knowledge of our products may further weaken promotion to doctors and hospitals. As a result of these limitations of distributors, sales of our products may be hindered, undermining our market presence. Furthermore, our distributors may, among other things, prioritize competing products, allocate insufficient resources to our products, or manage demand and inventory ineffectively. We may not have full visibility into, or control over, distributors' or sub-distributors' compliance with our policies, applicable laws and industry standards. Our distributor selection, onboarding, training, contractual undertakings and monitoring measures may be inadequate or may not be implemented effectively at all times. Any misconduct, non-compliance or ineffective performance by distributors or sub-distributors could result in reduced sales, margin pressure, disputes, regulatory penalties or reputational damage. If such events occur, our business, financial condition and results of operations could be materially and adversely affected.

If our distributors fail to comply with the requirements of Two-Invoice System applicable to our products, our business, financial condition and results of operations may be materially and adversely affected.

The Two-Invoice System mandates one invoice from manufacturers to distributors and another from distributors to medical institutions, and has been encouraged to extend to certain high-value medical consumables. See "Regulatory Overview." Implementation varies across Chinese provinces. During the Track Record Period and as of the Latest Practicable Date, our medical implant products fell under the high-value medical consumables catalogue in Fujian Province, subject to the Two-Invoice System requirements. If the Two-Invoice System extends to our other products or other regions implement similar Two-Invoice System, we and our distributors must adapt to stricter regulations, which may lead to additional compliance costs such as engaging qualified third-party service providers. In addition, the further expansion of the Two Invoice System could slow hospital coverage of our products and increases our operating costs. Failure to promptly adopt effective measures to align with the Two-Invoice System could hinder our ability to market and sell products, causing material adverse effects to our business, financial condition and results of operations.

Ineffectiveness of our products, even due to mishandling or misuse by third parties, may cause damages to our reputation and material and adverse effects to our results of operations.

Ineffectiveness, whether due to our fault or external parties' mishandling could result in suboptimal treatment results, patient harm or clinical failures. For instance, improper surgical techniques or inadequate training among physicians using our products may lead to poor performance of our products during procedures. Misuse or mishandling by medical staff, such as incorrect application of our products could further diminish efficacy. Additionally, patients or doctors may attribute recovery challenges to our products, blaming them for issues caused by external factors like patient non-compliance or procedural errors. Our products may also be perceived as ineffective if regulators, such as the NMPA, link adverse events to similar technologies or materials used by competitors, even without conclusive evidence tying our products to such issues. Such real or perceived ineffectiveness could erode confidence among doctors, hospital and patients, leading to reduced recommendations or adoption of our products. Unforeseen complications or isolated severe adverse events, even if caused by third-party errors, could trigger

product liability claims, which incur substantial legal costs and consume management resources. Moreover, negative publicity surrounding ineffective performance or perceived adverse events could damage our brand reputation, invite NMPA and other regulatory scrutiny, potential product recalls, or revocation of regulatory approvals for our products or manufacturing facilities. These consequences could diminish our market share and weaken our competitive position, causing material adverse effects to our business, financial condition and results of operations.

We may fail to expand into new markets of international businesses, hindering our growth prospects.

We are expanding into markets in Europe, Middle East and Southeast Asia. In the future, we may be subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. Tariffs, geopolitical tensions or new regulations on international trade may trigger retaliatory use of local regulations, tariffs and other restrictions on exports and imports. We may also be subject to higher taxes, tariffs, duties and trade restrictions caused by the deteriorating trade and economic conditions, trade disputes and changing foreign policies, laws and regulations. Accordingly, our future operations into the overseas markets may face various risks. Such risks include, among others, changes in the country's political and economic condition, trade protection measures and import or export licensing requirements, difficulties in retaining talent for foreign operations, foreign exchange, and lack of insight of the local market. When we expand into new geographic markets, we may not be able to compete against local competitors due to the lack of brand recognition or other factors. Developing our brand in a new market may be time-consuming and costly, and we cannot assure you that our branding efforts will always be effective. Any failure to address these challenges could cause material adverse impacts on our business, financial condition and results of operations.

Any disruptions to our raw material supply and over-reliance on certain suppliers could harm our production.

We procure various raw materials, such as polyetheretherketone and ultra-high molecular weight polyethylene yarn, which are essential for manufacturing our sports medicine products. Our supply chain is subject to risks from global economic conditions, price fluctuations, regional regulatory policies, natural disasters. These factors could destabilize raw material prices or supply, directly impacting our profit margins and production. In particular, fluctuations in raw material prices, driven by supply chain disruptions, may lead to significant cost increases that we cannot fully anticipate or mitigate. If suppliers face delivery disruptions, and we cannot promptly establish stable relationships with new suppliers at a favorable procurement terms, we may struggle to secure sufficient raw materials for R&D and production. We rely on certain suppliers for raw materials and equipment. Purchase from our five largest suppliers in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB23.6 million, RMB38.2 million, RMB96.8 million and RMB34.9 million, respectively, representing 35.0%, 28.4%, 44.8% and 26.0% of our total purchases in 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. Our reliance on these major suppliers subjects us to concentration and counterparty risk from these suppliers. We cannot assure you that we will be able to maintain our relationships with these suppliers in the future. In the case that our major suppliers cease to supply raw materials to us, or if their supply is disrupted or delayed, there can be no assurance that we will be able to find alternative suppliers with similar supply capacity on comparable commercial terms within a reasonable time period, or at all. Should any of these occur, our business, financial condition, results of operations and profitability may be adversely affected. Moreover, failure to secure adequate and high-quality raw materials at acceptable prices, or at all, reduce product availability and increase costs, further reducing our profit margins. Given the competitive nature of the sports medicine device market, centralized procurement programs, and pricing pressures from hospitals and distributors, we may be unable to pass on these cost increases to end-users, such as patients or hospitals, without risking reduced demand or lost market share. These disruptions could therefore materially adversely affect our business, financial condition and results of operations.

Disruptions in our manufacturing processes and failure to implement effective quality control may harm our product quality, incur additional costs and cause material adverse effects to our business operations.

Our production facilities and processes must comply with NMPA regulations, GMP standards and other regulatory requirements. Securing and maintaining required permits, licenses or approvals for new or expanded production facilities and existing production facilities is crucial for our business operations. Complying with these regulations or remediating any deficiencies may be time-consuming and costly. Any of these events may cause material adverse effects to our business, financial condition and results of operations. Moreover, manufacturing our sports medicine products is highly complex and exacting, requiring strict adherence to our quality controls and regulatory standards set by the NMPA and other authorities. The intricate nature of medical device production demand sophisticated equipment, meticulous processes and rigorous oversight to ensure product safety and efficacy. Any of these events, if materialized, may cause product defects, product discards, or production shortages, thereby raising production costs, delaying regulatory approvals and triggering product recalls. As we expand into new markets, surging demand could overwhelm our production capacity, intensifying these risks. If defective products reach the market, we may face product liability claims, heightened regulatory scrutiny and reputational damage, which may strain our relationships with customers and business partners. We cannot guarantee that our quality control system can always function properly, and our manufacturing process will not deviate from our production protocols. Failing to meet our internal standards or regulatory requirements could render products unsuitable for use, which may harm our market reputation and disrupt business relationships. As a result, our business, financial condition and results of operations may suffer from material adverse effects.

If we fail to expand our production capacity as planned, our business prospects could be materially and adversely affected.

In anticipation of the surging demand for our sports medicine products, we may need to expand the production capacity. Utilization rate of our production facilities for medical implants was 89.2%, 105.6%, 102.4% and 92.2% in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, while utilization rate of our production facilities for surgical equipment and associated medical consumables was 83.8%, 81.4%, 95.2% and 93.3% during the same periods. To enhance our production capacity, we need to expand our production facilities, further upgrade our production lines and employ more workers. In addition, advances in manufacturing techniques may render our facilities and equipment inadequate or obsolete, and therefore we may also need to develop advanced manufacturing techniques and process controls. If we are unable to expand our production capacity, or if the process to do so is delayed, or if the cost of the planned expansion is not economically feasible for us, we may not be able to meet future demand for our products. Our ability to successfully implement our expansion plan is subject to various risks, including our ability to obtain the requisite permits, licenses and approvals for the construction and operation of the new production facilities, the risk of construction delays, as well as our ability to timely recruit sufficient qualified staff. The expansion process may be lengthy and costly and may divert our management attentions and development resources. Moreover, our production expansion plan requires significant capital investment, which could materially and adversely affect the realization of expected return on our expenditures and our overall financial condition. If our production capacity is insufficient to meet the surging demand, we may also engage third parties to meet such demand. As a result, we are subject to the risks of increased pricing for our outsourced production and that the third parties may not comply with our specifications. Our sales volumes and margins for the relevant products could be materially and adversely affected.

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

Our sales and marketing activities in China and other jurisdictions are governed by stringent anti-bribery, anti-kickback, and anti-money laundering laws in relation to medical device industry. Our operations are also subject to fraud and abuse laws or other healthcare regulations which oversee the promotion and sale of our sports medicine products and restrict the financial relationships we can have with healthcare providers, doctors and hospitals. We may incur additional costs to ensure our compliance with these laws, and various factors beyond our control may lead to the violations of such laws. Any of the above could expose us to serious legal consequences, including civil and criminal liability, substantial fines, canceled contracts, and reputational damage, which may further harm our financial condition and results of operations. It is also possible that the regulatory authorities in our international markets could implement new or modified rules governing the sale of medical devices to address bribery, corruption, or related concerns. Any such changes could result in additional regulatory or compliance costs for us, our employees, or our distributors, or impose new restrictions on sales and marketing activities. We also face risks of fraud, unlawful conduct or unethical behavior by employees, suppliers, distributors or other third-party business partners. These infractions may disrupt our business operations and damage our standing with regulators, ultimately causing harm to our reputation. Moreover, misusing sensitive information, such as patient information from clinical trials or pre-trial studies, could trigger regulatory scrutiny and damage our reputation. If claims arise, and we fail to defend them, we could face severe civil, criminal or administrative penalties that harm our reputation, reduce earnings and disrupt operations. Even successful defenses could incur significant legal costs and divert management focus from core activities.

Our sales may be affected by the level of medical insurance reimbursement patients receive for using our products.

The market acceptance of our products may be influenced by the extent to which governmental and private health insurance programs in the PRC cover treatments employing our products. The PRC medical insurance system is evolving, and reimbursement coverage for newly introduced medical devices may be uncertain and vary from region to region, as local government approvals must be obtained in each geographic area. If our products are not included in relevant health insurance programs, patients may face prohibitively high out-of-pocket expenses and thus opt for alternative treatment methods. Hospitals, in turn, may also recommend such alternatives, potentially reducing demand for our products, which may in turn materially and adversely affect our business, financial condition and results of operations. In addition, the PRC government may modify, reduce or discontinue the governmental insurance coverage available for our products. There can be no assurance that the use of our current or future products, if approved, will continue to be, or will be, included in any medical insurance reimbursement list. Furthermore, in seeking inclusion on medical insurance reimbursement lists, we may be required to lower the prices of our medical devices, which could reduce our profitability. Consequently, our operating results and financial condition may be adversely affected if anticipated demand does not materialize following any price adjustments or changes to reimbursement coverage.

Our historical financial performance may not be indicative of future performance.

We cannot assure you that our historical operating results, such as gross profit, net profit, gross profit margin and net profit margin, will be indicative of our future performance. Various factors could affect our future results, including, among others, uncertainties surrounding the performance of our existing and newly launched products, fluctuations in market conditions, developments in the regulatory environment, and our ability to expand production capacity, strengthen manufacturing capabilities and manage our distributor network effectively. Accordingly, prospective investors should not rely on our historical operating results as a basis for projecting our future financial or operating performance.

We heavily invested in research and development efforts and plan to continue to invest in research and development, which may negatively impact our profitability in the short term.

We have made substantial investments in research and development. We anticipate that our research and development expenses will continue to increase. However, practical challenges may arise that prevent us from successfully commercializing any new technology or product. Furthermore, the pace of technological advancement in our industry may surpass our ability to upgrade our technologies in an efficient and cost-effective manner, or at all. Consequently, new industry developments could render our existing or planned technologies, infrastructure or products obsolete or less appealing. Our revenue generated from new products may not be sufficient to recoup the costs we spend on them, and our financial condition may suffer material adverse effects.

If we fail to maintain inventory levels in line with the level of demand for our sports medicine solution, we may face inventory obsolescence.

During the Track Record Period, we recorded inventory amounts of RMB27.1 million, RMB39.3 million, RMB57.2 million and RMB70.6 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. Our inventory turnover days were 254 days, 204 days, 184 days and 256 days in 2022, 2023, 2024 and in the nine months ended September 30, 2025, respectively. We are required to maintain sufficient levels of inventory to ensure the effective operation of our business and to meet customer demand. Our internal forecasts drive decisions on inventory levels, but these forecasts involve inherent uncertainties. If our demand forecasts are lower than actual market demand, we may experience shortages of key medical devices or raw materials, which may lead to lost sales opportunities. In contrast, overestimating demand could result in excessive inventory, leading to higher storage and handling expenses. It may also increase the likelihood of product obsolescence or force us to take write-offs, which could adversely affect our business, financial condition and results of operations.

We have historically received government grants and subsidies for our product development and R&D initiatives, which may not be recurring.

We obtained government grants, in the form of subsidies that are generally non-recurring in nature. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recognized government grants as other income of RMB0.4 million, RMB9.8 million, RMB3.6 million, RMB0.6 million and RMB4.4 million, respectively. However, local governments may reduce or terminate such grants or policies at any time in accordance with their own determinations. Our eligibility to obtain government grants and other favorable policies depends on a variety of factors, including how our technological improvements are assessed, the prevailing government policies, the availability of funding among different authorities, and progress made by other peer companies. Furthermore, certain government grants and policies are on a project basis and subject to compliance with applicable financial incentive agreements and fulfillment of the specific conditions of each project. The policies under which we have historically received government grants may be discontinued by the relevant authorities at their discretion, and there is no guarantee that we will continue to enjoy the same level of government grants and other policies in the future. Any reduction or elimination of these programs could materially and adversely affect our business, financial condition, results of operations and prospects.

We may face exposure to fair value changes of financial assets measured at fair value through profit or loss, and valuation uncertainty may cause volatility in our results of operations,

From time to time, we may invest a portion of our surplus cash in financial products that are accounted for as financial assets at fair value through profit or loss ("FVTPL") under applicable accounting standards. As a result, changes in the fair value of such financial assets are recognized directly in profit or loss in the relevant reporting period, and therefore may affect our results of operations and cause fluctuations in our profitability. During the Track Record Period, we recorded fair value gains on financial assets at FVTPL of RMB1.4 million in the nine months ended September 30, 2025. There can be no assurance that we will continue to record fair value gains in

future periods, and we may instead record fair value losses, which could materially and adversely affect our financial performance. Our exposure to fair value changes may be affected by, among other things, changes in interest rates, liquidity conditions, macroeconomic environment, market volatility, and the credit profile of the counterparties or issuers (including banks and other financial institutions) of the relevant financial products. In addition, the fair value of certain financial assets at FVTPL may be determined using valuation techniques and models that require the exercise of professional judgment and the application of certain bases and assumptions. These bases, assumptions and inputs are, by their nature, subjective and may change over time. Accordingly, the valuation of financial assets at FVTPL has been, and will continue to be, subject to estimation uncertainty, which may cause significant fluctuations in the fair value gains or losses recognized in our profit or loss from period to period, and may not reflect the amount ultimately realized upon disposal or redemption of such financial assets. Any fair value losses, valuation adjustments, impairment or default by counterparties or issuers, or any inability to timely dispose of or redeem such financial assets on reasonable terms, could adversely affect our results of operations and financial condition.

We may not be able to protect our intellectual property rights or may be subject to infringement claims of third parties' intellectual property rights.

Our intellectual property portfolio, including patents, copyrights, trademarks and trade secrets, is critical to our operations and growth. We face risks of third-party infringement and potential claims that our products or technologies infringe on others' intellectual property rights. Unauthorized use or misappropriation of our intellectual property by employees, business partners or competitors could also harm our competitiveness, diminish the value of our technologies and impact our operations. We cannot fully prevent infringement with our existing measures. On the other hand, we may inadvertently infringe on third-party intellectual property due to unawareness of pending or issued patents or errors in assessing their validity or scope. Such claims could result in costly damages, licensing fees or cessation of product development, thereby disrupting our R&D progress and negatively affecting our operations. We are named as a defendant in several intellectual property infringement claims by the same plaintiff. There is no assurance that a court would find in our favor on questions of infringement, validity, enforceability, or priority. A court of competent jurisdiction could hold that third party patents asserted against us are valid, enforceable, and infringed. Intellectual property litigation, whether to enforce our rights or defend against claims, is costly and resource-intensive, diverting management's focus from operations and growth initiatives. In addition, negative outcomes could harm our reputation, market position and future product development, leading to material adverse effects to our business, financial condition and results of operations. Moreover, in the event of a successful claim against us, we may also be ordered to pay monetary damages, pay royalties or redesign our infringing products, which may be time-consuming and costly. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our products. Any such license might not be available on reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments.

Any failure to maintain the confidentiality of our trade secrets or know-hows may adversely affect our reputation and competitiveness.

There is a risk that our employees or third parties could intentionally or inadvertently disclose these trade secrets during the course of our business operations, thereby diminishing our competitive strengths. Legal remedies may not adequately mitigate the damage or restore our market position. In addition, any such legal proceedings could lead to additional expenses and divert our management's attention away from daily operations, thereby disrupting our business and adversely impacting on our financial condition. We may also collaborate with third parties, including academic institutions, hospitals and third-party trial service providers, for clinical trials and product development. Any unauthorized disclosures by these partners could undermine our

ability to obtain patent protection for new innovations. If we fail to adequately protect our trade secrets or secure our intellectual property rights, our operations may be disrupted, our competitive standing may be compromised, and our business, financial condition and results of operations could be materially and adversely affected.

We engage third-party service providers for our pre-clinical research and clinical trials. If the third parties with which we contract fail to perform in a satisfactory manner, we may not be able to develop and commercialize our product candidates.

We may engage third parties, such as qualified hospitals and other third-party service providers to assist the design, implementation and monitoring of our pre-clinical research and conducting clinical trials. If any of these parties terminates their agreements with us, our clinical trials and development of certain product candidates could be delayed. In addition, these third parties may not successfully carry out their contractual obligations, meet expected timelines or follow regulatory requirements, including clinical, laboratory and manufacturing guidelines. Furthermore, if any of these parties fail to perform their obligations under our agreements with them in the manner specified in those agreements, the NMPA and other comparable regulatory authorities may not accept the data generated by our clinical trials, which would result in additional studies and clinical trials, which increase the cost of and the development time for the relevant product candidates. If any of the pre-clinical studies or clinical trials of our product candidates is affected by any of the above-mentioned reasons, we will be unable to meet our development or commercialization timelines, which would have material adverse effects on our business and prospects.

If we fail to retain or recruit our senior management and other key personnel, our competitiveness and operating results may be adversely affected.

Our success relies heavily on retaining senior management and R&D personnel, whose expertise drives the development and sales of our sports medicine products. Intense competition for talent from emerging medical device companies, large multinational firms and well-funded startups challenges our ability to attract and retain skilled R&D professionals. Losing key personnel to competitors or failing to offer competitive compensation and benefits could weaken our product pipeline, risk leaking proprietary technology, and hinder product development, significantly impacting our market position. We may fail to counter more attractive offers from competitors. Replacing executives or R&D experts is challenging and time-consuming due to the limited pool of individuals with specialized skills and industry experience in medical devices. We may struggle to hire, train or motivate replacements on acceptable terms or at all. We also rely on technical consultants and scientific advisors to guide our R&D strategies. Losing key R&D personnel or consultants could disrupt our product development, delay regulatory approvals and stall commercialization efforts. Failing to retain a skilled R&D workforce could materially adversely affect our business, financial condition and results of operations.

We may experience labor shortages or increases in labor costs.

Labor costs form a significant portion of our operating expenses and will continue to impact our profitability. Factors such as labor shortages, necessitating higher salaries to attract talent or increases in minimum, could elevate costs. High employee turnover rates in some jurisdictions where we operate may further drive up recruitment and training expenses. Rising employee health insurance costs could also strain our financial resources. Additionally, labor shortages or disruptions by employees of our third-party contractors and subcontractors could interrupt our manufacturing processes, delay production, and increase operational costs. These challenges could reduce our ability to meet production demand efficiently, materially adversely affecting our business, financial condition, and results of operations.

We may be subject to product liability claims.

We bear an inherent risk of product liability in connection with our sports medicine products sold in China and overseas markets. If any of our products or product candidates cause, or are perceived to cause, injuries in patients, or are otherwise deemed unsuitable at any stage of clinical testing, manufacturing, marketing or sale, we could be subject to claims on grounds such as manufacturing defects, design defects, failure to warn of potential risks, negligence, strict liability, breach of warranties or consumer protection violations. An inability to successfully defend against these claims or to secure indemnification from third parties could lead to significant liabilities and might force us to limit the commercialization of our products and product candidates. Even if we mount a successful defense, substantial financial and managerial resources would be consumed. Moreover, product liability lawsuits, regardless of their merit or eventual outcome, could result in decline in demand, reputation damage, regulatory investigations, litigation costs, monetary damages, and inability to commercialize. At present, we do not carry product liability insurance. If we are unable to obtain adequate coverage at a reasonable cost, or if policies we procure exclude certain events, product liability claims could impede the commercialization of our products and product candidates. We may be compelled to cover damages that surpass our coverage limits or are not covered by insurance at all, and we might lack, or be unable to obtain, sufficient financial resources to do so. While our agreements with third parties may provide indemnification, it may not be able to or sufficient to protect us from liabilities.

We may be involved in litigations, legal or contractual disputes, governmental investigations or administrative proceedings during business operations, which may divert our management's attention and incur substantial costs and liabilities.

We may become subject to various lawsuits, legal or contractual disputes, governmental investigations, or administrative proceedings arising from our ordinary business activities. Regardless of their scope or merit, such proceedings can divert our management's attention from business operations, require significant time and resources, exposing us to legal, contractual and financial risks. In addition, while some cases might initially appear inconsequential, they could escalate if circumstances change, such as a higher potential for loss, the participation of influential parties or increased monetary stakes. If a court or tribunal rules against us or if we opt to settle, we may face substantial damages, incur additional liabilities, or even need to curtail or cease certain business operations. Furthermore, the negative publicity associated with legal proceedings can tarnish our reputation, weakening the appeal of our brands and products. Any of these outcomes could harm our business prospects, financial position and overall operating results.

Negative publicity involving us, our Shareholders, Directors, officers, employees and business partners or general negative publicity in the medical device industry may affect our reputation.

Negative publicity, whether accurate or not, targeting us, Controlling Shareholders, affiliates, or entities sharing our name could tarnish our reputation, weaken our brand equity and limit growth prospects. Unauthorized use of our brand by unrelated third parties may dilute its value and integrity. Enforcing legal rights against such misuse, including through litigation, could incur significant costs and divert limited resources, potentially impairing our financial performance. Negative media coverage of our Shareholders, Directors, officers, employees, distributors, sub-distributors, suppliers, or business partners could erode public trust in us. Non-compliance by these parties with applicable regulations may further damage our reputation. Addressing such controversies may demand substantial resources, and we may struggle to fully restore investor and customer confidence. These challenges could materially adversely affect our business, financial condition and results of operations.

Our international business may be subject to various risks arising from sanctions, export control laws and foreign currency movement.

We may be subject to economic sanctions and export control laws and regulations in the jurisdictions where we operate or to which we export, including those administered or enacted by the European Union (and its member states), the United States, the United Nations and other relevant authorities. Our overseas supply and counterparties expose us to the risk that existing or future measures that target specific countries or regions, sectors, entities, individuals, items, software, technology, end uses or end users could adversely affect our business. We need to invest significant resources in implementing procedures, screening tools and training to prevent or promptly detect all prohibited or restricted dealings, re-exports or transshipments, deemed exports, or other activities involving sanctioned parties or destinations, or higher-risk end uses or end users. We may also face governmental or regulatory investigations, administrative or criminal penalties, civil fines, denial of export privileges, debarment, listing on restricted party lists, asset freezes, restrictions on access to financial services, contract terminations, private litigation and adverse publicity, any of which could materially and adversely affect our reputation, business, financial condition, results of operations and prospects. Even if these claims are ultimately unsubstantiated, responding to investigations or enforcement actions can be costly and time-consuming, divert management attention, require enhancements to our compliance program, and disrupt relationships with customers, suppliers, logistics providers and financial institutions. Moreover, new or expanded sanctions or export control measures, shifts in geopolitical conditions, or heightened screening by banks and counterparties could require us to modify, suspend or cease certain activities, terminate or renegotiate contracts, alter supply chains or distribution arrangements, implement alternative logistics routes, or obtain licenses or authorizations, resulting in increased costs and uncertainty. As a result, we cannot assure you that our future business will be free from risk under current or future sanctions and export control regimes. In addition, because a portion of revenue from our overseas markets are denominated in foreign currencies, we are exposed to risks arising from exchange rate fluctuations and currency controls. Adverse movements in exchange rates between the Renminbi and other currencies in which we transact, such as the U.S. dollar, could negatively affect our reported revenues, margins and cash flows, lead to foreign exchange losses, and increase the cost of inputs, logistics and financing, thereby affecting our results of operations.

Our insurance coverage may be insufficient to cover the risks related to our business and operations.

We purchase and maintain insurance policies that we believe are in line with the industry norm and as required under the relevant laws and regulations. See "Business — Insurance." However, we do not have insurance coverage in some of the jurisdictions where we operate and our existing insurance coverage may be inadequate to protect us from the liabilities we may incur. We cannot assure you that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. If we incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our financial condition, results of operations and prospects.

We may encounter risks related to our leased properties.

As of the Latest Practicable Date, three lease agreements of our leased properties had not been registered and filed with the relevant governmental authorities in PRC. If these leases are invalidated, we may be required to renegotiate for new leases, incurring additional costs or delays. Failure to secure alternative arrangements could lead to operational interruptions or legal disputes, adversely affecting our business, financial condition and results of operations. Furthermore, we cannot assure you that we will be able to renew our leases on terms acceptable to us, or that renewal will be possible at all. If we lose access to any leased property due to a failure to renew the lease, termination of the lease, or non-compliance with applicable laws and regulations, we may face penalties or be forced to relocate. Relocation could be costly, and our operations may be disrupted or suspended if we cannot complete the relocation process, including the necessary facility construction, in a timely manner.

We are subject to various risks relating to third-party payments

During the Track Record Period, certain of our overseas customers settled payments with us through third-party payors (the "**Third-Party Payment Arrangement(s)**"). In 2022, 2023, 2024 and the nine months ended September 30, 2025, the aggregate amount of third-party payments accounted for approximately nil, 0.2%, 0.3% and 0.3% of total revenue for the respective periods. See "Business — Third-Party Payment Arrangements." We are exposed to risks relating to such Third-Party Payment Arrangements, including possible claims from third-party payors for return of funds, as they were not contractually indebted to us, and possible claims from liquidators of third-party payors. We may be also subject to the potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any such claims or legal proceedings instituted against us in respect of third-party payments, we may need to allocate significant financial and managerial resources to defend against them, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided, which could materially and adversely affect our financial condition and results of operations.

Failure to pay social insurance premiums and housing provident funds for and on behalf of our employees in accordance with applicable laws and regulations may subject us to penalties.

During the Track Record Period, we used third-party agencies to manage social insurance premiums and housing fund contributions for certain employees. This, under PRC laws, could lead to additional payments for any outstanding contributions, late payment penalties, or enforcement actions by governmental authorities. There remains a risk that authorities may not endorse this arrangement. If the third-party agency does not fulfill its obligations, we could be held liable for extra payments, late fees, or penalties, potentially harming our financial position and operating results. In addition, during the Track Record Period, we had an immaterial shortfall in social insurance and housing provident fund contributions for certain employees. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, the aggregate shortfall of social insurance and housing provident fund contributions amounted to RMB4.0 million, RMB7.7 million, RMB9.0 million and RMB7.8 million, respectively. Pursuant to PRC laws and regulations, we may be required to make outstanding contributions, pay late payment surcharges and fines, and be subject to enforcement actions by competent authorities or the PRC courts. Furthermore, under the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in 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**"), any arrangements to wavier social insurance contribution is deemed invalid and employees are entitled to terminate employee agreement and seek economic compensation. See "Regulatory Overview." As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. Furthermore, as China's labor regulations continue to evolve, we cannot assure you that our employment practices will remain fully compliant at all times. Any perception of non-compliance could prompt labor disputes, government investigations, or obligations to provide additional employee compensation, any of which could materially and adversely affect our business, financial condition, and results of operations. See "Business — Employees."

We are subject to evolving ESG standards.

As a medical device company, we are exposed to evolving ESG standards, regulations and stakeholder expectations. New or more stringent environmental rules, product requirements, or supply-chain due-diligence obligations could increase compliance costs, require process changes, or disrupt sourcing and manufacturing. Customers and healthcare systems may increasingly prefer medical devices developed and manufactured with lower environmental footprints, recyclable materials, reduced packaging, or verified ethical supply chains, which may necessitate investments in new technologies, redesigns, or supplier transitions that are costly, time-consuming, and uncertain in outcome. Social factors, such as labor practices, workplace health and safety, product accessibility and affordability, data privacy and cybersecurity for connected devices, and clinical

trial diversity, are also gaining scrutiny. Failure to meet stakeholder expectations could lead to loss of business opportunities, reputational harm, or exclusion from tenders and group purchasing contracts. Governance expectations, including board oversight of ESG, anti-corruption controls, and transparent reporting, continue to rise; shortcomings may trigger investigations, litigation, or contractual penalties.

Natural disasters, acts of war or terrorism, and other external events beyond our control may have a material adverse impact on our industry, business, financial condition, and results of operations.

Severe weather, such as tornadoes, droughts, hailstorms or other natural disasters, and unexpected events including war, terrorism or similar disruptions may significantly hinder our ability to conduct ordinary business operations. Such occurrences could harm our operations, damage our property or inventory or result in substantial property losses, leading to decreased revenue and unexpected expenses. In some jurisdictions where we operate, large-scale evacuations or destruction of essential facilities can further disrupt banking and operational activities. Natural disasters, pandemics, terrorism or wars may occur. These events, once materialize, may severely impede our operations and require significant resources to address, ultimately having a material adverse effect on our business, financial position and operating results.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political or social conditions or government policies in jurisdictions where we operate could affect our business, financial condition and results of operations.

A substantial part of our assets and operations are located in China. In addition, we operate our business in a number of other geographic markets across Europe, Middle East and Southeast Asia. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to various risks, disrupt our business operations and affect our financial performance.

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

The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate. It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business, financial condition and results of operations may be adversely affected.

Any uncertainties embedded in the legal systems of certain jurisdictions where we operate could affect our business, financial condition and results of operations.

Legal systems of the jurisdictions where we operate vary significantly. Some jurisdictions have a civil law system based on written statutes, which differ from common law system. We are also subject to certain uncertainties embedded in the legal systems of some jurisdictions where we operate. 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 implementations, and the application of some of these laws and regulations to our businesses is not settled. 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 markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us. Furthermore, many of the legal systems in the jurisdictions where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention. 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. Changes in current laws or regulations or the imposition of new laws and regulations in the jurisdictions where we operate may slow the growth of the medical device industry and affect our business, financial condition and results of operations.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors and our senior management.

A substantial part of our assets, and a majority our Directors and senior management, are located in China. Recognition and enforcement in courts of jurisdictions outside the PRC of judgments of a PRC court, and recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC, are inherently difficult. As a result, it may be difficult and time-consuming to effect service of process upon our Directors and senior management outside the PRC. In addition, investors may also experience difficulties in seeking recognition and enforcing foreign judgments in the PRC if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions. Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the [**REDACTED**] of our H Shares on the [**REDACTED**], the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Furthermore, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. We cannot assure you that under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the "SAFE"); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected.

Our payment of dividends is subject to restrictions under applicable laws and regulations, and there is no guarantee whether we will pay dividends in the future.

Our payment of dividends is subject to restrictions under applicable laws and regulations. Moreover, our company is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserves, except where such reserve has reached 50% of its registered capital. These reserves are not distributable as cash dividends. Our historical dividends may not be indicative of our dividend policy in the future. We cannot guarantee when and in what form dividends will be paid on our H Shares after the [**REDACTED**]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot guarantee that we will make and can make dividend payments on our Shares in the future. See "Financial Information — Dividends and Dividend Policy." If we retain most, or all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our pipeline products and solutions, we may not expect to pay any cash dividends in the foreseeable future. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future financial condition and cash flow, our capital requirements and surplus, the number of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investments in our H Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the Shares. You may not realize a return on your investments in our Shares and you may even lose your entire investments in our Shares.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. We are entitled to preferential tax treatment. See "Financial Information — Description of Major Components of Our Results of Operations — Income Tax Expense." To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

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

Under the current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares. Under IIT law, non-Chinese resident individuals are required to pay individual income tax at a rate of 20% on interest, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax of the MOF and SAT (《財政部、國家税務總局關於個人所得税若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, dividend income of individual foreigners from PRC enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax. As of the Latest Practicable Date, none of the aforesaid provisions expressly provides whether individual income tax shall be levied on non-PRC resident individual holders in respect of transfers of shares in PRC resident enterprises listed on overseas stock exchanges. There is no assurance that the PRC tax authorities will not change these practices, which could result in income tax being levied on non-PRC resident individual holders on gains from the [**REDACTED**] of H shares. For non-Chinese resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the [**REDACTED**] of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%. If there is any development in the applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your investment in our H Shares may be materially affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, an active trading market for our H Shares may not develop following the [REDACTED] and the [REDACTED] of our H Shares may be volatile.

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 maintain following completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between 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 [**REDACTED**] of our H Shares may be materially and adversely affected.

The [REDACTED], [REDACTED] and [REDACTED] of our Shares following the [REDACTED] may be volatile, which could result in substantial losses to investors.

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

Future sales or perceived sales of substantial amounts of our H shares may have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future or may result in dilution of your shareholding.

The [**REDACTED**] of our H Shares could decline 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, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and [**REDACTED**] of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, [**REDACTED**] must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the [**REDACTED**]. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may materially and adversely affect the [**REDACTED**] of H Shares.

You will incur immediate and significant dilution if the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately [**REDACTED**] after [**REDACTED**], any assets would be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future.

Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

Subject to the completion of the filing with the State Council securities regulatory authority, all of our Unlisted Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. No class shareholder voting is required for the listing and trading of the converted Shares on an overseas stock exchange. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon completion the requisite filing, Unlisted Shares may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year following the [**REDACTED**], which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

Our Controlling Shareholder(s) have significant influence over us and their interests may not always be aligned with the interest of our other Shareholders.

Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into certain transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the [**REDACTED**] of our H Shares.

Certain facts, forecasts and other statistics obtained from government publications contained in this document may not be reliable in terms of accuracy, competence or reliance.

Certain facts, forecasts and other statistics contained in this document relating to China, the PRC economy and the sports medicine device industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. We have no reason to believe that the information in such source materials is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality or reliability of such source materials. The information from official government sources has not been prepared or independently verified by us, the [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

Forward-looking information in this document is subject to risks and uncertainties.

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words "anticipate," "believe," "estimate," "expect," "plans," "prospects," "going forward," "intend" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to several risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

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

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

In preparation of the [**REDACTED**], we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

Given that (i) our core business operations are principally located, managed and conducted in the PRC under the supervision of executive Directors and senior management; and (ii) our executive Directors and senior management principally reside in the PRC, our Company considers that it would be more practical for the executive Directors and senior management of our Company to remain ordinarily resident in the PRC where our Group has substantial operations. For the above reasons, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted us], a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

(a) We have appointed Mr. Dong and Mr. He Lu (和路) ("**Mr. He**") as the authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange. Each of Mr. Dong and Mr. He ordinarily resides in Chinese mainland, and possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See the section headed "Corporate Information" in this document for more information about our Authorized Representatives;

(b) To facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details of our Directors (i.e. mobile phone number, office phone number, email address and fax number (as applicable)). In the event that any of our Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives, so that the Authorized Representatives would be able to contact all our Directors (including the proposed independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact our Directors. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange;

(c) we have appointed Red Sun Capital Limited as our compliance adviser (the "**Compliance Adviser**") in compliance with Rules 3A.19 and 19A.05 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange during the period from the [**REDACTED**] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [**REDACTED**]. The Compliance Adviser will be available to answer enquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available; and

(d) meetings between the Stock Exchange and our Directors can be arranged through the Authorized Representatives or our compliance, or directly with our Directors within a reasonable time frame.

WAIVER IN RELATION TO APPOINTMENT OF JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our Company must appoint 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 company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles they played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Liang Xiaodan (梁曉丹) ("**Ms. Liang**") as one of the joint company secretaries of our Company. Ms. Liang has substantial experience in handling corporate, investor relationship management and administrative matters but personally does not process any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, our Company has appointed Ms. Jian Xuegen (簡雪艮) ("**Ms. Jian**"), who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Ms. Liang for an initial period of three years from the [**REDACTED**] (the "**Waiver Period**") to enable Ms.

Liang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See "Directors, Supervisors and Senior Management" in this document for further biographical details of Ms. Liang and Ms. Jian. The following arrangements have been, or will be, put in place to assist Ms. Liang in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

(a) Ms. Liang will attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time;

(b) Both Ms. Liang and Ms. Jian have confirmed that each of them will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;

(c) Ms. Jian will assist Ms. Liang to enable her to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company;

(d) Ms. Jian will communicate regularly with Ms. Liang on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Jian will work closely with, and provide assistance to, Ms. Liang in the discharge of her duties as a company secretary, including organizing our Company's Board meetings and Shareholders' general meetings;

(e) Prior to the expiry of Ms. Liang's initial term of appointment as the company secretary of our Company, we will evaluate her experience in order to determine if she has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Ms. Liang's appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules;

(f) The Company has appointed Red Sun Capital Limited as its Compliance Adviser pursuant to Rules 3A.19 of and 19A.05 the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the [**REDACTED**], or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to the Company (including Ms. Liang) as to the compliance with the Listing Rules and all other applicable laws and regulations; and

(g) the waiver will be revoked if there are material breaches of the Listing Rules by our Company or if Ms. Liang ceased to be assisted by a suitably qualified person who possesses the qualifications as required under Rule 3.28 of the Listing Rules. If Ms. Jian ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as a joint company secretary of the Company assisting Ms. Liang during the Waiver Period, the Company will re-apply for a waiver with the Exchange.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted us], a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when (i) Ms. Liang ceases to be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules throughout the Waiver Period, or (ii) if there are material breaches of the Listing Rules by us. Before the end of the three-year period, we will demonstrate and seek the Exchange's confirmation that Ms. Liang, having had the benefit of Ms. Jian's assistance for three years, has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver will not be necessary.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Pursuant to section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a document shall include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to include in the document a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of the document as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires us to include in the document a report by auditors of our Company with respect to the financial results of our Group for each of the three financial years immediately preceding the issue of the document.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Rule 4.04(1) of the Listing Rules requires our Company to include in the document an accountants' report covering the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the document or such shorter period as may be acceptable to the Stock Exchange.

The Accountants' Report for each of the three years ended December 31, 2024 and the nine months ended September 30, 2025 has been prepared and is set out in Appendix I to this document. Pursuant to the relevant requirements set out above, our Company is required to produce three full years of audited accounts for the years ended December 31, 2023, 2024 and 2025. As such, an application has been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver [has been granted] by the Stock Exchange on the conditions that:

(a) this document will be issued on or before [**REDACTED**] and our H Shares will be [**REDACTED**] on the [**REDACTED**] on or before [**REDACTED**] (i.e. within three months after the latest financial year end of our Company);

(b) our Company will obtain a certificate of exemption from the SFC from strict compliance with the requirements under Section 342(1) in relation to Paragraph 27 of Part I and Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements;

(c) this document will include the unaudited financial information for the year ended December 31, 2025 and a commentary on the results for the year; and

(d) our Company will not be in breach of our constitutional documents or laws and regulations of the Cayman Islands, where our Company is incorporated, or other regulatory requirements as a result of not publishing our preliminary results announcement for the year ended December 31, 2025 in accordance with Rule 13.49(1) of the Listing Rules. Pursuant to the Note to Rule 13.49(1) of the Listing Rules, our Company will publish an announcement after the [**REDACTED**] and no later than [**REDACTED**] stating that the relevant financial information has been included in this document.

An application has also been made to the SFC for a certificate of exemption from strict compliance with Section 342(1)(b) in relation to Paragraph 27 of Part I and Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) the particulars of the exemption are set out in this document;

(b) this document will be issued on or before [**REDACTED**]; and

(c) our H Shares will be [**REDACTED**] on the Stock Exchange on or before [**REDACTED**] (i.e. three months after the latest financial year end of our Company).

The applications to Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under Paragraph 27 of Part I and Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interest of the investing public as:

(a) there would not be sufficient time for our Group and our reporting accountants to finalise the audited financial information for the year ended December 31, 2025 for inclusion in this document. If the financial information is required to be audited up to December 31, 2025 by the expected document date, our Company and our reporting accountants would have to undertake a substantial amount of work to prepare, update and finalise the Accountants' Report and this document to cover such additional period. This would inevitably incur additional time and costs and would be unduly burdensome for our

Company and our reporting accountants. Our Directors consider that the benefits of such work to the potential investors of our Company may not justify the additional work and expenses involved and the delay of the timetable for Listing, given that there has been no significant change in the financial position of our Group since September 30, 2025, being the date to which the latest audited financial statements of our Group were made up;

(b) our Company has included in this document (i) the Accountants' Report covering the three years ended December 31, 2024 and the nine months ended September 30, 2025, (ii) the unaudited financial information for the year ended December 31, 2025 and a commentary on the results for the year as set out in Appendix IIB to this document, which is no less than the content requirements for a preliminary results announcement under Rule 13.49 of the Listing Rules, and the unaudited financial information for the year ended December 31, 2025 has been agreed with the Reporting Accountants, following their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, and (iii) the information regarding the recent development of our Group subsequent to the Track Record Period and up to the Latest Practicable Date. As such, our Company is of the view that all material information that is necessary for the Shareholders and potential investors to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects of our Group has been disclosed in this document. Our Directors and the Sponsors confirm that all material information which is necessary for the Shareholders and potential investors to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects of our Group has been disclosed in this document. Therefore, the waiver and exemption would not prejudice the interests of the investing public;

(c) our Directors confirmed that, except to the extent disclosed in the section headed "Summary and Highlights – Recent Developments Subsequent to the Track Record Period and No Material Adverse Change" in this document, there had not been any material adverse change to our financial and trading positions or prospect with specific reference to the trading results since September 30, 2025 and up to the date of this document which will materially affect the information shown in the Accountants' Report, the unaudited financial information for the year ended December 31, 2025 and a commentary on the results for the year as set out in Appendix IIB to this document, the section headed "Financial Information" and other parts of this document; and

(d) our Company will comply with the requirements under Rule 13.46(2) of the Listing Rules in respect of the publication of our annual report. Our Company currently expects to issue our annual report for the year ended December 31, 2025 on or before April 30, 2026. In this regard, our Directors consider that our Shareholders, the investing public as well as potential investors of our Company will be kept informed of the financial results of our Group for the year ended December 31, 2025.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

For further information on our Directors and Supervisors, please refer to the section headed "Directors, Supervisors and Senior Management" of this document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Dong Wenxing (董文興)	Room 501, Building 10 Yicheng Jingyuan No. 11 Kechuang Street Daxing District Beijing PRC	Chinese
Mr. He Lu (和路)	Room 1202, Building 301 Jingsong Third District Chaoyang District Beijing PRC	Chinese
Non-executive Directors		
Ms. Zhang Di (張迪)	Room 603, Building 11 Hetaoyuan North Lane Chaoyang District Beijing PRC	Chinese
Mr. Chang Xi (常喜)	Unit 401, Building 3, No. 15 Shiyuan East District, Shunyi District Beijing PRC	Chinese
Mr. David Guowei Wang (王國瑋)	45 DOGWOOD DR#106 NASHUA NH 03062 U.S.A.	U.S.A.
Ms. Yi Lin (易琳)	Room 2009, Building 3. No. 18 Xinzhong Street, Dongcheng District Beijing PRC	Chinese
Mr. Zhou Quan (周琁)	Unit 801, Building 1, No. 5 Ocean View No. 15, Deshengmen West Street Haidian District Beijing PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. Lyu Zhenlin (呂振林)	Room 6-1102, Jinhua Staff Compound No. 5 Jinhua South Road Xi'an, Shaanxi Province PRC	Chinese
Mr. Deng Yu (鄧宇)	No. 368, Xuefu Road Nangang District, Harbin City Heilongjiang PRC	Chinese
Mr. Liu Baojie (劉寶傑)	3904, Baguio Villa 555 Victoria Road Pokfulam Hong Kong	PRC (Hong Kong)
Mr. Wang Chunfei (王春飛)	Room 2141, 14th Floor Building 2, Guangtongyuan No. 41 Jiaoda East Road Haidian District Beijing PRC	Chinese
Supervisors		
Mr. Xu Jingtao (許景濤)	Unit 302, Building 23, Phase I Shouzuo Yuyuan, Daxing District Beijing PRC	Chinese
Mr. Yang Tengfei (楊騰飛)	Unit 601, Building 2 Yuxin Garden Zhongli Caiyu Town, Daxing District Beijing PRC	Chinese
Ms. Wang Yali (王亞麗)	Unit 304, Building 13, Yard 36 Yusheng Street, Caiyu Town Daxing District Beijing PRC	Chinese

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

[**REDACTED**]

Legal Advisors to the Company

As to Hong Kong and U.S. laws:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC laws:
Zhong Lun Law Firm
Floor 22-31, South Tower, Building 3
Zhengda Center, No. 20, Jinhe East Road
Beijing
PRC

Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **DLA Piper Hong Kong** 25th Floor, Three Exchange Square 8 Connaught Place Central Hong Kong *As to PRC laws:* **Tian Yuan Law Firm** Suite 509, Tower A Corporate Square 35 Financial Street, Xicheng District Beijing PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B, Jing'an International Center 88 Puji Road, Jing'an District Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Head Office, Registered Office and Principal Place of Business in the PRC	Building 1, A018, B018 No. 25, Jinghai 2nd Road Beijing Economic and Technological Development Zone Beijing, PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	*starsportmed.com* *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Ms. Liang Xiaodan (梁曉丹)** Building 1, A018, B018 No. 25, Jinghai 2nd Road Beijing Economic and Technological Development Zone Beijing, PRC **Ms. Jian Xuegen (簡雪艮)** *A member of the Hong Kong Institute of Certified Public Accountants and the Chinese Institute of Certified Public Accountants* 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorised Representatives	**Mr. Dong Wenxing (董文興)** Room 501, Building 10 Yicheng Jingyuan No. 11 Kechuang Street Daxing District Beijing PRC **Mr. He Lu (和路)** Room 1202, Building 301 Jingsong Third District, Chaoyang District Beijing PRC
Audit Committee	Mr. Wang Chunfei (王春飛) *(Chairman)* Mr. Lyu Zhenlin (呂振林) Mr. Chang Xi (常喜)
Nomination Committee	Mr. Deng Yu (鄧宇) *(Chairman)* Mr. Wang Chunfei (王春飛) Ms. Zhang Di (張迪)

Remuneration and Appraisal Committee	Mr. Lyu Zhenlin (呂振林) *(Chairman)* Mr. Liu Baojie (劉寶傑) Mr. Dong Wenxing (董文興)
Strategy Committee	Mr. Dong Wenxing (董文興) *(Chairman)* Mr. He Lu (和路) Mr. Deng Yu (鄧宇)
Compliance Adviser	**Red Sun Capital Limited** Room 310, 3/F China Insurance Group Building 141 Des Voeux Road Central Hong Kong

[**REDACTED**]

Principal Bankers	**China Construction Bank Jinghailu Branch** Room 105, Chengxiang Century Plaza No. 38 Kechuang 5th Street Economic-Technological Development Area Daxing District Beijing

The information and statistics set out in this section and other sections of this document were extracted from the CIC Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged CIC to prepare the CIC Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by any of the Joint Sponsors,* [**REDACTED**]*, any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**] *(other than CIC), and no representation is given as to its accuracy. For discussion of risks related to the Group's industry, see "Risk Factors — Risks Relating to Our Business and Industry" in this document.*

MEDICAL DEVICE MARKET IN CHINA

Overview of China's Medical Device Market

China's medical device market has experienced a steady growth. The market size increased from RMB562.9 billion in 2018 to RMB1,050.2 billion in 2024, representing a CAGR of 11.0%, and is expected to further reach RMB1,726.7 billion in 2030, representing a CAGR of 8.6%. The temporary decline in the size of China medical device market in 2023 was attributed to reduced sales volume in COVID-related medical devices and medical anti-corruption efforts. Driven by the aging population, the rising prevalence of chronic diseases, increasing patient healthcare awareness, supportive policies for domestically-produced medical devices, technological innovation, and ongoing implementation of the volume-based procurement program and other national health insurance programs that improve the affordability of medical devices, China's medical device market has a strong growth momentum in the coming years.

GLOBAL AND CHINA'S SPORTS MEDICINE DEVICE MARKET

Overview

Sports medicine is a specialized branch of medicine focused on the prevention, diagnosis, treatment and rehabilitation of sports-related injuries. It integrates medical knowledge with exercise science to minimize the injury risks, and manage medical issues related to exercise, including soft tissue injuries. Sports medicine addresses the medical needs arising from daily physical activities, emphasizing injury prevention, physical function enhancement, injury treatment, impairment management and injury rehabilitation.

In China, sports medicine is classified as a tertiary discipline under Clinical Medicine, whereas orthopedics is a tertiary discipline under Surgery. Sports medicine research encompasses sports-related injuries, rehabilitation, sports-related diseases, physical health promotion, medical support for physical activities, nutrition, physiology and biochemistry, doping control, psychology, and health management. It primarily addresses the prevention, treatment and rehabilitation of soft tissue injuries, rather than one-time high-energy trauma, while orthopedics focuses on the bones and joint conditions. Beyond addressing different clinical problems, orthopedic surgery and sports medicine also employ distinct treatment techniques. Orthopedics typically rely more on comprehensive structural interventions and open surgical procedures with large incisions. In contrast, sports medicine procedures are typically minimally invasive arthroscopy and function-oriented soft-tissue repair. Our product portfolio is also fundamentally different from general orthopedics products. General orthopaedic products, such as bone plates, intramedullary nails spine cage and joint prosthetics, are typically large, load-bearing structures made of metal. On the other hand, our sports medicine products, particularly medical implants such as suture anchors, suture buttons, etc., are precision-engineered, small-sized devices designed for soft tissue fixation. They are primarily manufactured from non-metallic biomaterials to ensure compatibility with soft tissue regeneration, rather than mere skeletal support.

Sports medicine devices include medical devices and equipment used for surgical repair, reconstruction, or replacement, which aid diagnostic imaging and physical therapy. They are non-pharmacological interventions, meaning they do not include drugs but instead rely on mechanical, physical, or biological principles.

Arthroscopy, as an important diagnostic and treatment tool in sports medicine, continues to show great application prospects. Arthroscopy is a minimally invasive surgical procedure on a joint in which an examination and treatment of damage is performed using an endoscope that is inserted into the joint through a small incision. As compared to traditional open surgery, arthroscopy is less invasive, which means procedures can be completed as out-patient surgeries giving patients the option to be back home the same day. It can also minimize pain and the need for pain medication post-surgery as well as reduce overall recovery time, resulting in precision, highly targeted treatment, and rapid efficacy. Arthroscopy is the main technology used for the diagnosis and treatment of sports medicine. During the process of diagnosis and treatment, the devices used mainly include sports medical implants, surgical equipment and associated medical consumables, and in some cases, sports medicine regenerative medicine devices.

The sports medicine device market can be divided into two major parts, sports medicine implants and instruments, and sports medicine regenerative devices. The global sports medicine device market size reached US$7.0 billion in 2024, among which over 87% were sports medicine implants and instruments, and 13% sports medicine regenerative devices. In China's case, the sports medicine device market size was RMB6.2 billion in 2024, with 88%, and 12% in the two segments respectively. Sports medicine implants and instruments are implants, equipment as well as associated consumables that are used in sports medicine surgeries, arthroscopic ones in most cases, to provide support and help stabilize the joints, ligaments, tendons, and muscles that have been injured or damaged. The sports medicine regenerative devices, which distinguish themselves from traditional implants and instruments, contain bioactive materials to regenerate or restore soft tissues.

Global Sports Medicine Implants and Instruments Market Size

The global sports medicine implants and instruments market has reached the maturity stage. The global sports medicine implants and instruments market size increased from US$5.0 billion in 2018 to US$6.1 billion in 2024, representing a CAGR of 3.4%, and is expected to further reach US$8.8 billion in 2030, representing a CAGR of 6.2%. It experienced a temporary decline in 2020 mainly due to the large-scale lockdowns during the COVID-19 period when a significant number of elective procedures, particularly arthroscopic surgeries, ligament reconstructions, and meniscus repairs in sports medicine, were postponed or canceled.

China's Sports Medicine Implants and Instruments Market Size

Relevant conditions for sports medicine primarily include sports-related and overuse injuries, as well as degenerative diseases. Sports and overuse injuries arise from repetitive or excessive strain on muscles, tendons or ligaments during daily physical activities. Degenerative diseases of the musculoskeletal system, particularly those affecting joints, are typically caused by chronic and repetitive motions, leading to inflammation and structural damages, which typically happen to the elderly. In China, the relevant conditions for sports medicine reached 168.6 million cases in 2024 and is projected to exceed 200 million by 2030.

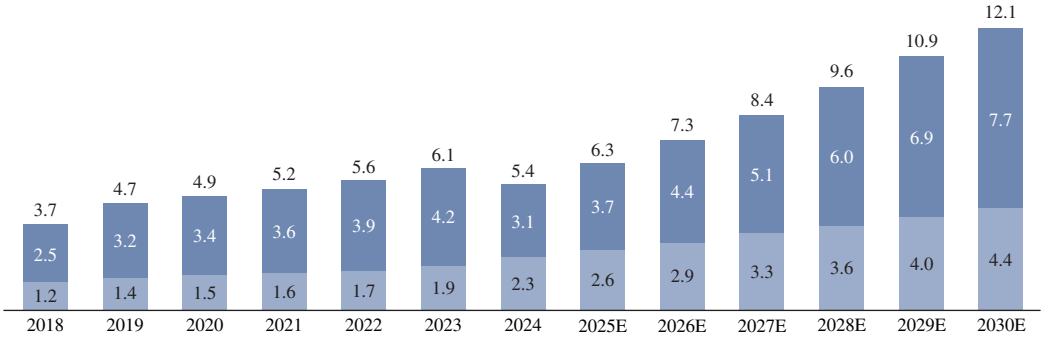
The market size of China's sports medicine implants and instruments market increased from RMB3.7 billion in 2018 to RMB5.4 billion in 2024, representing a CAGR of 6.5%, and is expected to further reach RMB12.1 billion in 2030, representing a CAGR of 14.3%.

The following graph sets forth the actual and forecasted market size of the China's sports medicine implants and instruments market by sales revenue for the years indicated. The CAGR between 2018 and 2023 of the China sports medical implants market was 11.0%, without considering the unexpected policy influence of the VBP. The China's sports medicine implants and instruments market size declined in 2024 due to the large reduction of ex-factory prices under VBP execution while being counterbalanced by a 20% increase of the volume of arthroscopic surgeries. With the continuous VBP implementation, the following are expected to drive the growth in China's sports medicine market. The first is the increasing penetration of arthroscopic surgeries treatment. Arthroscopic surgeries have many advantages, as the minimally invasive technology, including small incision, minimal recovery time and little pain, etc. However, the penetration of arthroscopic surgeries was less than 50% in patients who got sports injuries or degenerative diseases in 2024 only. With deeper understanding of the disease condition as well as improved affordability, the penetration is expected to grow. The second is the trend of increased number of implants used per surgery in clinical practice. Before VBP, the high prices of sports medical implants prevented surgeons or patients from applying multiple implants and forced them to seek for more affordable substitutes, such as sutures. The situation was improved after VBP when price was no longer a major concern and there has been a noticeable trend of increasing implants used per arthroscopic surgery. The combination of the above drivers is expected to drive the growth of the sports medicine market from 2025 to 2030.

China's Sports Medicine Implants and Instruments Market Size, 2018-2024, 2025E-2030E

CAGR	2018-2024	2024-2030E
Sports medical implants	4.0%	16.2%
Surgical equipment and associated medical consumables	10.8%	11.4%
Total	6.5%	14.3%

Billion RMB



Note: By sales revenue (in terms of ex-factory prices)

In 2024, the VBP scheme of sports medicine implants was executed, with reduction of ex-factory prices and modest volume increase in the market, resulting in the overall market size decline.

Source: NMPA, interviews with industry experts, CIC

Competitive landscape of China's sports medicine implants and instruments market

The sports medicine implants and instruments market in China has been dominated by international players over the past decade. However, domestic brands have increasingly invested in R&D to enhance product quality and effectiveness, such as by adopting advanced materials and precision manufacturing techniques, and by developing innovative solutions tailored to local market demand. These efforts accompanied by VBP schemes have collectively raised the domestic brands' market acceptance among physicians and patients.

The following table sets forth the relative revenue and market share of the China's top five players in the sports medicine implants and instruments market.

Top 5 players in China's sports medicine implants and instruments market, 2024

Ranking[1]	Players	Domestic/ International	Revenue[2]	Market share
			(RMB in million)	
1	Company A	International	~1,297	~24.0%
2	Company B	International	~940	~17.4%
3	Company C	International	~729	~13.5%
4	**Our Company**	**Domestic**	**350**	**6.5%**
5	Company D	International	~330	~6.1%

Notes:

(1) By sales revenue, in terms of ex-factory prices,

(2) The revenue was domestic income including tax.

(3) The Company held a market share of 2.7% and 4.0% respectively in 2022 and 2023.

Source: NMPA, interviews with industry experts, CIC

Company A, headquartered in the UK, is a global medical technology company, specializing in products for orthopedics, sports medicine and wound management. It has been listed on the London Stock Exchange (LSE) and the New York Stock Exchange (NYSE).

Company B, headquartered in the U.S., is multinational corporation that researches, develops, manufactures, and sells medical devices, pharmaceutical products and consumer health products. It has been listed on the NYSE.

Company C, headquartered in the U.S., is a global medical device company specializing in minimally invasive surgical technology, particularly in orthopedics and sports medicine.

Company D, headquartered in the U.S., is a medical technology company specializing in surgical and patient care products. It has been listed on the NYSE.

CHINA'S SPORTS MEDICAL IMPLANTS MARKET

Overview

Sports medical implants are medical devices inserted into the human body to repair the damages and restore the functions of soft tissues such as ligaments, joints, and tendons, or to replace these damaged soft tissues entirely. These medical implants are typically used under the arthroscope, and are applicable in most sports-related injury cases. Key product categories include suture anchors, interference screws and sheath fixation systems, suture buttons, high-strength sutures and meniscus repair systems.

The evolution of sports medical implant materials has focused on the physicochemical interactions between complex biological systems and implant materials.

- ***Traditional Metal Implants.*** These implants are made from metals such as titanium alloy, which provide robust and stable mechanical support. However, they may irritate soft tissues, cause discomfort, lead to complications, and interfere with follow-up MRI examinations.
- ***Biostable Polymers.*** As alternatives to metals, materials such as biostable polymers, like polyether ether ketone (PEEK), offer excellent mechanical properties and do not interfere with imaging. Nevertheless, as they are non-degradable in the body, they may trigger chronic inflammation and fibrotic encapsulation.

- ***Bioabsorbable Materials.*** In recent years, advancements in material science have focused on bioabsorbable materials, which demonstrate strong biocompatibility, non-cytotoxicity and low revision rates, without requiring secondary removal surgeries.
- ***All-suture Implants.*** Since 2020, when the first all-suture implant in China was approved by the NMPA, this innovative all-suture form has been widely adopted. It allows the suture to be placed in cortical bone tunnels with a smaller diameter, decreasing bone removal and thereby reducing potential iatrogenic damage while promoting healing effectiveness and shortening recovery time.

During the past years, raw material prices for sports medical implants in China fluctuated. In particular, the price of PEEK material remained high in the early years but dropped recently due to the growing demand out of the volume-based procurement programs and increased domestic supply, with the average purchase price dropping from 900 thousand RMB in 2020 to 300-400 thousand RMB in 2024 per ton by over 50%. In addition, the price of bioabsorbable polymers remained high even after price reduction, for instance, the price of PLA decreased from 250 thousand RMB per ton to around 150 thousand RMB per ton, given technical barriers and limited substitution and it is expected to slightly decrease and stabilize in the following years. The price of Ultra-High Molecular Weight Polyethylene (UHMWP) had slight reduction from approximately 13 thousand RMB to 11 thousand RMB from 2020 to 2024. Overall, reliance on imports and volatility in upstream resources drove raw material costs, shaping downstream product pricing. With the continuous domestic substitution and supply, as well as growing demand following the volume-based procurement program implementation, the price of sports medical implants is expected to stabilize.

China's Sports Medical Implants Market Size

The market size of sports medical implants in China was RMB3.1 billion in 2024. In the second half of 2024, almost all sports medical implants have been included in to the national volume-based procurement program, which lowered the selling prices of sports medical implants, while leading to a surge in their sales volume. The market size of China's sports medical implants increased from RMB2.5 billion in 2018 to RMB3.1 billion in 2024, representing a CAGR of 4.0%, and this market is expected to further reach RMB7.7 billion in 2030, representing a CAGR of 16.2%.

Competitive landscape of China's sports medical implants market

The following table sets forth the relative revenue and market share of the China's top five players in the sports medical implants market. The sports medical implants market was the only category included in VBP, while the others remain unaffected.

The top 5 players in China's sports medical implants market, 2024

Ranking[(1)]	Players	The number of implants types included into VBP	Domestic/ International	Revenue[(2)]	Market share
			(RMB in million)		
1	Company A	11	International	~700	~22.4%
2	Company B	13	International	~686	~21.9%
3	Company C	14	International	~438	~14.0%
4	**Our Company**	**14**	**Domestic**	**276**	**8.8%**
5	Company E	10	Domestic	~184	~5.9%

Notes:

(1) By sales revenue, in terms of ex-factory prices,

(2) The revenue was domestic income including tax.

Source: NMPA, CIC

Company E, headquartered in Zhejiang Province, China, is an enterprise engaged in the R&D, production and sales of sports medicine and minimally invasive orthopedic medical devices.

Growth Drivers of Sports Medical Implants Market in China

- *Growing athletic population and aging population.* According to the Healthy China Action (2019-2030) launched by the National Health Commission, the proportion of populations regularly participating in physical activities is targeted to reach 40% by 2030, with most engaging in moderate- to high-intensity activities, with elevated risks for injuries. Meanwhile, the elderly aged 65 or above accounted for more than 15.6% of China's total population in 2024, and many suffer from chronic conditions, such as osteoarthritis or osteoporosis, which are expected to drive the growth of the sports medical implants market.
- *Advancements in surgical methods for sports medicine.* Progress in surgical methods has improved the safety, precision and ease of the use of medical implants, thereby driving the adoption of sports medical implants. Innovations such as minimally invasive arthroscopic tools, improved suture-passing devices and ergonomic anchor insertion systems reduce surgical complexity, shorten operating times and lower complication risks.
- *Improved sports medicine discipline construction and talent training.* Currently, organizations such as the Chinese Medical Association, the Chinese Medical Doctor Association and the Chinese Society of Sports Science are actively promoting and leading the development of sports medicine in China. This includes training more sports medicine physicians, treatment specialists and other professionals.
- *Timely patient consultation.* Early diagnosis and timely treatment of sports-related injuries increase the demand for sports medical implants, as prompt medical intervention can improve outcomes, shorten recovery time, and enhance long-term musculoskeletal function. This enhanced awareness of preventive care among patients helps to accelerate adoption of advanced medical implants and supports the growth of the sports medical implants market.

CHINA'S SPORTS MEDICINE SURGICAL EQUIPMENT AND ASSOCIATED MEDICAL CONSUMABLES MARKET

Overview

Surgical equipment for sports medicine mainly includes active equipment and surgical instruments. Active equipment refers to any device that relies on an external energy source and functions by converting or altering the density of that energy, according to the EU Medical Device Regulation (MDR). In China, under the Medical Device Classification Catalogue (2017 edition), active equipment includes high/radio frequency equipment and surgical equipment used in arthroscopic surgeries, including surgical shaver systems, plasma ablation equipment, and arthroscopic camera systems.

The arthroscopic camera system primarily comprises a camera host, arthroscope, camera head, light source and power cord. The evolution of arthroscopic camera system focuses on improving the camera resolution, advancing from HD to 4K, which enhances the visualization of fine anatomical structures, improves surgical precision, reduces errors, and supports training, documentation, and integration with digital platforms for real-time analytics. Surgical shavers and plasma ablation equipment are typically used with arthroscopes for diagnosing and treating conditions such as

meniscus injuries, cruciate ligament ruptures and articular cartilage damage. Plasma ablation equipment generates plasma, which is composed of charged particles with sufficient energy from specific radio frequency inputs, to precisely cut, ablate or coagulate tissue at relatively low temperatures.

Sports medicine surgical instruments, generally classified as Class I or Class II medical devices include tools for surgeries on knee joints, shoulder, and hip joints. These include, but are not limited to, wire graspers, positioning needles, aimer, obturators and forceps.

China's sports medicine surgical equipment and associated medical consumables market size

The market size of sports medicine surgical equipment and associated medical consumables in China increased from RMB1.2 billion in 2018 to RMB2.3 billion in 2024, with a CAGR of 10.8%. This market is expected to further reach RMB4.4 billion in 2030, representing a CAGR of 11.4%.

Competitive landscape of China's sports medicine surgical equipment and associated medical consumables market

The following table sets forth the relevant revenue and market share of top ten players in China's sports medicine surgical equipment and associated medical consumables market.

Top 10 players in China's sports medicine surgical equipment and associated medical consumables market, 2024

Ranking[(1)]	Players	Domestic/ International	Revenue[(2)]	Market share
			(RMB in Million)	
1	Company A	International	~596	~26.2%
2	Company D	International	~310	~13.6%
3	Company C	International	~292	~12.8%
4	Company B	International	~254	~11.2%
5	Company F	International	~140	~6.2%
6	**Our Company**	**Domestic**	**74**	**3.2%**
7	Company E	Domestic	~46	~2.0%
8	Company G	Domestic	~35	~1.5%
9	Company H	Domestic	~33	~1.5%
10	Company I	Domestic	~30	~1.3%

Notes:

(1) By sales revenue, in terms of ex-factory prices,

(2) Represents domestic income including tax.

Company F, headquartered in the U.S., is a global company that develops, manufactures, and markets specialty surgical and medical products. It has been listed on the NYSE.

Company G, headquartered in Shanghai, China, is a group company specializing in the innovative R&D, manufacturing and sales of medical devices in the field of sports medicine.

Company H, headquartered in Beijing, China, is a group that provides products including medical implants, intelligent surgical equipment, bio-based materials, medical services, etc.

Company I, headquartered in Beijing, China, is a group integrating the R&D, production, sales and service of sports medical implants, surgical tools, arthroscopic equipment, sports rehabilitation equipment and equipment.

Source: NMPA, CIC

Growth Drivers of Sports Medicine Surgical Equipment and Associated Medical Consumables Market in China

- *Technological advancements in active equipment.* Existing surgical equipment, such as surgical shaver systems, are being supplanted by handheld, manually controlled systems that enhance precision and safety during procedures. Additionally, imaging technology is advancing to higher resolutions, from HD to 4K, which provides clearer and more accurate color representation, and further improves surgical accuracy and patient safety.
- *Supportive policies for domestically produced equipment.* The Chinese government implements various policies that support for adopting domestically produced surgical equipment. Policies in regions such as Zhejiang Province and Hubei Province encourage hospitals to prioritize domestically produced surgical equipment and progressively enhance domestic equipment adoption.
- *Enhanced penetration of sports medicine surgical equipment.* The penetration rate of sports medicine surgical equipment in China remained relatively low. However, with the advancement of minimally invasive surgical techniques, as well as the expanding patients suffering from sports-related injuries and a growing pool of specialized physicians, the demand for sports medical devices is expected to rise rapidly.

GLOBAL AND CHINA'S SPORTS MEDICINE REGENERATIVE MEDICINE DEVICE MARKET

Overview

Sports medicine regenerative medicine devices are therapies and biomaterials designed to regenerate or restore soft tissues in joints such as ligaments, tendons, and cartilage. These devices distinguish themselves from traditional medical devices using mechanical fixation by leveraging biology and tissue engineering technologies, aiming to achieve the transition from repair to regeneration.

Sports medicine regenerative medicine devices rely on the synergies of three elements: biological scaffolds that provide degradable 3D templates of the extracellular matrix to offer mechanical support, cells that drive new tissue formation, and bioactive molecules (e.g., growth factors and cytokines) that guide cellular behavior and tissue remodeling. The integration of these factors enables a synergistic regenerative approach that provides structural support, promotes tissue-specific healing signals, and restores functional musculoskeletal tissues.

Market Size of Sports Medicine Regenerative Medicine Devices Globally and in China

The market size of global sports medicine regenerative medicine devices increased from US$0.2 billion in 2018 to US$0.9 billion in 2024, representing a CAGR of 33.3%, and this market is expected to further reach US$2.8 billion in 2030, representing a CAGR of 21.2%. China's sports medicine regenerative medicine devices market grew from RMB42.3 million in 2018 to RMB758.5 million in 2024, at a CAGR of 61.8%. Driven by accelerated R&D progress and regulatory approvals for innovative products, the China's sports medicine regenerative medicine devices market is projected to expand to RMB3,380.0 million in 2030, with a CAGR of 28.3%. The following charts set forth the market size of the global and China's sports medicine regenerative medicine devices market.

The sports medicine regenerative medicine devices market in China was still in its early development stage, with a relatively small market size and limited product variety. In 2024, the top three competitors, in terms of sales revenue, held a combined market share of 49%, whose products are primarily focused on PRP devices. Our company's new sports medicine regenerative devices are at the forefront of industry advancement and are poised to spearhead the forthcoming development in the field of sports medicine regeneration. Compared to PRP products, emerging sports medicine regenerative devices, such as tissue-engineered ligaments and tissue-engineered rotator cuff patches, are highly complex and require holistic technology for bioprinting, scaffolding, and stem cell culture with the help of specialized equipment and laboratories. This makes the process more time-consuming and costly.

Top 3 players in China's sports medicine regenerative medicine device market, 2024

Ranking[(1)]	Players	Domestic/International	Revenue[(2)]	Market share
			(RMB in Million)	
1	Company J	Domestic	~193	~25.4%
2	Company K	International	~110	~14.5%
3	Company L	Domestic	~70	~9.2%

Notes:

(1) By sales revenue, in terms of ex-factory prices, The Company had its sports medicine regenerative devices commercialized since 2025, thus no sales revenue generated in 2024.

(2) Represents domestic income including tax.

Company J, headquartered in Shandong Province, China, its business covers the fields of orthopedic implants and tissue repair. It has been listed on Shanghai Stock Exchange.

Company K, headquartered in Switzerland, it is a biotechnology company specializing in the fields of regenerative medicine with a particular focus on the R&D, and application of Platelet-Rich Plasma (PRP) technology.

Company L, headquartered in Guangdong Province, China, it specializes in the R&D, production, and commercialization of innovative biologic products.

Growth Drivers of China's Sports Medicine Regenerative Medicine Devices market

The growth drivers of China's sports medicine regenerative medicine devices market include the following:

- *Advanced biomaterials and mature tissue engineering technology.* Innovative technologies such as high-purity collagen extraction technology, platelet-rich plasma (PRP) preparation technology, and tissue-engineered cartilage are increasingly being integrated into clinical practice. These technologies greatly improve healing potential for soft tissue injuries, cartilage defects, and tendon degeneration, which are common issues in both athletes and the aging population. As clinical outcomes and safety data accumulate, such biologic augmentation techniques is expected to gain growing market acceptance among surgeons and patients.

- *Rising degenerative disease prevalence.* The rising prevalence of degenerative diseases, such as osteoarthritis, and chronic tendon injuries, is expected to drive the development of the sports medicine regenerative medicine devices market. These conditions are increasingly common due to aging populations and higher obesity rate, which place greater stress on joints, cartilage and connective tissues. Sports medicine regenerative medicine devices offer the potential to restore tissue function, delay disease progression and improve long-term outcomes.
- *Enhanced awareness of regenerative medicine devices.* Both surgeons and patients become increasingly aware of the benefits of regenerative medicine devices in sports medicine, which transform the traditional tissue repair method to natural restoration approach. Accompanied with enhanced training programs, workshops and hands-on demonstrations, surgeons are becoming more familiar with the utilization of such devices, thus increasing patients access to advanced, tissue-restorative treatments in sports medicine.

GLOBAL AND CHINA'S INTELLIGENT REHABILITATION MARKET

Overview

Intelligent healthcare leverages AI and big data analytics to interconnect medical resources and patient-oriented services across prevention, diagnosis, treatment and rehabilitation.

In the field of sports medicine, surgical treatment and postoperative rehabilitation are closely linked, forming a complete disease management process that spans diagnosis, surgery/treatment, rehabilitation, and follow-up.

- ***Intelligent Treatment.*** Intelligent treatment focuses on precision intervention through AI-driven diagnostics, personalized therapeutic protocols, and robotic-assisted surgery, thereby enhancing clinical efficacy and operational efficiency. In sports medicine, cruciate ligament surgery robots are particularly to improve the precision and consistency of ACL/PCL surgery, covering preoperative planning, intraoperative navigation, bone tunnel drilling and outcome validation.
- ***Intelligent Rehabilitation.*** Intelligent rehabilitation uses AI-enabled robotic devices to support or replace manual therapy, offering restorative treatments in hospitals and at home. This includes hospital-based robotics and software, as well as home solutions like smart devices, exercise platforms and digital training systems. In sports medicine, the digital exercise prescription system is an integrated solution leveraging cloud platforms, and AI technology to enable end-to-end digital management of exercise prescriptions.

Market Size of Intelligent Rehabilitation Solutions

The global market for intelligent rehabilitation solutions increased from US$0.2 billion in 2018 to US$3.3 billion in 2024, representing a CAGR of 53.6%, and this market is expected to further reach US$22.0 billion in 2030, representing a CAGR of 37.5%. China's intelligent rehabilitation solutions market increased from RMB0.1 billion in 2018 to RMB2.2 billion in 2024, representing a CAGR of 67.7%, and this market is expected to further reach RMB22.9 billion in 2030, representing a CAGR of 47.5%.

The penetration rate of intelligent rehabilitation solutions within the broader the global rehabilitation product market rose from 1.0% in 2018 to 6.9% in 2024. In contrast, the penetration rate in China grew from 0.3% in 2018 to 2.3% in 2024. In 2030, the penetration rate in China is expected to reach 10.8%, indicating the untapped growth potential.

The China's intelligent rehabilitation product market in China remains highly fragmented. Aside from the top leading player with revenue at the 100 million RMB level, most other competitors generate only tens of million RMB revenue, reflecting the limited scale and dispersed nature of the broader market.

Top 3 players in China's intelligent rehabilitation solutions market, 2024

Ranking[(1)]	Players	Domestic/International	Revenue[(2)]	Market share
			(RMB in Million)	
1	Company M	Domestic	~200	~10.0%
2	Company N	Domestic	~52	~2.6%
3	Company O	Domestic	~25	~1.3%

Notes:

(1) By sales revenue, in terms of ex-factory prices. The Company do not have its intelligent rehabilitation products commercialized, thus no sales revenue generated in 2024.

(2) Represents domestic income including tax.

Company M, headquartered in Shanghai, China, its business covers the development and commercialization of intelligent rehabilitation robots, and broader embodied AI robotics solutions for medical rehabilitation and related applications.

Company N, headquartered in Shanghai, China, it focuses on the research, development and industrialization of rehabilitation robots and intelligent rehabilitation solutions.

Company O, headquartered in Zhejiang Province, China, it covers the research and application of exoskeleton robot technologies and other intelligent rehabilitation equipment.

Source of information

We commissioned CIC, an independent market research and consulting firm, to provide an analysis of, and to produce a report (the "CIC Report") on global and China's sports medicine device market, sports medicine regenerative medicine device market, and intelligent rehabilitation solution market.

CIC provides professional services including, among others, industry consulting, commercial due diligence and strategic consulting. We have agreed to pay a fee of RMB750,000 to CIC in connection with the preparation of the CIC Report. The report was prepared independent of the influence of us and other interested parties. We have extracted certain information from the CIC Report in this section, as well as elsewhere in this Document, to provide our potential investors with a more comprehensive presentation of the industry we operate in.

In preparing the CIC Report, CIC conducted both primary and secondary research utilizing diverse resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics, National Medical Products Administration, Food and Drug Association, National Health Commission of the People's Republic of China, and World Health Organization.

Our Directors and the Joint Sponsors have exercised reasonable care in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information.

REGULATIONS RELATING TO MEDICAL DEVICES ADMINISTRATION

The main regulatory authorities of the PRC's our business operations are National Medical Products Administration (國家藥品監督管理局) ("NMPA") and its local counterparts, whose predecessor were China Food and Drug Administration (國家食品藥品監督管理總局) ("CFDA") and its local counterparts.

Classification of Medical Devices

According to the *Regulation on the Supervision and Administration of Medical Devices* (《醫療器械監督管理條例》) ("Regulation on Medical Devices") which was promulgated on January 4, 2000 and latest amended on December 6, 2024 by the State Council, the PRC implements classified administration of medical devices which are classified as Class I, Class II and Class III based on the degree of risks from low to high. Class III medical devices are those with high risks, such as life sustaining, life-supporting or implantable devices, whose safety and effectiveness shall be ensured through special measures for strict control and management.

Registration of Medical Devices

According to the *Measures for the Administration of Medical Devices Registration and Filing* (《醫療器械註冊與備案管理辦法》) promulgated by the State Administration for Market Regulation ("SAMR") on August 26, 2021 and effective from October 1, 2021, Class III medical devices are subject to product registration-based administration. NMPA is responsible for reviewing the registration of both domestic and imported Class III medical devices and issuing the relevant registration certificates.

During the Track Record Period and up to the Latest Practicable Date, our Class III medical device products were all registered with NMPA.

Technical requirements and registration testing

As stipulated by the *Measures for the Administration of Medical Devices Registration and Filing* (《醫療器械註冊與備案管理辦法》), prior to applying for the registration or filing of medical devices, the registrant shall draw up the product technical requirements applicable to such medical devices. The product technical requirements shall mainly include the functional and safety indicators that can be objectively assessed for the finished medical devices products and testing methods.

Furthermore, it is required to conduct registration testing in accordance with the product technical requirements and submit a testing report to apply for the registration or filing of medical devices.

Clinical evaluation

Clinical evaluation is required for the registration of medical devices, except for several specific exemption circumstances. According to the Regulation on Medical Devices and the *Measures for the Administration of Medical Devices Registration and Filing* (《醫療器械註冊與備案管理辦法》), in the clinical evaluation, the safety and effectiveness of medical devices can be proved through (i) clinical trials or (ii) the analysis of clinical literatures and materials, by taking into account the product feature, clinical risk, existing clinical data, etc., and medical devices may be exempt from clinical evaluation under any of the following circumstances: (a) the medical device has clear working mechanisms, finalized design and mature manufacturing process, and the medical devices of the same type that are available on the market have been used in clinic for years without any record of serious adverse event, and the medical device will not change the general purposes thereof; (b) the safety and effectiveness of such medical device can be proved through other non-clinical evaluation methods. NMPA has the authority to formulate, adjust and publish the catalog of the medical devices exempt from clinical evaluation (the "Exemption Catalog").

Registration process

The registrant shall apply for medical devices registration after completing the safety and effectiveness research of the medical devices, and shall be well prepared to accept the quality management system verification. The application documents shall include the applicable technical requirements, registration testing report and clinical trial evaluation report (if applicable) and other documents as required by the regulators. For medical devices which meet the requirements of safety, effectiveness, and quality control, the medical devices regulatory authority will issue a medical device registration certificate. The medical device registration certificate is valid for 5 years. In the event of any substantial change of the design, raw material, production process, scope of application or use methods, etc., that may affect the safety and effectiveness of the registered Class II and Class III medical devices, the registrant shall apply for the registration of such change; in the event of any other change of the registered Class II and Class III medical devices thereof, registrant shall apply for filing of such change.

Production Supervision and Quality Management

Medical Devices Production License

According to (i) the Regulation on Medical Devices, (ii) the *Measures for the Supervision and Administration of the Production of Medical Devices* (《醫療器械生產監督管理辦法》) promulgated by CFDA on July 30, 2014 and latest amended on November 17, 2017 and (iii) the measures of the same name of (ii) which was promulgated by SAMR on March 10, 2022 and was effective and replaced (ii) on May 1, 2022, the enterprises which intend to engage in the production of Class II and Class III medical devices shall apply for medical devices production license (醫療器械生產許可證) at the provincial level of the medical product regulatory authority which will issue to the applicant a medical device production license if the relevant requirements are satisfied. The medical device production license is valid for five years. In the event of a change to the content of the medical device production license, the manufacturer shall make an application to license-issuing authority for change of licensed items or change of registered items (as the case may be). If medical device production license needs to be renewed upon expiration, the manufacturer shall make the application for renewal within the prescribed time limit prior to the expiry date of the medical device production license.

As of the Latest Practicable Date, our Company held the medical device production license issued by Beijing Medical Product Administration. Hunan Tianxing held the medical device production license issued by Hunan Medical Product Administration.

Quality Assurance

As stipulated by the Regulation on Medical Devices and the *Measures for the Supervision and Administration of the Production of Medical Devices* (《醫療器械生產監督管理辦法》), the medical device manufacturing enterprises shall comply with the standards of medical devices production and quality assurance, establish a quality assurance system and maintain its effective operation. The medical device manufacturing enterprises shall conduct comprehensive self-inspection on the performance of the quality assurance system on a regular basis. A medical device manufacturer shall record the process for procurement, manufacturing or inspection of raw materials and shall assure the record to be true, accurate and complete and be traceable.

Post-Market Quality Surveillance

In accordance with the *Administration Measures for Medical Device Adverse Events Monitoring and Re-evaluation* (《醫療器械不良事件監測和再評價管理辦法》), promulgated on August 13, 2018 and came into effect on January 1, 2019, the holder of medical device registration certificate is obliged to collect information with respect to medical device adverse events and report to the monitoring technical regulators timely.

The *Administrative Measures for Medical Device Recalls* (《醫療器械召回管理辦法》), which was promulgated on January 25, 2017 and came into effect on May 1, 2017, regulates that a medical device manufacturer, as the responsible person for controlling and eliminating product defects, shall take the initiative to recall defective products.

Sales or Distribution of Medical Devices

Medical Device Operation License

Under the *Measures for the Supervision and Administration of the Operation of the Medical Devices* (《醫療器械經營監督管理辦法》) promulgated on July 30, 2014 and latest amended on November 17, 2017 by CFDA and the measures of the same name of the former which was promulgated by SAMR on March 10, 2022 and was effective and replaced the former on May 1, 2022, the enterprise to engage in the operation activities of Class III medical devices shall obtain the medical device operation license (醫療器械經營許可證) from the municipal level of medical product regulatory authority and operation activities of medical devices include wholesale and retail of medical devices in which the enterprises engaging are required to establish the sales record system. The medical device operation license is valid for five years.

Centralized Procurement of Medical Devices

On July 19, 2019, the General Office of the State Council of the PRC promulgated the *Notice on Printing and Distributing the Reform Plan on Managing High-value Medical Consumables* (關於印發《治理高值醫用耗材改革方案》的通知). One of the key tasks of the reform plan is to improve the methods of classified and centralized procurement by, among others, (i) requiring all the public medical institutions to purchase the high-value medical consumables on the procurement platforms via public trading or "sunlight" procurement; and (ii) encouraging the provincial governments to carry out the centralized procurement of the high-value medical consumables, which are in large clinical demand, high purchase amount, mature clinical use and produced by multiple enterprises, by means of collecting or combining the demand from multiple hospitals in one provincial region or even several provincial regions and having volume-based negotiations with bidders. The above task was scheduled to start in the second half of 2019 with continuous improvement.

On April 30, 2021, eight departments of the State Council jointly promulgated the *Guidance on Centralized Volume-based Procurement and Use of High-Value Consumables Organized by the State* (《關於開展國家組織高值醫用耗材集中帶量採購和使用的指導意見》), which provides the overall norms and requirements on the centralized procurement by specifying that, among others, (i) the scope of centralized procurement will include the high-value medical consumables that are in large clinical demand, high purchase amount, mature clinical use, fully competitive market and high level of homogenization; and (ii) the enterprises eligible to participate in the centralized procurement shall be the registrant of medical device in the scope of centralized procurement and shall meet the relevant requirements on quality standards, production capacity, supply stability and enterprise credit.

Medical Insurance Reimbursement Lists

On July 21, 2023, the National Healthcare Security Administration issued the Notice on Improving the Payment Administration of Medical Consumables under Basic Medical Insurance (《關於做好基本醫療保險醫用耗材支付管理有關工作的通知》), urging provinces that have not yet established the Medical Insurance Reimbursement Lists to complete the formulation thereof. Going forward, the national authorities will gradually develop a unified national medical insurance catalogue and expand the scope of medical consumables covered by the national catalogue in a phased manner and promote the establishment of a collaborative implementation mechanism aligned with policy initiatives such as the reform of Diagnosis Related Group (DRG) and Diagnosis-Intervention Packet (DIP) payment methods.

The reimbursement of medical devices and their associated medical consumables is generally managed at the provincial level. Each province shall implement provincial price catalogs under the Medical Insurance Reimbursement Lists based on the national guidelines. Taking Guangdong Province as an example, the Guangdong Provincial Healthcare Security Administration and the Department of Human Resources and Social Security of Guangdong Province issued the Catalogue of Medical Consumables for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance of Guangdong Province (《廣東省基本醫療保險、工傷保險和生育保險醫用耗材目錄》) on June 14, 2022.

Two-Invoice System

In the PRC, some provinces or regions implement the "Two-Invoice System" in the procurement of the medical consumables. According to the rules mentioned below, the "Two-Invoice System" (兩票制) means that in the distribution chains of the medical consumables only two value-added tax invoices (增值税發票) can be issued when the medical consumables are ultimately sold to the public medical institutions, one is the value-added tax invoice issued by a manufacturer or a deemed manufacturer (such as the PRC domestic general agent of the imported medical devices) to its distributor, the other one is the value-added tax invoice issued by such distributor to a public medical institution.

On June 24, 2016, the National Health and Family Planning Commission together with other ministries issued the Main Points of Special Governance to Correct Medical Malpractice in the Sale of Drugs and the Process of Providing Medical Services in 2016 (2016年糾正醫藥購銷和醫療服務中不正之風專項治理工作要點), which stipulates that the provinces (regions and municipalities) for pilot comprehensive medical reform and the cities for pilot public hospital reform shall implement the "Two-Invoice System" in procurement of medical consumables. Some provincial governmental authorities also issued local regulations to require public medical institutions in their respective administrative regions to implement the "Two-Invoice System" in the procurement process of medical consumables, according to which, if the manufacturers or distributors of medical consumables fail to implement the "Two-Invoice System", they may lose the qualification to bid for, win a bid of or distribute medical consumables and they may also be included in the bad credit record for medical consumables procurement. On March 5, 2018, the Notice on Consolidating the Achievements of Eliminating Drug Markup and Continuously Deepening the Comprehensive Reform of Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》) issued by the National Health and Family Planning Commission together with seven other departments explicitly proposed the gradual implementation of the "two-invoice system" in the procurement and sales of high-value medical consumables.

During the Track Record Period and as of the Latest Practicable Date, our medical implant products fell under the high-value medical consumables catalogue in Fujian Province, subject to the Two-Invoice System requirements. In Fujian, we comply with local Two-Invoice System rules for medical consumable sales to public medical institutions.

Diagnosis Related Group (DRG) Payment Classification System

On 2017, the MOHRSS and NHFPC, in conjunction with the MOF and the NATCM, established a pilot working group for payment based on DRG, and in 2017, selected some regions to carry out pilot payment based on DRG and strengthened the technical guidance. Pursuant to Notice on Applying for National Pilot Program of Payment by Diagnosis Related Groups (《關於申報按疾病診斷相關分組付費國家試點的通知》) promulgated by the National Healthcare Security Administration (the "NHSA") on December 10, 2018, the NHSA is researching and formulating diagnosis-related group (DRG) standards suitable for China's medical service system and medical insurance management capabilities, and has launched a pilot program of paying by DRGs in certain cities.

The NHSA officially released Technical Specification for National Health Insurance DRG Grouping and Payment (《國家醫療保障DRG分組與付費技術規範》) and National Health Insurance DRG (CHS-DRG) Grouping Scheme (《國家醫療保障DRG (CHS-DRG)分組方案》) on October 16, 2019. The data requirements for DRG grouping, data quality control, standardized upload specifications, grouping strategies and principles, and methods for determining weights and rates are regulated, and it is clear that the national health insurance disease DRG is a unified standard for the national health insurance sector to carry out DRG payment work.

The Notice on the Issuance of the Subdivision Grouping Scheme (Version 1.0) of Healthcare Diagnosis-Related Grouping (CHS-DRG) (《關於印發醫療保障疾病診斷相關分組 (CHS-DRG)細分組方案(1.0版)的通知》), which was promulgated by the Office of the NHSA on June 12, 2020, explains that each pilot city should refer to the grouping results, comorbidity complication/serious comorbidity complication table, grouping rules, and naming format of the CHS-DRG subdivision group to develop local DRG subdivision group.

According to the Notice on the Issuance of A Three-year Action Plan for the Reform of the DRG/DIP Payment Methods (《關於印發DRG/DIP支付方式改革三年行動計劃的通知》) promulgated by the NHSA on November 19, 2021, from 2022-2024, the reform of DRG/DIP payment methods shall be comprehensively completed and medical insurance shall be promoted with high-quality. By the end of 2024, all coordinated regions across the country will carry out the reform of DRG/DIP payment methods, and pilot areas will be launched to continuously consolidate the achievements of the reform. By the end of 2025, the DRG/DIP payment method will cover all eligible medical institutions providing inpatient services, basically achieving full coverage of disease types and medical insurance funds.

Medical Device Product Export

According to the *Customs Law of the People's Republic of China* (《中華人民共和國海關法》) promulgated by the Standing Committee of the NPC (the "SCNPC") on 22 January 1987 and effective on 1 July 1987 and last amended on 29 April 2021, the *Measures for the Record-filing and Registration of Foreign Trade Operators* (《對外貿易經營者備案登記辦法》) promulgated by the MOFCOM on 25 June 2004, effective on 1 July 2004 and last amended on 10 May 2021, and the *Administrative Provisions of the Customs of the People's Republic of China on Record-filing of Customs Declaration Entities* (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on 19 November 2021 and effective on 1 January 2022, any foreign trade operators engaging in the import and export of goods or technologies are required to go through the record-filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM.

Pursuant to the *Regulations on the Administration of Medical Device Product Export Sales Certificates* (《醫療器械產品出口銷售證明管理規定》) promulgated on 1 June 2015 by CFDA and effective on 1 September 2015, if the registration certificate for a medical device and production permit for a medical device have been obtained in China, or the medical device product registration and production filing have been completed, the drug supervision and administration authorities may issue a Medical Device Product Export Sales Certificate (醫療器械產品出口銷售證明) to the relevant production enterprise.

REGULATIONS IN RELATION TO ANTI-UNFAIR COMPETITION

According to the *Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery* (《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》) ("Provisions on Banning Commercial Bribery") issued by the former State Administration for Industry and Commerce (國家工商行政管理總局), which came into effect on 15 November 1996, commercial bribery refers to the act of an operator bribing the other party's entity or individual by

means of property or other means for the purpose of selling or purchasing commodities, of which other means refers to the provision of domestic and foreign travel, study tours in various names and other means of giving benefits other than property.

According to the *Guidelines on Compliance of Pharmaceutical Enterprises for Preventing Commercial Bribery Risks* (《醫藥企業防範商業賄賂風險合規指引》) (the "Commercial Bribery Compliance Guidelines") issued and implemented by the SAMR on 10 January 2025, pharmaceutical enterprises are the primary responsible parties for preventing their own commercial bribery risks.

REGULATIONS ON ENVIRONMENTAL PROTECTION

Environmental Protection

Pursuant to the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) (the "Environmental Protection Law") promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014 and effective on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection measures and procedures to control and properly handle waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities. Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law.

Pollutant Discharge Permits

According to the *Administrative Measures for Pollutant Discharge Licensing* (《排污許 可管理辦法》) promulgated by the Ministry of Ecology and Environment on 1 April 2024 and implemented on 1 July 2024, enterprises, public institutions and other producers and business operators that are subject to pollutant discharge license management in accordance with the law shall apply for and obtain pollutant discharge license in accordance with the law and discharge pollutants in accordance with the provisions of the pollutant discharge license. Those without pollutant discharge license are not allowed to discharge pollutants. Enterprises, public institutions and other producers and business operators that are legally required to fill in pollutant discharge registration forms shall conduct pollutant discharge registration on the national pollutant discharge permit management information platform.

Pursuant to the *Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition)* (《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, the state implements classified management over pollutant discharge entities, which are divided into key management, simplified management and registration management according to the volume of pollutants produced, the volume of emissions and the degree of environmental impact. A pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit, but only need to fill in its basic information and pollution prevention and control measures adopted on the management information platform of state pollutant discharge permits.

LAWS AND REGULATIONS ON REAL PROPERTY

State-Owned Land Use Rights

According to the *Land Administration Law of the PRC* (《中華人民共和國土地管理法》) issued by the NPCSC on June 25, 1986 and implemented on January 1, 1987, and last amended on August 26, 2019 and implemented on January 1, 2020, the *Rules for Implementation of the Land Administration Law of the PRC* (《中華人民共和國土地管理法實施條例》) last revised on July 2, 2021 by the State Council and implemented on September 1, 2021, and the *Provisional Regulations*

of the People's Republic of China Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) issued by the State Council on May 19, 1990 and implemented on the same date, and last amended on November 29, 2020 and implemented on the same date, except for assignment by the state under the law as state-owned land use rights, the state implements a system of compensated use of state-owned land in accordance with the law.

Real Estate

The *Interim Regulations on Real Estate Registration* (《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014, taking effect on March 1, 2015 and amended on March 24, 2019 and March 10, 2024 and effective on May 1, 2024, and the *Implementing Rules of the Interim Regulations on Real Estate Registration* 《(不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019 and May 21, 2024, provide that it is implemented a uniform real estate registration system and real estate registration shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the *Administrative Measures on Leasing of Commodity Housing* (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from the execution of the property lease agreement with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

REGULATIONS ON INFORMATION SECURITY AND DATA PROTECTION

On August 20, 2021, the SCNPC promulgated the *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》), or the Personal Information Protection Law, which became effective on November 1, 2021. The Personal Information Protection Law requires, among others, that the processing of personal information should have a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not directly related to the processing purpose.

On June 10, 2021, the SCNPC promulgated the *Data Security Law of PRC* (《中華人民共和國數據安全法》), or the Data Security Law, which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including data classification and hierarchical protection system, risk assessment system, monitoring and early warning system and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility. The Data Security Law stipulates the measures to support and promote data security and development, to establish and optimize the national data security management system and to clarify organizations' and individuals' responsibilities in data security.

On November 7, 2016, the SCNPC promulgated the *Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, according to which, network operators shall fulfill their obligations to safeguard the security of the network when conducting business and providing services. Those who build, operate or provide services through networks shall take technical measures and other necessary measures according to laws, regulations and compulsory national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The network operator shall not collect personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws and regulations or agreements concluded with its users.

On December 28, 2021, the Cyberspace Administration of China (the "CAC") and certain other PRC regulatory authorities published the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. Pursuant to the Article 2 of measures, critical information infrastructure operators that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the Cybersecurity Review. Pursuant to the Article 7 of measures, a network operator who have more than 1 million users' personal information must report to the Cybersecurity Review Office for cybersecurity review when listing on a foreign stock exchange.

As of the Latest Practicable Date, (i) the Company had not been notified of the results of any determination that the Company has been identified as a critical information infrastructure operator or a network platform operator conducts any data processing activity that affects or may affect national security by the relevant governmental authorities; (ii) the Company had not received any notification of cybersecurity review from the relevant governmental authorities, nor had we been involved in any investigations on cybersecurity review initiated by CAC or received any inquiry, notice, warning, or sanctions in such respect; (iii) we had not conducted any business involving the collection, usage, storage or processing of personal information of users through network information technology or via internet and had not possessed personal information of more than one million users; and (iv) our PRC Legal Advisor are of the view that the term of "listing on a foreign stock exchange (國外上市)" under the Cybersecurity Review Measures does not include "listing in Hong Kong". Therefore, as advised by our PRC Legal Advisor, taking into consideration the above and provided that there is no material change to our current business and no further rules are introduced and no significant changes to the Cybersecurity Review Measures is made by the relevant governmental authorities, the cybersecurity review under the article 2 and article 7 of the Cybersecurity Review Measures shall not be applicable to us.

However, our PRC Legal Advisor cannot preclude the possibility that new rules or regulations promulgated in the future will not impose additional compliance requirements on us. As advised by our PRC Legal Advisor, we shall pay close attention to the law enforcement of the Cybersecurity Review Measures and legislative development of other relevant laws and regulations as well as its specific provisions or implementation standards, maintain ongoing dialogue with competent PRC government authorities and consult competent PRC government authorities when necessary.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Trademark Law

Registered trademarks are protected under the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated on August 23, 1982, latest amended on April 23, 2019, and effective from November 1, 2019 and related rules and regulations. Trademarks are registered with the China National Intellectual Property Administration. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for 10 years, unless otherwise revoked.

Patent Law

The *Patent Law of the People's Republic of China* (《中華人民共和國專利法》) promulgated by the Standing Committee of the NPC on March 12, 1984 and most recently amended on October 17, 2020 and effective from June 1, 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which were promulgated by the China Patent Office on January 19, 1985 and most recently amended by the State Council on December 11, 2023 and effective from January 20, 2024, provide for three types of patents: "invention," "utility model" and "design." "Invention" refers to any new technical solution in relation to a product, or a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; "design" refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern or its combination of products, as well as the combination of color, shape and pattern. The validity period of patent for an "invention" is 20 years, while the validity period of patent for a "utility model" is 10 years and that of a "design" is 15 years, from the date of application.

Domain Name

In accordance with the *Administrative Measures on Internet Domain Names* (《互聯網域名管理辦法》) which was promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on August 24, 2017 and came into effect on November 1, 2017, the *Implementing Rules for the Registration of National Top-level Domain Names* (《國家頂級域名註冊實施細則》) and *Procedural Rules for Resolution of Disputes over National Top-level Domain Names* (《國家頂級域名爭議解決程序規則》) which were promulgated by China Internet Network Information Center on June 18, 2019 and came into effect on the same date, the domain name registration services shall in principle implement "first apply first register"; where the corresponding detailed rules for domain name registration stipulate otherwise, such provisions shall prevail. The applicant shall be deemed as domain name holder via registration. The domain name disputes shall be accepted and solved by a domain name dispute resolution body as recognized by the China Internet Network Information Center.

Copyright

In accordance with the *Copyright Law of the People's Republic China* (《中華人民共和國著作權法》) which was promulgated by Standing Committee of the National People's Congress on September 7, 1990 and latest amended on November 11, 2020, with latest revision effective on June 1, 2021, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not, including written works; oral works; musical, dramatic, opera, dance, acrobatic artistic works; fine arts, architectural works; photographic works; audio-visual works; graphic works and model works, such as engineering design plan, product design plan, map, schematic diagram, etc.; computer software and any other intellectual achievements which comply with the characteristics of the works. Copyright shall include the following personal rights and property rights: publication right, right of authorship, right of revision, right to preserve the integrity of work, reproduction right, distribution right, rental right, exhibition right, performance right, screening right, broadcasting right, information network transmission right, filming right, adaptation right, translation right, compilation right, and any other rights enjoyed by a copyright holder.

Software Copyright

According to the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》) promulgated by the SCNPC in 1990 and amended in 2001, 2010 and 2020 respectively, Chinese citizens, legal persons or unincorporated organisations are entitled to copyright in their works (including computer software) in accordance with the law, regardless of whether or not they are published.

The *Regulation on Protection of Computer Software* (《計算機軟件保護條例》) were promulgated by the State Council on 4 June 1991 and amended in 2001, 2011 and 2013, respectively, with the aim of protecting the rights and interests of computer software copyright holders, adjusting the interests and relations occurring in the development, dissemination and use of computer software, encouraging the development and application of computer software, and promoting the development of software industry and informatization of our national economy. According to the Regulation on Protection of Computer Software, the PRC citizens, legal persons, or other organisations shall, whether published or not, enjoy copyright in software developed by them in accordance with the law. A software copyright owner may register with a software registration institution recognised by the copyright administration department of the State Council. The certificate of registration issued by the software registration institution shall be the preliminary evidence of the registered matters. The software copyright of a legal person or other organisations shall be protected for a period of 50 years, ending on December 31 of the 50th year after the first publication of the software; however, if the software has not been published within 50 years from the date of completion of its development, it shall no longer be protected.

REGULATIONS ON LABOR

Labor Relations

The *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) which was promulgated by Standing Committee of the National People's Congress on June 29, 2007, and was latest amended on December 28, 2012, with the latest revision effective on July 1, 2013, governs the establishment of labor relationships between enterprises, individual economic organizations, private non-enterprise entities etc., in the PRC and their workers and the conclusion, performance, variation, rescission or termination of labor contracts, specifies relevant detailed requirements on terms and contents of labor contracts signed between the parties, and stipulates the maximum working hours per day and week and the monthly minimum wage.

Social Insurance and Housing Provident Fund

In accordance with the *Social Insurance Law of the People's Republic of China* (《中華人民共和國社會保險法》) which was promulgated by Standing Committee of the National People's Congress on October 28, 2010 and was latest amended on December 29, 2018, with the latest revision effective on the same date, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, and maternity insurance. Employers failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

In accordance with the *Regulations on the Administration of Housing Provident Fund* (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999, and was latest amended on March 24, 2019, with the latest revision effective on the same date, an employer shall make registration of contribution to the housing provident fund with the housing provident fund management center, and go through the formalities of opening housing provident fund accounts on behalf of its employees. And an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. An employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident

fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Pursuant to the *Interpretation II of the Supreme People's Court of 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)》) enacted by the Supreme People's Court on 31 July 2025 and implemented on 1 September 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court.

Labor Dispatch

According to the *Interim Provisions on Labour Dispatch* (《劳務派遣暫行規定》) issued on January 24, 2014 and implemented on March 1, 2014 by the Ministry of Human Resources and Social Security, employers may only use Dispatched workers for temporary, ancillary or substitute positions. The aforementioned temporary positions shall mean positions lasting for no more than six months; ancillary positions shall mean positions of non-major business that serve positions of major business; and substitute positions shall mean positions that can be substituted by other workers for a certain period of time during which the workers who originally held such positions are unable to work as a result of full-time study, being on leave or other reasons. According to the Interim Provisions on Labour Dispatch, the employers should strictly control the number of Dispatched workers, and the number of the Dispatched workers shall not exceed 10% of the total amount of their employees (including the aggregate number of employees and Dispatched workers). Pursuant to the Interim Provision on Labour Dispatch, the Labour Contract Law of the PRC and the Implementation Rules for the Labour Contract Law of the PRC, employers failing to comply with the relevant labour dispatch requirements shall be ordered by labour administrative authorities to rectify the non-compliance within a specified period. Failure to rectify within the stipulated period may result in a penalty of RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

DIVIDEND DISTRIBUTION

In accordance with the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993, and implemented on July 1, 1994, and last revised on December 29, 2023, which came into effect on July 1, 2024, and the *Foreign Investment Law of the People's Republic of China* (《中華人民共和國外商投資法》) (hereinafter referred to as "Foreign Investment Law"), which was promulgated by the National People's Congress of the People's Republic of China on March 15, 2019 and came into effect on January 1, 2020, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS ON FOREIGN INVESTMENT

The Foreign Investment Law was promulgated by the NPC on March 15, 2019 and came into effect on January 1, 2020, which replaced three then existing laws on foreign investments in Chinese mainland, namely, the *PRC Sino-Foreign Equity Joint Venture Enterprise Law* (《中華人民共和國中外合資經營企業法》), the *Sino-Foreign Cooperative Joint Venture Enterprise Law of PRC* (《中華人民共和國中外合作經營企業法》) and the *Wholly Foreign-owned Enterprise Law of PRC* (《中華人民共和國外資企業法》). The Foreign Investment Law, by means of legislation,

establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the *Special Administrative Measures (Negative List) for Foreign Investment Access* (《外商投資准入特別管理措施(負面清單)》), which is promulgated or approved by the State Council. To ensure the effective implementation of the Foreign Investment Law, the *Regulations on Implementing the PRC Foreign Investment Law* (《中華人民共和國外商投資法實施條例》), was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment and advances a higher-level opening.

The NDRC and the MOFCOM jointly issued the *Special Administrative Measures (Negative List) for Foreign Investment Access* (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**"), on September 6, 2024 and effective on November 1, 2024, to replace the previous encouraging catalog and negative list thereunder, pursuant to which and the Foreign Investment Law, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments.

REGULATIONS ON OVERSEAS LISTING

The CSRC promulgated *the Overseas Listing Trial Measures* (《境內企業境外發行證券和上市管理試行辦法》) and five related guidelines on February 17, 2023, which came into effect on March 31, 2023. The Overseas Listing Trial Measures introduce a new filing regime which requires PRC domestic companies to file with the CSRC within three business days after the submission of application for initial public offering to competent overseas regulators or overseas stock exchanges. The Overseas Listing Trial Measures also provide that overseas listing and offering are explicitly prohibited, if any of the following applies: (i) such securities offering and listing are explicitly prohibited by specific laws and regulations; (ii) the proposed securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council; (iii) the domestic company or its controlling shareholder(s) and the actual controller, have committed crimes including corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy in the past three years; (iv) the domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations which have not definitive conclusion; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

The CSRC and other three relevant government authorities promulgated the *Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies* (《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》) (the "Provision on Confidentiality") on February 24, 2023, and came into effect on March 31, 2023. Pursuant to the Provision on Confidentiality, when a domestic company or its overseas listing entity provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval, and file with the same level secrecy administration department.

REGULATIONS RELATING TO FULL CIRCULATION OF H SHARES

According to the Overseas Listing Trial Measures and related guidelines, "Full circulation" represents the shareholders of domestic unlisted shares of domestic companies, which directly offer and list securities in overseas markets, converting its domestic unlisted shares into foreign listed shares circulating in overseas markets. "Full circulation" shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall entrust the domestic company to report the "Full circulation" with CSRC by filing materials on key compliance issues, including whether the "Full circulation" has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the "Full circulation" involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

OVERVIEW

We are a China-based medical device company specializing in clinical sports medicine solutions. Our history can be traced back to 2017 when our Company was founded. Upon its incorporation, our Company was held by Ms. Nie Wei, Mr. Dong Wenxing and Mr. Chen Hao as to 55%, 35% and 10%, respectively. For details, see "— Major Shareholding Changes of our Company". Over the years, through patient-centric R&D strategy, we have amassed a significant customer base, selling our products to over 3,000 hospitals across Chinese mainland and over 50 countries and regions across Europe, Middle East and Southeast Asia.

OUR KEY MILESTONES

The following table summarizes the key milestones of our business development:

Year	Milestone
2017	Our Company was established.
	Our GMP-compliant manufacturing facility in Beijing officially commenced operations.
2018	We were certified as a Zhongguancun High-Tech Enterprise (中關村高新技術企業).
	We obtained our first medical device certification from the NMPA in July 2018.
2020	We have been officially certified as a National High-Tech Enterprise (國家高新技術企業).
	We recorded sales value of over RMB25 million for the year.
	We were recognised as one of China's Top 50 High-Tech and High-Growth Enterprises (中國高科技高成長50強).
2021	We were awarded as a Gazelle Enterprise (瞪羚企業) in Beijing.
	We commenced our overseas distribution in July 2021.
2022	We were recognised as a National-level 'Specialised and Sophisticated Little Giant' Enterprise (國家級專精特新小巨人企業).
	We recorded annual sales value of over RMB100 million for our products.
2023	We were awarded as a National Specialized and Sophisticated Enterprise in sport field (體育領域國家級"專精特新"企業).
	We were awarded the First Prize of Science and Technology Progress Award in Shanghai ("上海市科技進步獎一等獎").
	Our Beijing Testing Centre has been officially accredited as a CNAS-certified laboratory.

Year	Milestone
	We have obtained MDSAP certification.
2024	We were recognised as one of the First Batch of Typical Cases in Developing New Quality Productive Forces ("科學技術部發展新質生產力首批典型案例").
	We were recognised as a Beijing Municipal Enterprise Technology Centre ("北京市企業技術中心").
	We were recognised as a Beijing Foreign-Funded R&D Center ("北京市外資研發中心").
	We recorded a revenue of over RMB300 million for the year.
2025	We were awarded the Second Prize of Beijing Science and Technology Progress Award ("北京市科技進步獎二等獎").
	We undertook the major project of NDRC ("國家發改委重大立項").
	We recorded the accumulated sales volume over 1,800,000 as of September 30, 2025.

OUR SUBSIDIARIES

We set forth below information about our subsidiaries as of the Latest Practicable Date:

Name of subsidiary	Principal business	Date of establishment	Place of establishment	Share Capital	Shareholding
Hunan Tianxing	R&D of medical devices	June 7, 2022	PRC	RMB2,000,000	100%
Suzhou Tianxing	R&D and manufacturing of medical devices	April 25, 2023	PRC	RMB10,000,000	100%
Star (HK)	Sale of medical devices	February 7, 2024	Hong Kong	HK$10,000	100%

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(1) Establishment of our Company in 2017

Our Company was established as a limited liability company under the laws of the PRC on July 31, 2017 with an initial registered capital of RMB63,636,300. At the time of the establishment, the capital structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Ms. Nie Wei (聶為)[(1)]	35,000,000	55.00
Mr. Dong Wenxing (董文興)[(2)]	22,272,700	35.00
Mr. Chen Hao (陳灝)[(2)]	6,363,600	10.00
Total	63,636,300	100.00

Notes:

(1) Ms. Nie Wei was entrusted by her relative Ms. Nie Hongxin (聶洪鑫) to hold the equity interest in the Company (the "**Entrustment Arrangement**") at the time of the Company's establishment for administrative convenience. The Entrustment Arrangement was released in May 2020 following the transfer of Shares from Ms. Nie Wei to Anji Lianen Enterprise Management Consulting Partnership (Limited Partnership) (安吉連恩管理諮詢合夥企業(有限合夥)) ("**Anji Lianen**") and Anji Jintian Dinghao Enterprise Management Consulting Partnership (Limited Partnership) (安吉錦天鼎昊管理諮詢合夥企業(有限合夥)) ("**Anji Jintian Dinghao**"), both of which were controlled by Ms. Nie Hongxin. See "— Equity Transfer in May 2020" below.

(2) Mr. Dong subscribed for all of his registered capital in our Company through proprietary technologies, and Mr. Chen Hao subscribed for (i) registered capital of RMB3 million in cash and (ii) registered capital of RMB3,363,600 through proprietary technologies.

(2) Shareholding changes in 2019 and 2020

From October 2019 to April 2020, the Company underwent a series of shareholding changes. Mr. Chen Hao transferred his 10% equity interest in the Company to Ms. Nie Wei at a consideration of RMB7,350,000 and ceased to be a Shareholder of the Company, and Ms. Nie Wei transferred 4% equity interest to Mr. Dong with a consideration of RMB2,442,300. In addition, the registered capital subscribed by Mr. Dong through proprietary technologies at the time of the Company's establishment was canceled, and Ms. Nie Wei transferred 37.53% equity interest in the Company to Mr. Dong in May 2020 at nil consideration in order to reflect Dr. Dong's interest in the Company before the above cancellation.

In March 2020, Tianjin Yunkang was established as an employee shareholding platform of our Company, whose general partner is Tianjin Bokang, which is held as to 99% by Mr. Dong. In May 2020, Ms. Nie Wei transferred 5% equity interest in the Company to Tianjin Yunkang for employee incentive purpose at nil consideration.

In May 2020, Ms. Nie Wei transferred 25.66% and 25.66% equity interest in the Company to Anji Lianen and Anji Jintian Dinghao, respectively. Ms. Nie Hongxin was the general partner holding a 99% partnership interest in Anji Lianen at nil consideration, with the remaining 1% held by Ms. Nie Wei. She also held a 99.67% partnership interest as the general partner in Anji Jintian Dinghao, while Zhang Xinhua (張新華) held the remaining 0.33%. As a result, Ms. Nie Wei ceased to hold Shares in the Company on behalf of Ms. Nie Hongxin, and the Entrustment Arrangement was released accordingly.

The above cancellation and equity transfers were approved by all the then Shareholders of the Company. Upon the completion of the above equity transfer, our Company was held as to 43.68%, 25.66%, 25.66% and 5% by Mr. Dong, Anji Lianen, Anji Jintian Dinghao and Tianjin Yunkang, respectively.

(3) Capital Increase and Equity Transfer in June 2020 and February 2021

In March 2020, BEST ALIVE LIMITED (沛昕有限公司) ("**BEST ALIVE**") and Suzhou Junlian Xinkang Venture Investment (Limited Partnership) ((蘇州君聯欣康創業投資合夥企業(有限合夥)) ("**Suzhou Junlian**") entered into a subscription agreement with the Company to subscribe for the registered capital of the Company in two phases. BEST ALIVE and Suzhou Junlian subscribed for an increased registered capital of RMB1,266,667 and RMB1,266,667 in our Company at a consideration of US dollars equivalent to RMB25,000,000 and RMB25,000,000, respectively, in June 2020, and further subscribed for an increased registered capital of RMB1,266,666 and RMB1,266,666 in our Company at a consideration of US dollar equivalent to RMB25,000,000 and RMB25,000,000, respectively, in February 2021.

In February 2021, Tianjin Oukang Enterprise Management Consulting Partnership (Limited Partnership) (天津歐康企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Oukang**") was established as an investment holding platform by Mr. Dong and acquired 3.00% equity interest from Mr. Dong at par value.

In March 2021, Suzhou Junlian, Xiamen Defu Yuean Investment Partnership Enterprise (Limited Partnership) (廈門德福悅安投資合夥企業(有限合夥)) ("**Xiamen Defu**") and Ningbo Meishan Bonded Port Qianyi Equity Investment Partnership Enterprise (Limited Partnership) (寧波梅山保稅港區乾怡股權投資合夥企業(有限合夥)) ("**Ningbo Qianyi**") acquired registered capital of RMB1,291,999.98, RMB5,167,999.92 and RMB2,153,333 in our Company from Anji Lianen, with consideration of RMB30 million, RMB120 million and RMB50 million, respectively.

Upon completion of the above capital increases and equity transfers, the capital structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Dong	15,382,400	35.72
Tianjin Yunkang	1,900,000	4.41
Tianjin Oukang	1,216,000	2.82
Subtotal	**18,498,400**	**42.95**
Anji Jintian Dinghao	9,750,800	22.64
Anji Lianen	1,137,467	2.64
Xiamen Defu	5,168,000	12.00
Suzhou Junlian	3,825,333	8.88
BEST ALIVE	2,533,333	5.88
Ningbo Qianyi	2,153,333	5.00
Total	**43,066,666**	**100.00**

(4) Capital Increase and Equity Transfer in December 2021

In December 2021, OAP IV (HK) Limited (奧博亞洲四期(香港)有限公司) ("**OAP IV**") subscribed for an increased registered capital of RMB2,746,133 in our Company at a consideration of RMB127,529,411. In addition, OAP IV acquired registered capital of RMB1,216,000 and RMB344,533 in our Company from Tianjin Oukang and Anji Lianen, with consideration of RMB56,470,589 and RMB16,000,000, respectively.

In addition, for the purpose of incentivizing Mr. Dong for his contributions to the Company since its establishment, in December 2021, all the then Shareholders approved the following transfer of the registered capital in our Company with nil consideration:

Transferor	Transferee	Registered capital transferred
		(RMB)
Anji Lianen	Tianjin Jikang	307,028.1
Anji Jintian Dinghao	Tianjin Jikang	564,033
Xiamen Defu	Tianjin Puhe	413,440
Suzhou Junlian	Tianjin Puhe	306,026.98
BEST ALIVE	Tianjin Puhe	202,667
Ningbo Qianyi	Tianjin Puhe	172,267

Note:

(1) The general partner of both Tianjin Jikang and Tianjin Puhe is Tianjin Bokang. Mr. Dong is the sole limited partner of both Tianjin Jikang and Tianjin Puhe.

Upon completion of the above capital increases and equity transfers, the capital structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Dong	15,382,400	33.58
Tianjin Yunkang	1,900,000	4.15
Tianjin Puhe	1,094,400.9	2.39
Tianjin Jikang	871,061.1	1.90
Subtotal	**19,247,862**	**42.01**
Anji Jintian Dinghao	9,186,767	20.05
Anji Lianen	485,906	1.06
Xiamen Defu	4,754,560	10.38
OAP IV	4,306,666	9.40
Suzhou Junlian	3,519,306	7.68
BEST ALIVE	2,330,666	5.09
Ningbo Qianyi	1,981,066	4.32
Total	**45,812,799**	**100.00**

(5) Equity Transfer in January 2022

In January 2022, 3W Rivus Fund ("**3W Fund**") (formerly known as "**3W Healthcare Fund**") acquired a registered capital of RMB485,906 in our Company from Anji Lianen at a consideration of RMB19,180,500. Upon completion of the above acquisition, Anji Lianen ceased to be a Shareholder of the Company.

(6) Capital Increase and Equity Transfer in January 2023

In January 2023, Beijing Yahui Jinlin Venture Capital Partnership (Limited Partnership) (北京雅惠錦霖創業投資合夥企業(有限合夥)) ("**Yahui Jinlin**"), Beijing Jianxing Healthcare Industry Equity Investment Partnership (Limited Partnership) (北京建興醫療健康產業股權投資合夥企業(有限合夥)) ("**Jianxing Healthcare**"), Galaxy Yuanhui Investment Co., Ltd (銀河源匯投資有限公司) ("**Galaxy Yuanhui**"), Langma No. 61 (Shenzhen) Entrepreneurship Investment Center (Limited Partnership) (朗瑪六十一號(深圳)創業投資中心(有限合夥)) ("**Langma No. 61**"), Langma No. 62

(Shenzhen) Entrepreneurship Investment Center (Limited Partnership) (朗瑪六十二號(深圳)創業投資中心(有限合夥)) ("**Langma No. 62**"), Suzhou Junlian, Ningbo Xianda Venture Investment Partnership Enterprise (Limited Partnership) (寧波先達創業投資合夥企業(有限合夥)) ("**Ningbo Xianda**"), Taizhou Sida Venture Capital Partnership (Limited Partnership) (台州思達創業投資合夥企業(有限合夥)) ("**Taizhou Sida**") and Khorgos Dadao Venture Capital Co., Ltd. (霍爾果斯達到創業投資有限公司) ("**Khorgos Dadao**") subscribed for a total increased registered capital of RMB596,695 in our Company at a total consideration of RMB45 million.

In addition, in January 2023, Yahui Jinlin, Jianxing Healthcare, Galaxy Yuanhui, Langma No. 61, Langma No. 62, Ningbo Xianda, Taizhou Sida, Khorgos Dadao, Suzhou Junlian, BEST ALIVE, Xiamen Defu and Ningbo Qianyi acquired a total registered capital of RMB6,910,434 in our Company from Anji Jintian Dinghao at a total consideration of RMB255 million.

Upon completion of the capital increases and equity transfers, the capital structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Dong	15,382,400	33.14
Tianjin Yunkang	1,900,000	4.09
Tianjin Puhe	1,094,401	2.36
Tianjin Jikang	871,061	1.88
Subtotal	**19,247,862**	**41.47**
Xiamen Defu	4,938,004	10.64
Suzhou Junlian	4,504,897	9.71
BEST ALIVE	2,503,228	5.39
Subtotal	**7,008,125**	**15.10**
OAP IV	4,306,666	9.28
Anji Jintian Dinghao	2,276,333	4.90
Ningbo Qianyi	2,057,501	4.43
Yahui Jinlin	1,873,568	4.04
Jianxing Healthcare	1,405,177	3.03
Galaxy Yuanhui	1,170,980	2.52
Ningbo Xianda	702,588	1.51
3W Fund	485,906	1.05
Langma No. 61	351,294	0.76
Langma No. 62	351,294	0.76
Taizhou Sida	224,828	0.48
Khorgos Dadao	9,368	0.02
Total	**46,409,494**	**100.00**

(7) Conversion into a Joint Stock Limited Company in March 2023

In March 2023, our Company was converted into a joint stock company with limited liability, through which each registered capital in our Company was converted into one Share.

MAJOR ACQUISITION, DISPOSALS AND MERGERS

We did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date that needs to be disclosed under Rule 4.05A of the Listing Rules.

PRE-[REDACTED] INVESTMENTS

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments to our Company made by the Pre-[**REDACTED**] Investors:

Name of Pre-[REDACTED] Investors	Investment round	Date of agreement	Date of settlement of consideration	Amount of registered capital subscribed for	Consideration	Cost per Share	Discount to the [REDACTED][(1)]	Shareholding in our Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
BEST ALIVE . .	Series A	March 25, 2020	August 10, 2020	RMB1,266,667	U.S. dollars equivalent to RMB25,000,000	RMB19.74	[**REDACTED**]	[**REDACTED**]
	Series A	March 25, 2020	May 7, 2021	RMB1,266,666	U.S. dollars equivalent to RMB25,000,000	RMB19.74	[**REDACTED**]	
	Series C	January 13, 2023	February 21, 2023	RMB172,562	USD1,000,000	RMB39.29[(2)]	[**REDACTED**]	
Suzhou Junlian .	Series A	March 25, 2020	April 15, 2020	RMB1,266,667	RMB25,000,000	RMB19.74	[**REDACTED**]	[**REDACTED**]
	Series A	March 25, 2020	January 29, 2021	RMB1,266,666	RMB25,000,000	RMB19.74	[**REDACTED**]	
	Series A	February 18, 2021	March 15, 2021	RMB1,291,999.98	RMB30,000,000	RMB23.22	[**REDACTED**]	
	Series B+	December 15, 2022	January 17, 2023	RMB923,956	RMB21,500,000	RMB23.27[(3)]	[**REDACTED**]	
	Series C	January 13, 2023	January 17, 2023	RMB22,100	RMB1,666,700	RMB75.42	[**REDACTED**]	
	Series C	January 13, 2023	January 17, 2023	RMB39,535	RMB1,553,333	RMB39.29[(2)]	[**REDACTED**]	
Xiamen Defu . .	Series A	February 18, 2021	March 18, 2021	RMB5,167,999.92	RMB120,000,000	RMB23.22	[**REDACTED**]	[**REDACTED**]
	Series B+	December 15, 2022	February 22, 2023	RMB183,444	RMB6,000,000	RMB32.71[(3)]	[**REDACTED**]	
Ningbo Qianyi .	Series A	February 18, 2021	March 16, 2021	RMB2,153,333	RMB50,000,000	RMB23.22	[**REDACTED**]	[**REDACTED**]
	Series B+	December 15, 2022	February 7, 2023	RMB76,435	RMB2,500,000	RMB32.71[(3)]	[**REDACTED**]	
OAP IV	Series B	November 21, 2021	December 29, 2021	RMB4,306,666	RMB200,000,000	RMB46.44[(3)]	[**REDACTED**]	[**REDACTED**]
3W Fund	Series B	November 21, 2021	February 25, 2022	RMB485,906	RMB19,180,500	RMB39.47[(3)]	[**REDACTED**]	[**REDACTED**]
Yahui Jinlin. . .	Series C	December 27, 2022	January 30, 2023	RMB176,798	RMB13,333,333	RMB75.42	[**REDACTED**]	[**REDACTED**]
		December 27, 2022	February 8, 2023	RMB1,696,770	RMB66,666,667	RMB39.29[(2)]	[**REDACTED**]	
Jianxing Healthcare . .	Series C	December 27, 2022	January 31, 2023	RMB132,599	RMB10,000,000	RMB75.42	[**REDACTED**]	[**REDACTED**]
		December 27, 2022	January 31, 2023	RMB1,272,578	RMB50,000,000	RMB39.29[(2)]	[**REDACTED**]	

Name of Pre-[REDACTED] Investors	Investment round	Date of agreement	Date of settlement of consideration	Amount of registered capital subscribed for	Consideration	Cost per Share	Discount to the [REDACTED][(1)]	Shareholding in our Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
Galaxy Yuanhui .	Series C	December 27, 2022	December 28, 2022	RMB110,499	RMB8,333,333	RMB75.42	[**REDACTED**]	[**REDACTED**]
		December 27, 2022	February 10, 2023	RMB1,060,481	RMB41,666,667	RMB39.29[(2)]	[**REDACTED**]	
Langma No. 61 .	Series C	January 13, 2023	January 16, 2023	RMB33,150	RMB2,500,000	RMB75.42	[**REDACTED**]	[**REDACTED**]
		January 13, 2023	January 16, 2023	RMB318,144	RMB12,500,000	RMB39.29[(2)]	[**REDACTED**]	
Langma No. 62 .	Series C	January 13, 2023	January 16, 2023	RMB33,150	RMB2,500,000	RMB75.42	[**REDACTED**]	[**REDACTED**]
		January 13, 2023	January 16, 2023	RMB318,144	RMB12,500,000	RMB39.29[(2)]	[**REDACTED**]	
Ningbo Xianda .	Series C	January 13, 2023	January 16, 2023	RMB66,299	RMB5,000,000	RMB75.42	[**REDACTED**]	[**REDACTED**]
		January 13, 2023	January 16, 2023	RMB636,289	RMB25,000,000	RMB39.29[(2)]	[**REDACTED**]	
Taizhou Sida . .	Series C	January 13, 2023	January 16, 2023	RMB21,216	RMB1,600,000	RMB75.42	[**REDACTED**]	[**REDACTED**]
		January 13, 2023	January 16, 2023	RMB203,612	RMB8,000,000	RMB39.29[(2)]	[**REDACTED**]	
Khorgos Dadao .	Series C	January 13, 2023	January 16, 2023	RMB884	RMB66,667	RMB75.42	[**REDACTED**]	[**REDACTED**]
		January 13, 2023	January 16, 2023	RMB8,484	RMB333,333	RMB39.29[(2)]	[**REDACTED**]	

Notes:

(1) Calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**]).

(2) The subscription prices were different from other Pre-[**REDACTED**] Investors in the same round of financing as such registered capital of our Company subscribed by the respective Pre-[**REDACTED**] Investors was acquired from Anji Jintian Dinghao.

(3) The cost per Share of the Series B+ Investor Suzhou Junlian is differed from other Series B+ Investors of the Company because Suzhou Junlian was granted a warrant in Series A financing to subscribe additional registered capital in subsequent financings of the Company. Suzhou Junlian exercised the warrant in the Series B+ financing, and the subscription prices were approved by the general meeting of the Company.

(4) The cost per Share of the Series B Investors, being OAP IV and 3W Fund, were different as OAP IV subscribed both new Shares and acquired Shares from existing Shareholder, while 3W Fund acquired Shares from existing Shareholder only. Therefore, the cost per share for the Pre-[**REDACTED**] Investment by OAP IV, being RMB46.44, is higher than the Pre-[**REDACTED**] Investment by 3W Fund, being RMB39.47.

Principal terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' Rights

The table below sets forth the other principal terms of the Pre-[**REDACTED**] Investments:

Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[**REDACTED**] Investments for the principal business of our Group, including but not limited to the growth and expansion of our Group's business and the general working capital purposes. As of the Latest Practicable Date, the net proceeds raised from the Pre-[**REDACTED**] Investments have been fully utilized.
Basis of determination of the consideration	The considerations for the Pre-[**REDACTED**] Investments were determined based on arm's length negotiation amongst the respective Pre-[**REDACTED**] Investors and our Group after taking into consideration of the timing of the investments, the status of our business operations and the prospects of the Company.
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) cannot dispose of any of the Shares held by them.
Strategic Benefits from Pre-[REDACTED] Investments	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors' investments in our Company, insights for industry, advice on business expansion or strategic direction that the Pre-[**REDACTED**] Investors may bring to our Company. Our Directors are also of the view that the Pre-[**REDACTED**] Investors' investments in our Company demonstrated their confidence in our Group's operations and served as an endorsement of our Company's performance, strengths and prospects.

Special Rights

According to the share subscription agreements and Shareholders' agreements entered into by our Company and the then Shareholders from November 2021 to January 2023, the Pre-[**REDACTED**] Investors had been granted certain special rights, including, among others, (i) the redemption rights granted by our Company as guaranteed by our Controlling Shareholders; and (ii) the liquidation preferences rights. On January 30, 2023, in preparation for the Company's Star Market Listing Application (as defined below), our Company and the Pre-[**REDACTED**] Investors subsequently entered into supplemental agreement (the "**January 2023 Supplemental Agreement**"), agreeing that the redemption rights granted by our Company have been irrecoverably terminated and shall be *void ab initio*. On August 22, 2023, our Company and the Pre-[**REDACTED**] Investors subsequently entered into supplemental agreement (the "**August 2023 Supplemental Agreement**", together with the January 2023 Supplemental Agreement, the "**Supplemental Agreements**"), agreeing that, among others, all the other special rights granted by the Company (including the liquidation preferences rights) have been irrecoverably terminated and shall be *void ab initio*, provided that, pursuant to the August 2023 Supplemental Agreement, if the Star Market Listing Application is withdrawn, rejected or returned, certain special rights shall resume, but however, the Company shall not be obliged for such resumed special rights, and only the Controlling Shareholders, will be obliged for certain assistance obligations under these special

rights. Due to the withdrawal of the Star Market Listing Application, the special rights terminated pursuant to the August 2023 Supplemental Agreement were resumed, with the Controlling Shareholders obliged for certain assistance obligations under these special rights only. In August 2025, the Company and the then Shareholders entered into a supplemental agreement, agreeing that, among others, all the resumed special rights, which only the Controlling Shareholders were obliged for, shall be terminated upon [**REDACTED**]. No Pre-[**REDACTED**] Investors had exercised their redemption rights during the Track Record Period. For details, please refer to note 27 of the Accountants' Report.

Article 143 of the Civil Code of the People's Republic of China (中華人民共和國民法典) stipulates that a civil legal act is valid if it is conducted by parties with the requisite capacity for civil conduct, is based on genuine intent, and does not contravene mandatory provisions of laws, administrative regulations, or public order and morals. Adhering to the principle of autonomy of will, the Company and the Pre-[**REDACTED**] Investors explicitly agreed that redemption rights and liquidation preference rights were irrevocably terminated and deemed *void ab initio*. Through the execution of the Supplemental Agreements, while the clauses concerning the redemption rights and liquidation preference rights have never been exercised, both parties agreed to terminate these clauses and to treat them as having no legal effect from the time of their execution, thereby restoring the rights and obligations of both parties to the status quo ante as if such clauses had never been agreed upon. This arrangement does not violate any mandatory provisions of laws, administrative regulations, or public order and morals, and is thus legally valid. Based on the above, the PRC Legal Advisors are of the view that the redemption rights and liquidation preference rights agreed upon by the Company and the Pre-[**REDACTED**] Investors have been irrevocably terminated and shall be deemed *void ab initio*. According to the provisions of the Company Law of the People's Republic of China (中華人民共和國公司法), rights such as a company's use of capital reduction to address shareholders' intended exercise of redemption rights or the use of liquidation to address shareholders' intended exercise of liquidation preferences rights must be reviewed and approved by the shareholders' meeting before they become effective. Prior to obtaining approval from the shareholders' meeting, such rights cannot be legally enforced through the court.

Joint Sponsors' Confirmation

The Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Listing Guide.

In particular, in confirming that the redemption rights and liquidation preferences rights granted by the Company to the Pre-[**REDACTED**] Investors had been irrecoverably terminated and shall be *void ab initio*, the Joint Sponsors have conducted due diligence work including, among others: (i) reviewing the share subscription agreements and Shareholders' agreements entered into by our Company and the then Shareholders from November 2021 to January 2023, as well as the executed Supplemental Agreements, (ii) reviewing the legal opinion issued by the PRC Legal Advisors, and (iii) discussing with the PRC Legal Advisors and the Joint Sponsors' PRC legal advisors to understand the treatment of the redemption rights and liquidation preferences rights granted by the Company in the Supplemental Agreements under PRC laws. Based on the due diligence work conducted, nothing has come to the Joint Sponsors' attention that would cause them to cast doubt on the Company's and the PRC Legal Advisors' views above.

Compliance with the Pre-[REDACTED] Investment Guidance

On the basis that (i) the considerations for the Pre-[**REDACTED**] Investments were irrevocably settled no less than 28 clear days before the date of our first submission of the [**REDACTED**] to the Stock Exchange in relation to the [**REDACTED**]; and (ii) the redemption rights and liquidation preference rights granted to the Pre-[**REDACTED**] Investors have been irrevocably terminated and shall be deemed void ab initio before the Company filed its [**REDACTED**] to the Stock Exchange, the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with the guidance in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information about our Pre-[REDACTED] Investors

Set out below is a description of our Pre-[**REDACTED**] Investors as of the Latest Practicable Date. To the best knowledge of our Directors, each of the following Pre-[**REDACTED**] Investors is an Independent Third Party.

OAP IV

OAP IV is a Hong Kong limited company. OrbiMed Asia Partners IV, L.P. is the sole shareholder of OAP IV. OrbiMed Asia GP IV, L.P. is the general partner of OrbiMed Asia Partners IV, L.P. OrbiMed Advisors IV Limited is the general partner of OrbiMed Asia GP IV, L.P. OrbiMed Advisors IV Limited has six (6) directors: Sven H. Borho, Carl L. Gordon, David P. Bonita, W. Carter Neild, Sunny Sharma, and David G. Wang (王國瑋). None of the shareholders holds more than 30% of interest in OrbiMed Advisors IV Limited.

Suzhou Junlian and BEST ALIVE

Suzhou Junlian is a limited partnership incorporated in the PRC on March 13, 2018. Its general partner is Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) ("**Lhasa Junqi**"). None of the limited partners holds more than 30% of limited partnership interests in Suzhou Junlian. Lhasa Junqi is wholly owned by Junlian Capital Management Co., Ltd. (君聯資本管理股份有限公司), which is, in turn, controlled as to 80% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) ("**Beijing Juncheng**"). The general partner of Beijing Juncheng is Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司) ("**Junqi Jiarui**").

BEST ALIVE is a limited liability company established in Hong Kong on March 27, 2017. Its principal business is equity investment.

Both Junqi Jiarui and BEST ALIVE are ultimately held as to 40% by Mr. CHEN Hao (陳浩), with the remaining 60% ultimately held by Li Jiaqing (李家慶), Zhu Linan (朱立南) and Wang Nengguang (王能光), each holding 20% equity interest and each being an Independent Third Party.

Xiamen Defu

Xiamen Defu is a limited partnership incorporated in the PRC on November 13, 2020. Its general partner is Xiamen Defu Investment Consulting Partnership (Limited Partnership) (廈門德福投資諮詢合夥企業(有限合夥)) ("**Defu Consulting**") holding 0.0004% partnership interest, which is ultimately controlled by Hou Ming (侯明), an Independent Third Party. The limited partner of Xiamen Defu include Yantai Defu Phase III Equity Investment Fund Partnership (Limited Partnership) (煙台德福三期股權投資基金合夥企業(有限合夥)) ("**Yantai Defu**") and Jinan Defu Phase III Equity Investment Fund Partnership (Limited Partnership) (濟南德福三期股權投資基金合夥企業(有限合夥)) ("**Jinan Defu**") holding 61.68% and 38.32% partnership interest, respectively, whose general partner are both Defu Consulting.

Ningbo Qianyi

Ningbo Qianyi is a limited partnership incorporated in PRC on June 20, 2018. Its general partner is Zhang Yang (張洋) holding 2.63% partnership interests, and its sole limited partner is Zhang Youquan (張友全) holding 97.37% partnership interest, each being an Independent Third Party.

Yahui Jinlin

Yahui Jinlin is a limited partnership incorporated in the PRC on July 7, 2020. Its general partner is Ningbo Meishan Bonded Port Area Yahui Xinhui Investment Management Center (Limited Partnership) (寧波梅山保稅港區雅惠鑫匯投資管理中心(有限合夥)) holding 1% partnership interests whose general partner is Beijing Yahui Asset Management Co., Ltd. (北京雅惠資產管理有限公司) which is held as to 95% by its sole ultimate beneficial owner, an Independent Third Party. None of the limited partners holds more than 30% of limited partnership interests in Yahui Jinlin.

Jianxing Healthcare

Jianxing Healthcare is a limited partnership incorporated in PRC on December 18, 2018. Its general partners are CCB International Industry Fund Management (Beijing) Co., Ltd. (建銀國際產業基金管理(北京)有限公司) and Beijing Xinhangcheng Fund Management Co., Ltd. (北京新航城基金管理有限公司), each being a state-owned enterprise holding 2.08% partnership interests. The limited partners of Jianxing Healthcare holding 30% or more partnership interest include Beijing Xingchan Fund Management Center (Limited Partnership) (北京興產基金管理中心(有限合夥)) and Tianjin Nord Investment Co., Ltd. (天津諾德投資有限公司), each being a state-owned enterprise holding 42.5% and 33.33% partnership interest in Jianxing Healthcare, respectively.

Galaxy Yuanhui

Galaxy Yuanhui is a limited liability company established in the PRC on December 10, 2015. It is wholly owned by China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) ("**Galaxy Securities**"), a company listed on the Shanghai Stock Exchange (stock code: 601881.SH) and the Hong Kong Stock Exchange (stock code: 6881).

Ningbo Xianda, Taizhou Sida and Khorgos Dadao

Ningbo Xianda is a limited partnership incorporated in the PRC on June 29, 2021. Taizhou Sida is a limited partnership incorporated in the PRC on March 2, 2022. Khorgos Dadao is a limited liability company established in the PRC on February 28, 2017. The general partner of Ningbo Xianda and the sole shareholder of Khorgos Dadao is Tianjin Haida Venture Capital Management Co., Ltd. (天津海達創業投資管理有限公司) ("**Tianjin Haida**"), which is ultimately controlled by Wang Wengang (王文剛), an Independent Third Party. The general partner of Taizhou Sida is Hangzhou Haida Bicheng Venture Capital Management Partnership (Limited) Partnership (杭州海達必成創業投資管理合夥企業(有限合夥)) ("**Haida Bicheng**"), whose general partner is Wang Wengang, since December 2025 before which the general partner of Taizhou Sida was Tianjin Haida. None of the limited partners holds more than 30% of limited partnership interests in either of Ningbo Xianda, Taizhou Sida and Haida Bicheng.

3W Fund

3W Fund is a company incorporated under the laws of the Cayman Islands with limited liability. 3W Fund is managed by 3W Fund Management Limited ("**3WFM**") as its investment manager, which is an investment management firm with expertise in equity investments. 3WFM is licensed by the Hong Kong SFC to carry out type 9 (asset management) regulated activity. No single investor holds 30% or more interests in 3W Fund.

Langma No. 61 and Langma No. 62

Langma No. 61 is a limited partnership incorporated in the PRC on October 20, 2021. Langma No. 62 is a limited partnership incorporated in the PRC on January 7, 2022. The general partner of both Langma No. 61 and Langma No. 62 is Everest Venture Capital Investment Co., Ltd. (朗瑪峰創業投資有限公司) ("**Everest Venture Capital**"), which is held as to 95% by Mr. Xiao Jiancong (肖建聰), an Independent Third Party. None of the limited partners holds more than 30% of interest in Langma No. 61 or Langma No. 62.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the date of this document and immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] are not exercised) and the Conversion of Unlisted Shares into H Shares:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	
No.	**Name of Shareholder**	**Registered capital subscribed for**	**Approximate Shareholding Percentage**	**Number of H Shares Held**	**Approximate Shareholding Percentage**
		(RMB)	*(%)*	*(RMB)*	*(%)*
1.	Mr. Dong	15,382,400	33.14	15,382,400	[**REDACTED**]
2.	Tianjin Yunkang	1,900,000	4.09	1,900,000	[**REDACTED**]
3.	Tianjin Puhe	1,094,401	2.36	1,094,401	[**REDACTED**]
4.	Tianjin Jikang	871,061	1.88	871,061	[**REDACTED**]
Subtotal		**19,247,862**	**41.47**	**19,247,862**	[**REDACTED**]
5.	Xiamen Defu	4,938,004	10.64	4,938,004*	[**REDACTED**]
6.	Suzhou Junlian(1)	4,504,897	9.71	4,504,897	[**REDACTED**]
7.	BEST ALIVE(1)	2,503,228	5.39	2,503,228	[**REDACTED**]
Subtotal(1)		**7,008,125**	**15.10**	**7,008,125**	[**REDACTED**]
8.	OAP IV	4,306,666	9.28	4,306,666*	[**REDACTED**]
9.	Anji Jintian Dinghao	2,276,333	4.90	2,276,333*	[**REDACTED**]
10.	Ningbo Qianyi	2,057,501	4.43	2,057,501*	[**REDACTED**]
11.	Yahui Jinlin	1,873,568	4.04	1,873,568*	[**REDACTED**]
12.	Jianxing Healthcare	1,405,177	3.03	1,405,177*	[**REDACTED**]
13.	Galaxy Yuanhui	1,170,980	2.52	1,170,980*	[**REDACTED**]
14.	Ningbo Xianda(2)	702,588	1.51	702,588*	[**REDACTED**]
15.	Taizhou Sida(2)	224,828	0.48	224,828*	[**REDACTED**]
16.	Khorgos Dadao(2)	9,368	0.02	9,368*	[**REDACTED**]
Subtotal(2)		**936,784**	**2.01**	**936,784**	[**REDACTED**]
17.	Langma No. 61(3)	351,294	0.76	351,294*	[**REDACTED**]
18.	Langma No. 62(3)	351,294	0.76	351,294*	[**REDACTED**]
Subtotal(3)		**702,588**	**1.52**	**702,588**	[**REDACTED**]
19.	3W Fund	485,906	1.05	485,906*	[**REDACTED**]
20.	Investors from the [**REDACTED**]	–	–	[**REDACTED**]*	[**REDACTED**]
Total		**46,409,494**	**100.00**	[**REDACTED**]	**100.00**

Notes:

* Denotes Shares held in public hands

(1) Suzhou Junlian and BEST ALIVE are under the same control of Chen Hao (陳浩), Li Jiaqing (李家慶), Zhu Linan (朱立南) and Wang Nengguang (王能光). See "History, Development and Corporate Structure – Information about our Pre-[**REDACTED**] Investors."

(2) For relationship of Ningbo Xianda, Taizhou Sida and Khorgos Dahao, see "History, Development and Corporate Structure – Information about our Pre-[**REDACTED**] Investors – Ningbo Xianda, Taizhou Sida and Khorgos Dahao"

(3) Langma No. 61 and Langma No. 62 are under the same control of Everest Venture Capital, which is held as to 95% by Mr. Xiao Jiancong (肖建聰). See "History, Development and Corporate Structure – Information about our Pre-[**REDACTED**] Investors."

[**REDACTED**] AND [**REDACTED**]

[**REDACTED**] Requirements

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] of the Company is completed), the Company will have [**REDACTED**] H Shares, among which:

(a) the [**REDACTED**] H Shares to be converted from Unlisted Shares pursuant to the [**REDACTED**] of the Company and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]) will not be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as such Shares are being held by our Controlling Shareholders, Suzhou Junlian and BEST ALIVE (which are under the same control and will collective hold approximately [**REDACTED**]% of the total issued Shares upon [**REDACTED**]), our core connected persons;

(b) the [**REDACTED**] H Shares to be converted from Unlisted Shares pursuant to the [**REDACTED**] of the Company and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]), and held by existing Shareholders except for the Controlling Shareholders, Suzhou Junlian and BEST ALIVE, will be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as these entities are not core connected persons of our Company upon [**REDACTED**] nor are they accustomed to take instructions from the Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by the Company's core connected persons; and

(c) the [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] will be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules.

Immediately following the completion of the [**REDACTED**] (before any exercise of the [**REDACTED**]), the total number of the H Shares expected to be held by the public represents approximately [**REDACTED**]% of the total issued share capital of our Company, thereby satisfying the [**REDACTED**] requirement of 15% under Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules if the [**REDACTED**] is fixed at the top end of the [**REDACTED**] as disclosed in this document; or the [**REDACTED**] requirement of 25% under Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules if the [**REDACTED**] is fixed at the bottom end of the [**REDACTED**] as disclosed in this document.

[**REDACTED**] Requirements

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) cannot dispose of any of the Shares held by them. As such, H Shares held by the existing Shareholders as of the date of this document shall not be counted towards the [**REDACTED**] of the H Shares of the Company at the time of [**REDACTED**]. The [**REDACTED**] of the Company is expected to be no less than [**REDACTED**]% of the total issued share capital of the Company, thereby satisfying the [**REDACTED**] requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR EMPLOYEE SHAREHOLDING PLATFORM

In recognition of the contributions of our employees and to incentivize them to further promote our development, Tianjin Yunkang was established as our employee shareholding platform in the PRC on March 25, 2020.

As of the Latest Practicable Date, all of the awards underlying an aggregate of 1,900,000 Shares of the Company for employee incentive purpose have been fully granted, and these employees had been registered as the limited partners of Tianjin Yunkang. Except for the tranches granted in 2020 and 2021 that vested immediately upon the grant date, all remaining tranches under the incentive plan are subject to the applicable performance period and will vest upon the satisfaction of predetermined conditions.

Tianjin Yunkang is held as to 0.10% by Tianjin Bokang as its general partner, which is held as to 99% by Mr. Dong and 1% by Ms. Zhang Di. There are 33 limited partners of Tianjin Yunkang, among whom Mr. Dong held 64.77% partnership interest, while our executive Director Mr. He Lu, our Supervisors Mr. Xu Jingtao, Mr. Yang Tengfei and Ms. Wang Yali, and our chief operating officer and deputy general manager Mr. Liu Shaobin, held 5.67%, 1.13%, 1.13%, 0.57% and 2.27% partnership interest in Tianjin Yunkang, respectively. The remaining partnership interests are held by 27 limited partners, all of whom are Independent Third Parties. The details of the awards granted to these employees are listed below.

No.	Name	Position(s)	Partnership Interests Held		Granting time of awards	Vesting time of awards
			(RMB)	*%*		
General Partner						
Tianjin Bokang		/	1,900	0.10	/	
Limited Partners						
1 . .	Dong Wenxing (董文興)	Chairman, executive Director and general manager	1,230,563	64.77	May 20, 2020	May 20, 2020
2 . .	He Lu (和路)	Executive Director, chief financial officer, board secretary, deputy general manager	107,667	5.67	December 10, 2021	December 10, 2021
					February 28, 2023	February 27, 2027
3 . .	Hou Suhua (侯素華)	Compliance director	64,600	3.40	December 10, 2021	December 10, 2021
					February 28, 2023	February 27, 2027
					July 14, 2025	July 13, 2029
4 . .	Li Yuan (李媛)	Commercial director	53,834	2.83	December 10, 2021	December 10, 2021
					February 28, 2023	February 27, 2027
5 . .	Xu Lei (許磊)	Sales and marketing director	53,833	2.83	December 10, 2021	December 10, 2021
					February 28, 2023	February 27, 2027
6 . .	Liu Shaobin (劉少斌)	Deputy general manager, chief operating officer	43,067	2.27	February 28, 2023	February 27, 2027
7 . .	Xu Jingtao (許景濤)	Human resources manager, chairman of the supervisory board	21,534	1.13	February 28, 2023	February 27, 2027
8 . .	Huo Shibai (火湜白)	Regional sales and marketing manager	21,533	1.13	December 10, 2021	December 10, 2021
9 . .	Zhou Wenzhong (周文忠)	Regional sales and marketing manager	21,533	1.13	December 10, 2021	December 10, 2021
10 .	Zhao Hu (趙虎)	R&D manager	21,533	1.13	December 10, 2021	December 10, 2021

No.	Name	Position(s)	Partnership Interests Held		Granting time of awards	Vesting time of awards
			(RMB)	*%*		
11 .	Yang Tengfei (楊騰飛)	R&D manager	21,533	1.13	December 10, 2021	December 10, 2021
12 .	Zheng Aiyu (鄭愛宇)	Production manager	21,533	1.13	December 10, 2021	December 10, 2021
13 .	Wu Dingding (武丁丁)	Finance manager	21,533	1.13	February 28, 2023	February 27, 2027
14 .	Liang Xiaodan (梁曉丹)[(1)]	Legal manager, compliance and securities representative	17,227	0.91	July 14, 2025 September 12, 2025	July 13, 2029 September 11, 2029
15 .	Wang Dongyang (王東洋)	Regional sales and marketing manager	12,920	0.68	December 10, 2021	December 10, 2021
16 .	Zhao Quan (趙全)	R&D engineer	10,767	0.57	December 10, 2021	December 10, 2021
17 .	Qi Weina (齊偉娜)	Quality manager	10,767	0.57	December 10, 2021	December 10, 2021
18 .	Hu Zhipei (胡志培)	Regional sales and marketing manager	10,767	0.57	December 10, 2021	December 10, 2021
19 .	Yan Zhiqiang (閆志強)	Production supervisor	10,767	0.57	December 10, 2021	December 10, 2021
20 .	Wang Yali (王亞麗)	Human Resources supervisor	10,767	0.57	December 10, 2021	December 10, 2021
21 .	Su Wei (蘇威)	R&D supervisor	10,767	0.57	December 10, 2021	December 10, 2021
22 .	Jia Jing (賈晶)	R&D supervisor	10,767	0.57	December 10, 2021	December 10, 2021
23 .	Song Tielin (宋鐵檩)	Manufacturing supervisor	10,767	0.57	December 10, 2021	December 10, 2021
24 .	Zou Lili (鄒黎麗)[(1)]	General manager of international business division	10,767	0.57	September 12, 2025	September 11, 2029
25 .	Xu Zhixu (許治旭)	R&D engineer	10,767	0.57	December 10, 2021	December 10, 2021
26 .	Zhao Songtao (趙松濤)	Quality supervisor	10,767	0.57	December 10, 2021	December 10, 2021
27 .	Li Fei (李菲)	Regional sales and marketing manager	10,767	0.57	December 10, 2021	December 10, 2021
28 .	He Zichen (賀梓琛)	Sales and marketing manager	6,460	0.34	December 10, 2021	December 10, 2021
29 .	Zhou Mi (周密)	Sales and marketing manager	6,460	0.34	December 10, 2021	December 10, 2021
30 .	Wang Suidong (汪隨東)	Sales and marketing manager	6,460	0.34	December 10, 2021	December 10, 2021
31 .	Liu Junxian (劉均賢)	Product manager	5,383	0.28	December 10, 2021	December 10, 2021
32 .	Qiao Jing (喬靜)	R&D supervisor	5,383	0.28	December 10, 2021	December 10, 2021
33 .	Jin Wanpeng (金萬鵬)	Quality supervisor	4,307	0.23	December 10, 2021	December 10, 2021

Note:

(1) Ms. Liang Xiaodan and Ms. Zou Lili acquired 0.34% and 0.57% partnership interests from Mr. Yang Zhenhong and Mr. Quan Li, each being a former employee of the Company, in September 2025, respectively.

STAR MARKET LISTING APPLICATION

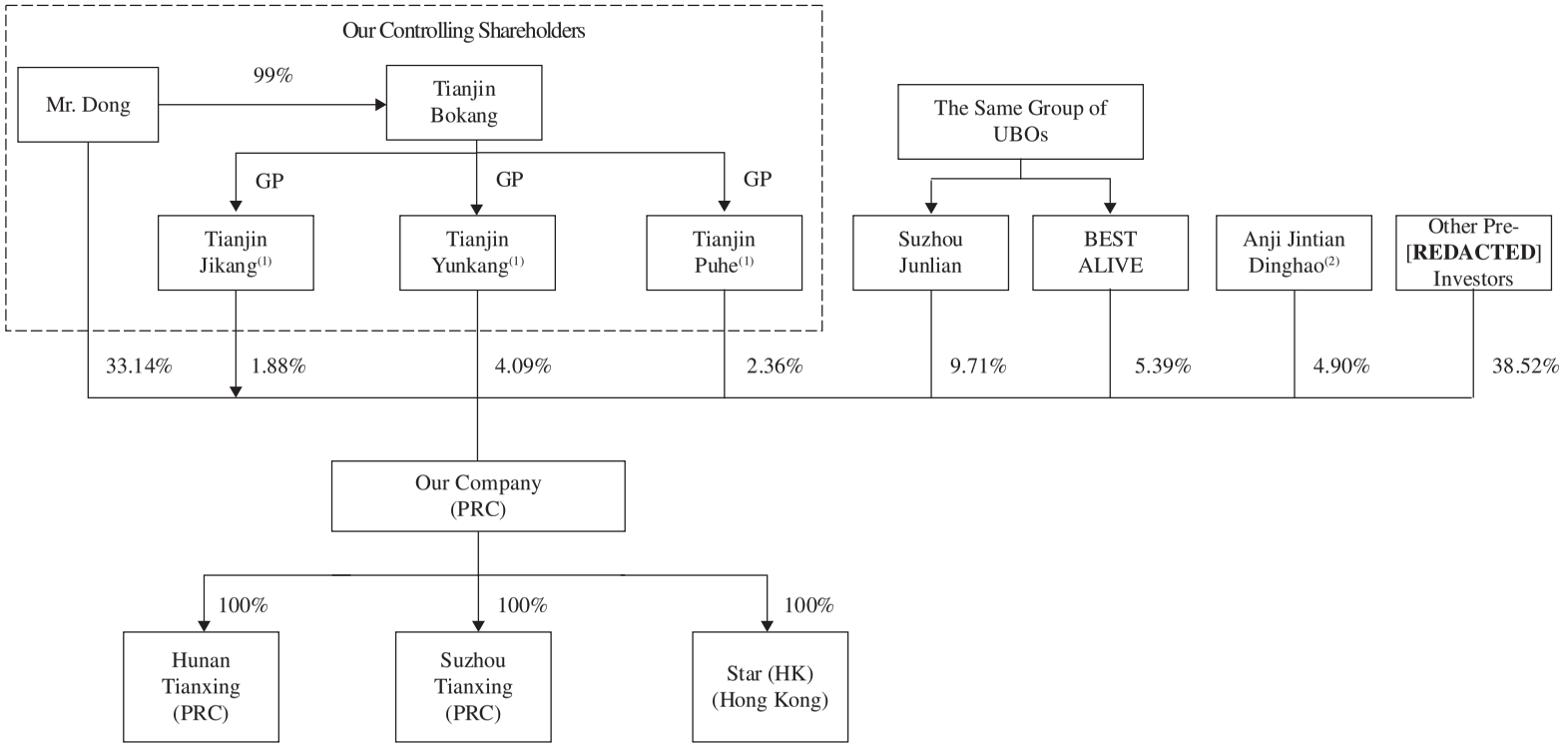
To explore the opportunity of establishing a capital market platform in the A-share market, in March 2023, we entered into a guidance agreement to receive guidance from a qualified sponsor of A-share listing. We applied for the listing of our shares on the Shanghai Stock Exchange Star Market in September 2023 (the "**Star Market Listing Application**"). The Company received one round of comments from the Shanghai Stock Exchange (the "**SSE**") in October 2023, pursuant to which the SSE requested the Company to provide supplemental explanations primarily on business disclosure, financial disclosure and historical shareholding changes, as well as to clarify the compliance of the overall circumstances relating to these matters with the PRC laws and regulations. As advised by our PRC Legal Advisors, the comments in relation to compliance with PRC laws and regulations had been addressed. Our Directors confirm that all the comments and enquiries raised by the SSE have been resolved and addressed through the responses submitted to the SSE in May 2024, and that the Company has not received any further official comments thereafter. Nevertheless, taking into consideration the then market conditions as well as the extensive period required for approval of a listing application on the Star Market, the Company decided to facilitate the Company's [**REDACTED**] by exploring other [**REDACTED**] and sought to [**REDACTED**] on the Stock Exchange since early 2025, and our Star Market Listing Application was officially withdrawn by its sponsor due to the then market condition in June 2025.

To the best knowledge and belief of our Directors, our Company did not have any disagreements or disputes with the professional parties involved in the Star Market Listing Application, or any matters relating to the Star Market Listing Application which would materially and adversely affect our suitability for the [**REDACTED**] or should be brought to the attention of the Stock Exchange or would affect the suitability of our Company's [**REDACTED**] on the Stock Exchange. As advised by our PRC Legal Advisors, there were no major comments in relation to compliance with PRC laws and regulations raised by the SSE and/or the CSRC that would affect the Company's suitability for [**REDACTED**] on the Exchange. Our Directors believe that there were no major comments raised by the SSE and/or the CSRC that would affect the Company's suitability for [**REDACTED**] on the Exchange. Based on the above, and the independent due diligence work of the Joint Sponsors, including, among others, (a) discussion with the Company regarding, among others, the details of the Start Market Listing Application and the reasons for not proceeding with the A-share listing plan, (b) the interviews with the Company's previous sponsor, auditors and PRC legal advisors engaged by the Company in connection with the Start Market Listing Application, (c) the review of the Star Market Listing Tutoring Reports prepared by the previous sponsor; the comment letter from the Shanghai Stock Exchange in October 2023; and the responses submitted to the Shanghai Stock Exchange by the Company and the previous sponsor in May 2024, and (d) the review of independent background search and litigation search results, having considered the conclusion and the basis of the Directors, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the Directors' view that (a) there were no major comments raised by the SSE and/or the CSRC that would affect the Company's suitability for [**REDACTED**] on the Exchange and (b) all the comments and enquiries raised by the SSE have been resolved and addressed through the responses submitted to the SSE in May 2024, and that the Company has not received any further official comments thereafter.

We are now seeking to [**REDACTED**] in Hong Kong as we consider that the Stock Exchange is an internationally recognized and reputable stock exchange, which is able to provide an appropriate platform for us to introduce our business to a wider range of investors.

CORPORATE AND SHAREHOLDING STRUCTURE

The following diagram sets forth the corporate structure of our Group immediately before the completion of the [**REDACTED**]:

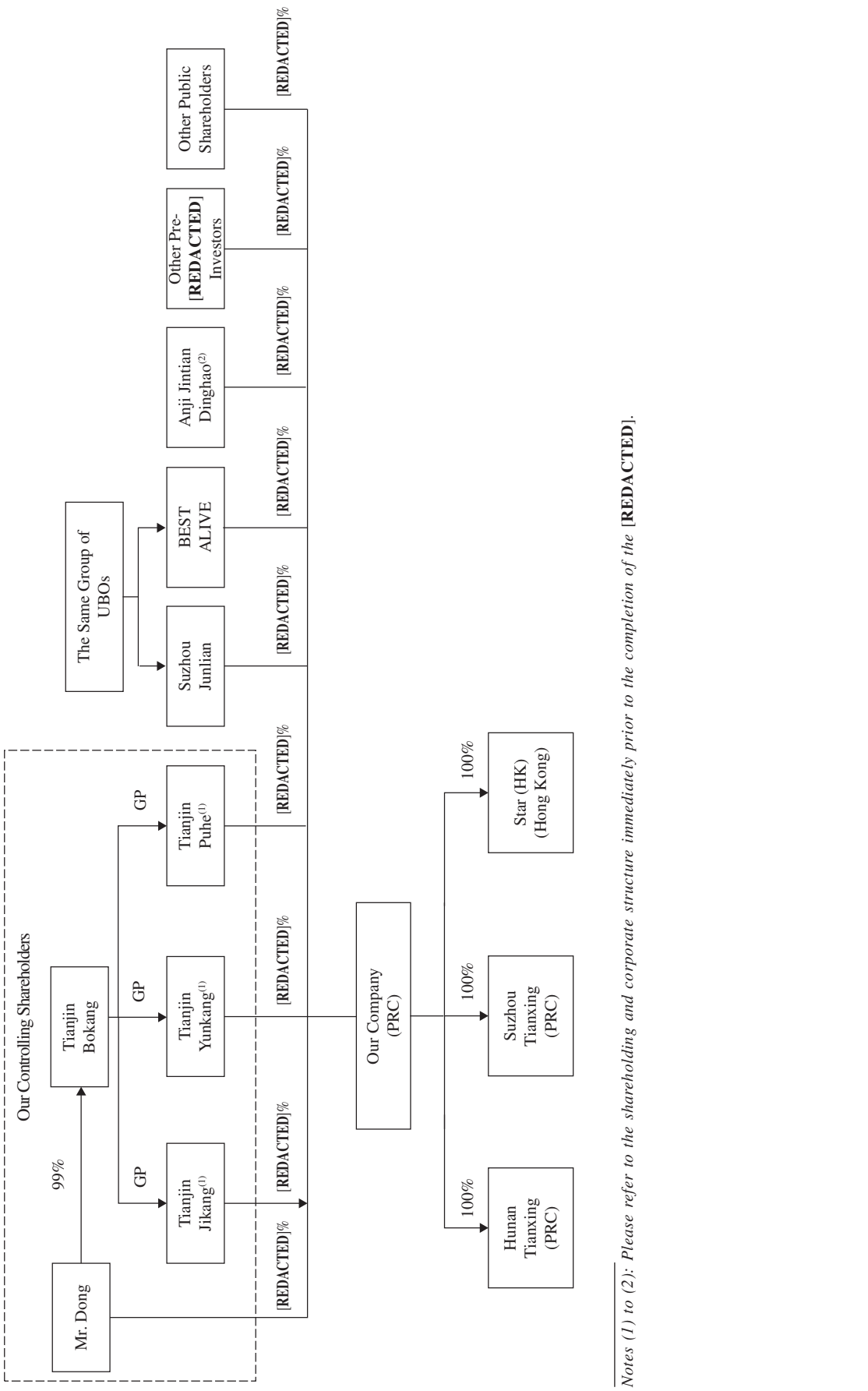


Notes:

(1) The general partner of each of Tianjin Jikang, Tianjin Yunkang and Tianjin Puhe is Tianjin Bokang, which is held as to 99% by Mr. Dong and 1% by Ms. Zhang Di, our Non-Executive Director. Mr. Dong is the sole limited partner of both Tianjin Jikang and Tianjin Puhe. Tianjin Yunkang is an employee shareholding platform with 33 limited partners and Tianjin Bokang as its sole general partner, among which Mr. Dong held 64.77% partnership interest, our executive Director Mr. He Lu, our Supervisors Mr. Xu Jingtao, Mr. Yang Tengfei and Ms. Wang Yali, and our chief operating officer and deputy general manager Mr. Liu Shaobin, held 5.67%, 1.13%, 1.13%, 0.57% and 2.27% partnership interest, respectively, with the remaining partnership interest held by our employees or former employees. None of the other limited partners hold 5% or more in Tianjin Yunkang or served as a Director, Supervisor or senior management of the Company. For further details, see "History, Development and Corporate Structure — OUR EMPLOYEE SHAREHOLDING PLATFORM."

(2) Anji Jintian Dinghao is controlled by Ms. Nie Hongxin who is the general partner with 99.67% partnership interest, with the remaining 0.33% held by Zhang Xinhua, an Independent Third Party.

The following diagram sets forth the corporate structure of our Group immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):



Notes (1) to (2): Please refer to the shareholding and corporate structure immediately prior to the completion of the **[REDACTED]**.

OVERVIEW

We are a China-based medical device company specializing in clinical sports medicine solutions. We are the fourth largest sports medicine device provider, representing a market share of approximately 6.5% in China's sports medicine implants and instruments market, and the largest domestic sports medicine device provider in China, in terms of sales revenue in 2024, according to CIC. We offer holistic solutions for the treatment of injuries to soft tissues of rotator cuffs, ligaments and meniscus, as well as for the rehabilitation and prevention of sports-related injuries, leveraging our self-developed medical implants, active equipment, associated medical consumables and surgical instruments.

China's sports medicine device industry is still at the early development stage, with significant room for growth. Against the global sports medicine device market size of US$7.0 billion in 2024 by sales revenue, China's sports medicine device market was only RMB6.2 billion in the same year with a market share by domestic brands of about 35%. The sports medicine device market has experienced one of the most rapid growth among all medical device segments, with China's sports medicine device market projected to grow at a CAGR of 16.5% from 2024 to 2030, according to CIC. Meanwhile, benefiting from supportive government policies for domestically produced medical devices and the rapid technological advancement of domestic brands, domestic sports medicine providers are expected to enhance their market penetration in China's sports medicine device market. Leveraging our industry expertise, established customer bases and extensive sales network, we intend to capture such growth and extend our success into China's intelligent rehabilitation solutions market with our sports medicine prescription and rehabilitation system.

We have four proprietary technology platforms: biomaterial platform, imaging and dynamic platform, intelligent medicine platform, and tissue engineering platform. These platforms operate underpin our diversified product portfolio. Our biomaterial platform and imaging and dynamic platform together support the R&D of medical implants, surgical equipment and associated medical consumables and deliver intraoperative solutions for arthroscopy. Our intelligent medicine platform enables us to expand into the intelligent rehabilitation market, laying the foundation for our arthroscopic surgical robots that enhance operative precision, as well as our sports medicine prescription rehabilitation systems that optimize injury prevention and rehabilitation. Meanwhile, our tissue engineering platform focuses on regenerative repair products for joint soft tissues to further promote tissue healing and improve clinical outcomes.

Our sports medicine product matrix mainly comprises 62 products spanning medical implants, active equipment and associated medical consumables, as well as surgical instruments and regenerative repair products, as of the Latest Practicable Date, providing clinical sports medicine solutions. Leveraging our technological capabilities, we obtained, on average, over seven medical device certificates for our products every year during the Track Record Period.

We have achieved deep market penetration in China during the Track Record Period: the number of hospitals that had adopted our products increased from over 1,000 as of December 31, 2022 to over 3,000 as of December 31, 2024, among which over 1,000 were Class III hospitals. As of September 30, 2025, we had cumulatively sold over 1.8 million units of our products, with revenue of RMB146.6 million, RMB238.5 million, RMB327.1 million, RMB220.6 million and RMB273.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Our net profit increased from RMB40.3 million in 2022 to RMB57.1 million in 2023 and further to RMB95.4 million in 2024, and grew from RMB60.9 million in the nine months ended September 30, 2024 to RMB89.9 million in the nine months ended September 30, 2025, representing a growth of 47.6%. Since initiating our global commercial expansion, we have successfully secured, in aggregate, over 200 regulatory approvals and registration certificates for medical devices across over 50 countries and regions in Europe, Southeast Asia, the Middle East and Latin America, covering all of our products. Our overseas revenue experienced significant growth from RMB0.4 million in 2022 to RMB6.7 million in 2023 and RMB20.9 million in 2024, and grew significantly from RMB12.6 million in the nine months ended September 30, 2024 to RMB38.3 million in the nine months ended September 30, 2025, representing a growth of 204.4%.

OUR STRENGTHS

Renowned brand and market recognition in China's fast-growing sports medicine device market with rapid global expansion

We are China-based sports medicine device provider with our products sold in over 50 countries. We address the growing clinical demand and expand our sales presence into the overseas markets, capitalizing on expanding sports participation, aging demographics and the emerging trend shifting toward minimally invasive surgical procedures. In 2024, we ranked first among domestic brands and ranked fourth among all brands in China's sports medicine device market by sales revenue, according to CIC.

China's sports medicine device industry is still at the early development stage, with relatively low penetration rate of clinical treatment and rehabilitation options for sports-related injuries compared to mature markets in developed countries. This market is expected to grow rapidly, driven by (i) growing athletic population; (ii) expanding aging demographics; (iii) rising awareness for preventive and rehabilitative care; and (iv) increasing penetration of arthroscopic surgeries and other minimally invasive surgical procedures. In addition, on the demand side, sports medicine products are becoming increasingly affordable for patients in China due to their increasing disposable income, diversified commercial health insurance options and favorable government initiatives such as the volume-based procurement program.

We are well positioned to capitalize on the growth momentum of China's sports medicine device industry to achieve sustainable and rapid growth, leveraging our competitive barrier established through our multidisciplinary technology platforms and diverse product matrix.

We experienced rapid growth overseas. Our overseas expansion targets markets where patients already demonstrate high acceptance of and familiarity with sports medicine products, such as EU, enabling efficient education and faster adoption. With proven capability in technological advancement, product development, global market penetration and commercial scalability, we are well positioned to capture on the above immense industry development opportunities and continue to experience rapid sustainable growth.

Comprehensive, efficient and sustainable research and development capabilities underpinned by multidisciplinary and synergistic technology platforms

We have developed four scalable core technology platforms, namely, biomaterial platform, imaging and dynamic platform, intelligent medicine platform and tissue engineering platform. These platforms underpin the development of product matrix spanning the entire sports medicine cycle of prevention, treatment and rehabilitation.

Biomaterial Platform

Our biomaterial platform focuses on developing advanced biomaterials used for medical implants. Leveraging this platform, we have developed three key technologies: functionally graded bioabsorbable material synthesis and processing technology, high-load braided implant preparation technology and ultra-high-temperature polymer precision injection molding technology for thin-walled complex structures. These technologies were recognized by the Ministry of Industry and Information Technology as being "Internationally Advanced."

Imaging and Dynamic Platform

Our imaging and dynamic platform enables our products to generate clear and precise imaging and power equipment. This platform has yielded primarily four key technologies: intelligent power-controlled shaver technology, low-temperature plasma ablation technology, 4K imaging technology and integrated cordless technology. These technologies have been adopted by our shavers, display system and ablation equipment, thereby enhancing operational convenience and surgical precision.

Intelligent Medicine Platform

We have developed our intelligent medicine platform that aims to use AI technologies to facilitate surgical procedures, optimize prescription and tailor rehabilitation programs in the future. Our algorithm-based rehabilitation motion capture, recognition, and real-time guidance and correction technology utilizes 3D spatial machine vision to monitor patients' movement trajectories and postures in real time. It analyzes parameters via AI algorithms, providing instant feedback and corrections to fix wrong actions and boost training results, and accelerating recovery. Our CT, MRI, and CT & MRI multimodal image fusion technology enables precise surgical planning and real-time navigation for robotic-assisted surgeries. Our algorithm-based automatic segmentation and 3D reconstruction technology for medical imaging utilizes AI algorithms trained on extensive datasets to process CT images with high precision.

Tissue Engineering Platform

Our tissue engineering platform enables clinical solutions that extend beyond the traditional mechanical repairs to natural restoration of human tissues, thereby ensuring more effective treatment and rehabilitation of sports-related related injuries. We have successfully developed a high-purity extraction technology for insoluble Type I collagen while preserving its three-dimensional porous structure. The extracted collagen exhibits high biocompatibility and low immunogenicity, while also supporting cell adhesion, migration, and differentiation. In addition, we are one of the first to evenly disperse extracted collagen in an acidic solution to form a stable suspended liquid, then process it through a sequence of steps to produce high-strength biological scaffolds with precisely engineered microstructures. These scaffolds feature an aligned microporous structure, tunable degradation rates, and adjustable plasticity, strength, pore size, and porosity to match specific application requirements. Their physicochemical and biomechanical properties closely mimic native tissues. The scaffolds can be loaded with blood and PRP (platelet-rich plasma). By tailoring scaffold architecture to the injury severity, we ensure a tissue-like microenvironment near the wound.

Clinically-oriented product portfolio providing diverse sports medicine solutions

Our four scalable core technology platforms empower a diverse product matrix. We currently have 62 approved products, including 27 products with Class III medical device certificates, 24 products with Class II medical device certificates and 11 products with Class I medical device certificates. We also have a robust pipeline with over 30 products under development.

Leveraging our biomaterial platform, we have developed a series of products featuring high biodegradability, robust mechanical strength and superior biocompatibility, including 11 products that were first of their kind to receive medical device certificates in China among players worldwide, and ten products that were first domestically produced products of their kind to receive medical device certificates.

Our imaging and dynamic platform enables us to launch a series of imaging devices and dynamic surgical equipment. Our shaving power system designed for intraoperative imaging diagnostics, and have demonstrated commercially validated excellence in stability, ease-of-use, precision, and safety. Our dynamic surgical equipment includes our plasma surgical equipment, which is engineered for intraoperative tissue vaporization and coagulation and incorporates advanced technology. Through this platform, we have also developed active equipment for intraoperative bone and soft tissue resection and abrasion procedures.

Leveraging our intelligent medicine platform, we were among the first in China to launch the development of sports medicine systems and arthroscopic surgical robots. Arthroscopic surgeons with these products may significantly shorten their learning curves due to these products' highly intelligent and convenient operational features. Furthermore, built on our tissue engineering platform, we are developing advanced regenerative biomaterials. Our meniscus repair scaffolds and ligament repair scaffolds on our pipeline are on track to become one of the first products of their kind to receive medical device certificates in China.

Proven product development and commercialization capabilities in China and worldwide

We have established deep collaborations with leading clinical centers and principal investigators. Our products enjoy significant market recognition, currently serving over 3,000 healthcare facilities in China, including more than 1,000 Class III hospitals. Since initiating our international expansion in 2023, we have achieved remarkable growth in global markets. As of the Latest Practicable Date, our products have obtained over 200 medical device registrations or certificates in aggregate across more than 50 countries and regions in Europe, Southeast Asia, the Middle East, and Latin America, covering all of our products. These international regulatory approvals demonstrate our proven worldwide product development and sales capabilities.

Visionary and experienced leadership and strong support from professional investors

Our CEO, Dr. Wenxing Dong, is a leading expert in sports medicine. Dr. Dong gained deep academic, regulatory and commercial expertise in the sports medicine and intelligent rehabilitation industry, having a doctorate degree in advanced manufacturing from Harbin Institute of Technology as well as past professional experience as a former reviewer at the Center for Medical Device Evaluation of the China Food and Drug Administration (國家食品藥品監督管理總局醫療器械技術審評中心) and as the deputy general manager at Changchun SinoBiom (長春聖博瑪). His mixed experience in technology development, regulatory environment, and commercialization in the field of sports medicine and rehabilitation medicine has contributed to our success in capturing market demands to achieve market leadership. Our core management team has an average of over ten years of industry experience.

We are also backed by a deep bench of professional investors whose scale, focus, and track records amplify our growth momentum. Our key investors include OrbiMed, Legend Capital and Defore Capital. OrbiMed, whose investment business began in 1989, is the world's leading healthcare-focused investment fund, spanning early-stage enterprises to large-scale public companies. Legend Capital, founded in 2001, is a leading Chinese firm specializing in early-stage venture and growth-stage private equity. Defore Capital, founded in 2010, is a top-value healthcare investor dedicated. This powerful shareholder base provides not only stable and lasting capital support, but also sector expertise, global networks and strategic guidance, enabling us to accelerate innovation, scale efficiently and pursue sustainable growth.

OUR STRATEGIES

Develop full-cycle treatment and rehabilitation solutions, and build multidimensional technological capabilities spanning biomaterials to intelligence technologies.

Leveraging our four core technology platforms, we intend to focus on optimizing existing technologies to enhance product performance while expanding into innovative fields. Our R&D priorities include developing diversified high-value biomaterials, including bio-composite materials and regenerative biomaterials for advanced medical applications, such as soft tissue repair scaffolds. We also plan to accelerate the innovation of intelligent active equipment, with particular emphasis on cordless and multi-functional capabilities. This includes advancing our integrated cordless equipment and integrating intelligent technologies across our product portfolio.

Building on our established expertise in sports medicine and rehabilitation medicine, we plan to implement a three-pronged growth strategy to diversify our product matrix and solidify our market leadership.

- *Full-cycle coverage*: Leveraging our accumulated technology expertise in sports medicine, we plan to develop new products to cover the full cycle of prevention, treatment and rehabilitation of sports-related injuries.
- *Use case expansion*: We also intend to launch new consumer-facing products, expanding the application of our products from in-hospital clinical use cases to out-of-hospital consumer use cases.
- *Intelligence*: Driven by clinical insights and powered by AI technology, we plan to build a next-generation portfolio of intelligent treatment systems that combine our material science expertise with digital innovation, positioning us at the forefront of intelligent sports medicine solutions.

Expand our production capacity and improve quality control to better satisfy market needs

We plan to establish new production facilities, purchase precision manufacturing equipment, implement production line automation upgrades, and more heavily invest in manufacturing workforce to expand the production capacity of our sports medicine products. Utilizing digital information systems, we plan to further improve our production planning accuracy, enhance quality control capabilities throughout the manufacturing process, and optimize logistics efficiency, thereby further strengthening our quality control and supply chain systems. We believe our commitment to expanding production capacity and improving quality control capabilities enable us to better address and satisfy growing market needs in the sports medicine and intelligent rehabilitation industry worldwide.

Amplify our market presence in the domestic market and become one of the leading brands worldwide, further expanding our brand recognition

We aim to develop diversified marketing strategies to solidify our "STAR" brand image. We intend to broaden our extensive distribution channels: leveraging our strong partnerships with leading clinical centers and PIs, we plan to promote product access to in-hospital patients while actively expanding our out-of-hospital market presence. We also plan to accelerate global market access by continuously advancing overseas product registrations, certifications, and sales network development. We plan to establish our "STAR" brand as a leading premier sports medicine brand in China and as a top-tier brand globally.

Pursue vertical integration and supply chain upgrade through strategic investment and acquisitions

We plan to pursue targeted investments and acquisitions to achieve vertical integration across our value chain, which we believe enhance our ability to offer products centered around our four core technology platforms and covering the full "prevention-treatment-rehabilitation" cycle. By consolidating upstream and downstream capabilities, we aim to create synergistic effects throughout the entire industrial chain from raw materials to end products. This not only optimizes our operational efficiency but also drives comprehensive upgrading of the sports medicine supply chain in China.

Recruit and develop talent in sports medicine and rehabilitation medicine

We are committed to building a world-class team to drive innovation in sports medicine and rehabilitation medicine. We plan to focus on recruiting, cultivating, and retaining top-tier professionals to support the further R&D of our four core technology platforms and product matrix, improve our manufacturing efficiency and quality, expand our sales channels and optimize our commercial operations. We plan to establish targeted recruitment programs to attract industry experts from leading medical institutions and global corporations, while implementing a structured talent development system featuring specialized technical training for engineers and scientists, leadership programs for management-track professionals, and competitive compensation aligned with global medical technology standards.

OUR PRODUCTS

We are a China-based medical device company specializing in providing clinical sports medicine. We have developed a diverse, clinically-oriented sports medicine product portfolio that encompasses medical implants, active equipment, associated medical consumables and surgical instruments for minimally invasive surgical procedures. Our solutions enable patients to achieve swift recovery with exceptional outcomes, while empowering physicians to perform surgical procedures with enhanced convenience and efficiency.

Our product portfolio covers the key steps of the sports medicine cycle with a market share of approximately 6.5% of China's sports medicine implants and instruments market in terms of sales revenue in 2024, according to CIC. As of the Latest Practicable Date, our product portfolio encompassed 62 products spanning medical implants, surgical equipment and associated medical consumables, as well as surgical instruments and regenerative repair products. Our medical implants are critical for tissue repair and restoration, while our surgical equipment, mainly active equipment streamlines operations and improves precision for minimally invasive surgeries. Our medical consumables compatible with surgical equipment, including disposable shaver blade and plasma electrode, along with other surgical instruments, such as suture passer, aimer, suture cutter and lasso, facilitate the use of our surgical equipment and further enhance operational efficiency. Meanwhile, our regenerative repair products for joint soft tissues, featuring Disposable Platelet-Rich Plasma (PRP) Preparation kit and its compatible desktop centrifuge, address advanced clinical needs and transform the traditional soft tissue repair processes. Committed to continuous innovation, our pipeline of over 30 products includes upgraded medical implants and surgical equipment that iterate our existing offerings, alongside advanced innovations such as sports medicine and rehabilitation medicine systems and soft tissue repair scaffolds.

We had 27 products with Class III medical device certificates and 24 with Class II medical device certificates as of the Latest Practicable Date, the most among China's sports medical device companies, according to CIC. 11 of our products were the first of their kind to receive medical device certificates in China, and ten of them were the first of their kind to be domestically produced. In addition, we secured, in aggregate, over 200 regulatory approvals and registration certificates for medical devices in Europe, Southeast Asia, the Middle East and Latin America as of the Latest Practicable Date, covering all of our products. We have amassed a significant customer base, selling our products to over 3,000 hospitals across Chinese mainland and over 50 countries and regions.

We leverage four proprietary technology platforms to deliver sports medicine solutions to doctors and patients, aligning advanced technologies with clinical and consumer demands. These platforms consist of proprietary technologies and scientific advancements, which form the core infrastructure for our principal product categories such as medical implants, active surgical equipment, sports medicine surgery, prescription and rehabilitation system, as well as regenerative medicine devices.

- *Biomaterial platform*: the biomaterial platform specializes in developing medical implants based on biocompatible materials, ensuring biocompatibility, reliability and performance in sports-related injury treatment applications.
- *Imaging and dynamic platform*: the imaging and dynamic platform advances active equipment, associated medical consumables and surgical instruments through high-resolution imaging, dynamic and plasma ablation technologies, enabling highly precise and minimally invasive procedures like arthroscopy.
- *Intelligent medicine platform*: we plan to leverage AI technologies to deliver personalized solutions across prevention, treatment and rehabilitation in the future, using data-driven insights to enhance diagnostic precision, optimize surgical planning and tailor rehabilitation programs. This technology platform lays the foundation for our arthroscopic surgical robot, while enabling out-of-hospital products such as sports medicine prescription and rehabilitation system, thus expanding our reach into rehabilitation.
- *Tissue engineering platform*: to further diversify our offerings, we established the tissue engineering platform grounded in the principles of regenerative medicine and tissue engineering. This platform advances key technologies such as degradation rate control of scaffolds and enhanced scaffold loading capacity for growth factors and seeded cells. Compared with traditional treatments, these approaches may deliver better therapeutic outcomes by promoting the repair and regeneration of damaged tissues. By promoting natural tissue restoration, our tissue engineering platform supports the development of regenerative repair products for joint soft tissues that enhance recovery and long-term joint stability.

The following table sets forth our revenue breakdown by product segment both in absolute amounts and as a percentage of total revenue for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Medical implants	116,977	79.8	186,516	78.2	249,987	76.4	167,222	75.8	212,108	77.6
Surgical equipment and associated medical consumables	29,598	20.2	51,919	21.8	76,986	23.5	53,279	24.1	60,980	22.3
Others[(1)]	21	0.0	107	0.0	146	0.1	135	0.1	218	0.1
Total	**146,596**	**100.0**	**238,542**	**100.0**	**327,119**	**100.0**	**220,636**	**100.0**	**273,306**	**100.0**

Note:

(1) Others primarily comprised revenue from the sales of surgical utility carts and regenerative repair products for joint soft tissues.

The following chart illustrates our sports medicine and rehabilitation medicine product portfolio as of the Latest Practicable Date:

Platform	Category	Number of approved products	Number of products under development	R&D focus	Approved advantageous products
Biomaterial Platform	Suture anchor	11	-	Self-guided separable All-suture	China's first-to-market all-suture anchor China's first-to-market carbon fiber-reinforced PEEK suture anchor China's first-to-market PEEK composite interference screw China's first-to-market multi-needle and flexible meniscus repair system
	Interference screws system	7	1		
	Meniscus repair system	2	1		
	Suture buttons	2	1		
	Soft tissue suture system	2	1		
Imaging and Dynamic Platform	Plasma RF ablation equipment	4	2	Integrated Cordless Algorithm controlled	China's first-to-market integrated cordless handheld shaver system China's first-to-market sports rehabilitation system China's first-to-market all-suture buttons China's first-to-market pre-loaded all-suture anchor China's first-to-market pre-loaded metal suture anchor China's first-to-market pre-loaded PEEK suture anchor China's first-to-market pre-loaded bioabsorbable suture anchor
	Arthroscopic surgical shaver	4	2		
	Endoscope camera system	6	4		
	Surgical instruments and medical consumables for active equipment	19	7		
Intelligent Medicine Platform	Surgical robot	-	1	AI-enabled	
	Digital rehabilitation systems	1	-		
Tissue Engineering Platform	PRP preparation devices	4	3	Cell centrifugation and separation Superior biomechanical performance Controllable degradation Enhanced tissue regeneration	First domestically-produced bioabsorbable suture anchor of its kind in China First domestically-produced PEEK suture anchor of its kind in China First domestically-produced PEEK sheath fixation system of its kind in China First domestically-produced bioabsorbable interference screw of its kind in China First domestically-produced bioabsorbable interference screws and sheath fixation system of its kind in China First domestically-produced adjustable suture button of its kind in China First domestically-produced UHMWPE suture of its kind in China First domestically-produced all-suture meniscus repair system of its kind in China First domestically-produced fixed suture button of its kind in China First domestically-produced suture button with tendon tail of its kind in China
	Repair scaffolds for joint soft tissue	-	9		
	In Total	**62**	**32**		

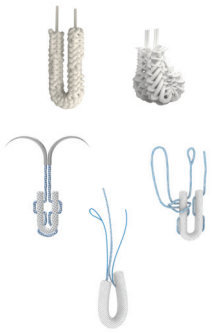
Medical Implants

Medical implants are used to repair, stabilize, or reconstruct damaged joints and soft tissues, addressing injuries to soft tissues of rotator cuffs, ligaments and meniscus. These implants treat prevalent sports-related conditions, ensuring compatibility with arthroscopic techniques for consistent surgical outcomes and effective rehabilitation. According to CIC, the market size of China's sports medical implants market in terms of revenue was RMB3.1 billion in 2024, and is expected to grow to RMB7.7 billion in 2030 at a CAGR of 16.2%. Our medical implants primarily include (i) suture anchors, (ii) interference screws and sheath fixation system, (iii) suture buttons and high-strength sutures, and (iv) meniscus repair system.

Suture Anchors

Suture anchors secure soft tissues, such as tendons or ligaments, to bone, provide stable fixation by embedding into the bone and allowing sutures to hold the tissue in place, promoting healing and restoring joint function. During the Track Record Period, we sold 77.6 thousand, 125.6 thousand, 277.8 thousand, 176.9 thousand and 241.9 thousand units of suture anchors in 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively. The following table sets forth our main suture anchor products:

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
Bioabsorbable Suture Anchor . .		Class III Medical Device Certificate	2021	Our bioabsorbable suture anchor, the first domestically produced product of its kind in China, is composed of poly (lactide-co-glycolide) (PLGA) and β-tricalcium phosphate (β-TCP). The PLGA and β-TCP composites promote faster and healthier bone growth while reducing inflammation and complications, with superior breakage resistance and reliable fixation compared to similar products.

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
All-Suture Anchor .		Class III Medical Device Certificate	2020	Our all-suture anchor, the first of its kind in China to receive medical device certificate, is crafted from ultra-high molecular weight polyethylene fibers. Compared to similar products, it offers superior fixation strength and comparable fatigue resistance with lower dynamic fatigue displacement, ensuring robust soft tissue-to-bone fixation while reducing bone removal by about 60%.
PEEK Suture Anchor		Class III Medical Device Certificate	2019	Our PEEK suture anchor is made from high-performance PEEK material. Compared to similar products, it requires less effort to insert, offers greater resistance to breakage, and provides superior fixation strength.
Carbon Fiber-Reinforced PEEK Suture Anchor . .		Class III Medical Device Certificate	2024	Our carbon fiber-reinforced PEEK suture anchor, the first of its kind in China to receive medical device certificate, is made from high-strength PEEK material reinforced with carbon fiber, ensuring strong and reliable fixation of tendons and ligaments to bone.

Interference Screws and Sheath Fixation System

Our interference screws, when combined with a protective sheath in our interference screws and sheath fixation system, offer adjustable fixation for bone-tendon-bone or soft tissue grafts, allowing for precise tensioning and reduced risk of graft damage. During the Track Record Period, we sold 10.6 thousand, 15.3 thousand, 30.2 thousand, 21.5 thousand and 14.6 thousand units of interference screws and sheath fixation systems in 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively. The following table sets forth our main interference screws and sheath fixation systems:

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
Bioabsorbable Interference Screw		Class III Medical Device Certificate	2021	Our bioabsorbable interference screw, the first domestically produced of its kind in China, is made from 70% PLGA and 30% β-TCP. With a two-to-three-year degradation cycle, it promotes bone growth, reduces inflammation and enhances natural tissue healing.
Bioabsorbable Interference Screws and Sheath Fixation System		Class III Medical Device Certificate	2023	Our bioabsorbable interference screws and sheath fixation system, the first domestically produced of its kind in China, can be used with the interference screw to ensure strong fixation and promote healing.

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
PEEK Screws and Sheath Fixation System		Class III Medical Device Certificate	2019	Our PEEK screws and sheath fixation system, the first domestically produced of its kind in China, is crafted from high-performance PEEK material, ensuring easy insertion and superior fixation.
PEEK Composite Interference Screw		Class III Medical Device Certificate	2023	Our PEEK composite interference screw, the first of its kind in China to receive medical device certification, is features enhanced bone integration, ensuring strong and reliable fixation of tendons and ligaments to bone and supporting secure graft attachment.

Suture Buttons and High-Strength Sutures

Suture buttons are used for ligament reconstruction and fixation, particularly in procedures such as ACL repairs, where they achieve secure suspension of the graft from the cortical bone surface to restore joint stability and function. High-strength sutures offer reliable tissue fixation by securely closing wounds or attaching soft tissues. During the Track Record Period, we sold 52.8 thousand, 94.1 thousand, 187.1 thousand, 116.6 thousand and 144.0 thousand units of suture buttons and high-strength sutures in 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively. The following table sets forth our main suture button and high-strength suture products:

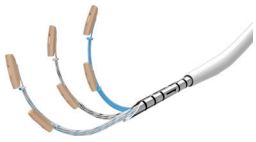
Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
Adjustable Suture Button		Class III Medical Device Certificate	2018	Our adjusted suture button, the first domestically produced of its kind in China, allows surgeons to fine-tune the loop size for optimal graft tensioning. This design reduces the gap between the ligament and bone tunnel, promoting better tendon-bone healing and stable fixation.
Fixed Suture Button		Class III Medical Device Certificate	2018	Our fixed suture button, the first domestically produced of its kind in China, uses continuous braided loop design for superior tensile strength and less displacement.

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
Ultra-High Molecular Weight Polyethylene (UHMWPE) Suture		Class III Medical Device Certificate	2021	Our UHMWPE suture, the first domestically produced of its kind in China, is made from ultra-high molecular weight polyethylene fiber using core braiding technology for superior strength, flexibility, abrasion resistance, and easy knot-tying.

Meniscus Repair Systems

Meniscus repair systems are integrated medical devices designed to treat tears in the meniscus. During the Track Record Period, we sold 16.0 thousand, 24.1 thousand, 62.1 thousand, 42.5 thousand and 71.2 thousand sets of meniscus repair systems in 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively. The following table sets forth our main meniscus repair systems:

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
All-Suture Meniscus Repair System		Class III Medical Device Certificate	2024	Our meniscus repair system, the first domestically produced of its kind in China, is made from ultra-high molecular weight polyethylene fibers, acting as a suture closure device for minimally invasive soft tissue repair in percutaneous or endoscopic surgeries.
AccurFix All-Inside Meniscus Repair System		Class III Medical Device Certificate	2020	This meniscus repair system is available in upward bend, straight and downward bend puncture angles, with fixation options in two-needle system. It accommodates various meniscus locations and surgical needs, supporting precise suturing.

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
Multi-needle and flexible Meniscus Repair System . .		Class III Medical Device Certificate	2025	Our multi-needle and flexible meniscus repair system is the first product of its kind to receive medical device certificate in China. Our multi-needle, flexible meniscal suture system features an, multi-angle flexible needle guide and a directed multi-needle configuration, enabling flexible access to target tear surfaces within confined visual fields and complex anatomy, achieving multi-point, equal-tension and evenly spaced fixation.

During the Track Record Period, our suture anchor products typically had a guidance price range from RMB360 per unit to RMB1,150 per unit; our interference screws and sheath fixation systems typically had a guidance price range from RMB430 per unit to RMB760 per unit; the guidance price of our suture button products and high-strength suture products generally ranged from RMB90 per unit to RMB1,030 per unit; and our meniscus repair systems generally had a guidance price range from RMB450 per set to RMB1,220 per set.

Surgical Equipment and Associated Medical Consumables

Our surgical equipment and associated medical consumables include active equipment, compatible medical consumables and ancillary surgical instruments. Active equipment relies on external energy sources to function, altering energy density or converting energy for diagnostic and therapeutic purposes. Furthermore, we offer medical consumables specifically designed for seamless compatibility with our active equipment.

Designed to address specific anatomical sites, our ancillary surgical instruments include knee joint basic toolkits, shoulder joint basic instrument kits, shoulder dislocation instruments, meniscus tools, hip joint positioning devices, disposable arthroscopic puncture devices and arthroscopic surgical drill bits. Together, these surgical instruments streamline preoperative preparation and accommodate diverse clinical needs through versatile combinations.

During the Track Record Period, we sold 6.3 thousand, 10.4 thousand, 17.0 thousand, 11.5 thousand and 16.7 thousand sets of surgical equipment in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. In the meantime, we sold 50.3 thousand, 76.7 thousand, 135.3 thousand, 91.5 thousand and 99.1 thousand units of medical consumables in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

The following table sets forth our main surgical equipment and associated medical consumables:

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
Plasma RF Ablation Equipment		Class III Medical Device Certificate	2022	The equipment comprises a host controller and disposable plasma surgical electrode knife. Through ionization to form cold plasma, the equipment achieves precise tissue vaporization and coagulation, while enabling rapid hemostasis to minimize bleeding.

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
Arthroscopic Surgical Shaver .		Class II Medical Device Certificate	2018	Our arthroscopic surgical shaver, comprising a host controller, handle, foot switch and cable, works with disposable shaver blades to cut and grind bone or soft tissue. It facilitates precise tissue resection and debris removal for conditions such as meniscus tears, ACL defects and ligament injuries in knee and shoulder joints.
Arthroscopic Camera System .		Class II Medical Device Certificate	2022	Our arthroscopic camera system, comprising a camera host, high-resolution camera and accessories, enables high-resolution image acquisition, processing, storage and display for arthroscopic surgeries and diagnostics. It facilitates precise visualization of joint structures, supporting accurate diagnosis and treatment. By offering real-time, high-clarity imaging, it enhances surgical precision.
Disposable Shaver Blade		Class II Medical Device Certificate	2018	Our disposable shaver blade, composed of an inner and outer tube, integrates seamlessly with arthroscopic surgical shavers to precisely resect and grind bone and soft tissues.
Plasma electrode . .		Class III Medical Device Certificate	2022	Our plasma electrode is designed to used in tandem with our RF plasma ablation equipment for tissue ablation and coagulation. Using a bipolar configuration, it delivers energy to the surgical site, energizing sodium ions in normal saline to generate a localized plasma field that enables precise ablation and coagulation while minimizing thermal impact on surrounding tissues.

During the Track Record Period, our active equipment typically had a price range from RMB12,110 per set to RMB145,740 per set; our associated medical consumables generally had a price range from RMB310 per unit to RMB800 per unit; and our ancillary surgical instruments typically had a price range from RMB170 per unit to RMB5,150 per unit.

Other Products

We are developing other sports medicine products, such as regenerative repair products for joint soft tissues. Recognizing the limitations of conventional surgical methods, which focus on repair rather than regeneration of damaged soft tissues, we plan to develop regenerative repair products for joint soft tissues that enable true tissue restoration. This regenerative therapy approach restores native tissue functionality rather than merely patching and repairing defects.

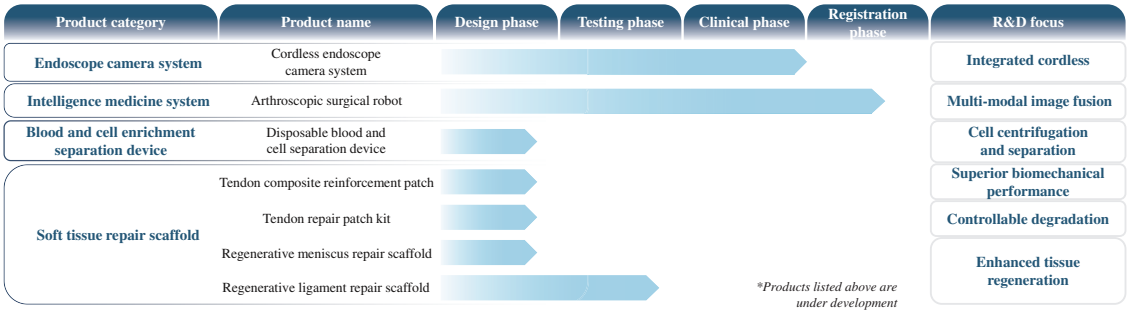
As of the Latest Practicable Date, we have four regenerative repair products for joint soft tissues based on our tissue engineering platform: our disposable PRP preparation kit and desktop centrifuge. We are developing soft tissue repair scaffolds targeting sports-related soft tissue damage.

The following table sets forth our other sports medicine products:

Product Name	Product Picture	Certificate Category	Year of Receiving the Certificate	Product Description
Disposable PRP Preparation Kit . .		Class III Medical Device Certificate	2024	Our disposable PRP preparation kit extracts and prepare PRP from a patient's blood, delivering rich growth factors.
Desktop Centrifuge . .		Class I Medical Device Certificate	2024, 2025	The desktop centrifuge is designed to separate platelets from plasma and adjust platelet concentration, enabling efficient, accurate and safe preparation of PRP.

Product Pipeline

Our product pipeline spans treatment, prevention and rehabilitation. Our pipeline includes commercialized products with regulatory approvals across multiple markets and next-generation innovations currently undergoing registration testing, product validation and design development. The following chart outlines our product pipeline, showing select products under each product category and mapping each product category to its corresponding technology platform and development stage, while highlighting our strategic focus on integrated, patient-centric care.



Advanced Medical Implants

Self-Guided Separable Suture Anchor

Our self-guided separable suture anchor integrates advanced anchor locking, suture control, modular assembly and implant enhancement technologies to deliver a fixation solution. Its locking structure minimizes initial fixation looseness, while the suture ratchet mechanism continuously adjusts tension to reduce attenuation. In addition, the modular shell design improves component placement accuracy and limits operational errors, and the integrated suture management eliminates winding and retrieval steps for streamlined use. Through these structural innovations and process optimizations, the self-guided separable suture anchor enhances surgical precision, efficiency and safety, ensuring more effective tissue repair. Our self-guided separable suture anchor substantially reduces reliance on disposable insertion drivers, thereby reducing medical waste and supporting environmentally sustainable practice. As of the Latest Practicable Date, we had obtained the medical device certificate for our self-guided separable suture anchor, aiming for commercialization.

Fiber-Based All-Suture Button

Our fiber-based all-suture button is a fully flexible suture button woven from fiber materials, designed to provide suspension fixation in arthroscopic surgeries. It addresses key challenges of traditional metallic buttons, such as rigidity that limits adaptability and causes imaging artifacts during MRI scan, by offering a compact and shape-adaptive structure. This all-fiber design replaces metal components with soft, biocompatible fibers, eliminating metal artifacts for clear post-operative MRI scans and reducing complications like tissue irritation. Its offers superior flexibility for conforming to anatomical contours, enhanced wear resistance through specialized braiding, and improved imaging compatibility, ensuring better surgical outcomes, faster recovery and improved joint stability. As of the Latest Practicable Date, we had obtained medical device certificate for our fiber-based all suture button in Chinese mainland, aiming for commercialization. We also plan to obtain required certificate for this product in EU.

Cordless Surgical Equipment

4K Cordless Medical Endoscope Camera System

Our 4K cordless medical endoscope camera system integrates 4K ultra-high-definition imaging with cordless transmission to deliver precise diagnostic views in arthroscopy. Compared to conventional wired endoscope, the cordless design eliminates cable entanglements, reducing safety risks and streamlining operating room procedures. Additionally, its miniaturized, portable form factor supports convenient transport and boosts overall surgical efficiency, making it a powerful tool for modern, minimally invasive diagnostics and interventions. As of the Latest Practicable Date, this product is undergoing the product validation stage. We aim to receive the medical device certificate for 4K cordless medical endoscope camera system in 2026. We plan to obtain required certificate for this product in Chinese mainland and EU.

High-Definition Cordless Medical Endoscope Camera System

Our high-definition cordless medical endoscope camera system employs advanced cordless technology to eliminate cable restrictions, thereby expanding its range of applications and fulfilling the goals of portability, convenience, and flexibility. Compared to existing domestic endoscope camera systems, the cordless design simplifies cleaning and sterilization procedures by removing cable clutter, ultimately enhancing medical safety. As of the Latest Practicable Date, this product is undergoing the product validation stage. We aim to receive the medical device certificate for high-definition cordless medical endoscope camera system in 2026. We plan to obtain required certificate for this product in Chinese mainland and EU.

Sports Medicine Surgery, Prescription and Rehabilitation Systems

Arthroscopic Surgical Robot

We are developing an arthroscopic surgical robot, in arthroscopic surgeries, incorporating advanced motion-tracking technology that synchronizes with human movements to enhance procedural precision. It facilitates accurate graft fixation for arthroscopic, a critical procedure for restoring knee stability in patients with ligament ruptures. By leveraging real-time motion tracking, this robot ensures optimal outcomes in complex knee surgeries. As of the Latest Practicable Date, our arthroscopic surgical robot is undergoing product validation. We aim to receive the medical device certificate for arthroscopic surgical robot in 2027. We plan to obtain required certificate for this product in Chinese mainland.

Sports Medicine Prescription and Rehabilitation System

We are also developing a sports medicine prescription and rehabilitation system that delivers daily, personalized rehabilitation exercise prescriptions to patients, replacing static diagrams or text instructions with real-time video guidance tailored to individual recovery needs. By employing algorithms to analyze patient movements, this system ensures rehabilitation exercises are performed correctly, while enabling physicians to remotely monitor progress via a backend interface and adjust subsequent prescriptions, enhancing rehabilitation outcomes. As of the Latest Practicable Date, we had obtained the medical device certificate for our sports medicine prescription and rehabilitation system.

Soft Tissue Repair Scaffolds

Our soft tissue repair scaffolds promote tissue in growth and healing, addressing limitations of traditional implants that may not fully integrate with the body or require removal. Capitalizing on our PRP preparation kit that provides rich growth factors to be combined with biomaterials to enhance cell proliferation and vascularization, we aim to develop advanced regenerative repair products that accelerate soft tissue regeneration. As of the Latest Practicable Date, our soft tissue repair scaffolds are at the product design stage.

Ligament Repair Scaffold

Our ligament repair scaffold is crafted from high-purity Type I collagen through processes like freeze-drying and dehydrothermal cross-linking, holding a three-dimensional porous structure with directional alignment. In clinical applications, it is implanted at the ligament rupture site along with seed cells and growth factors, promoting cell migration and differentiation within the scaffold to generate new tissue over time and restore ligament function. This scaffold facilitates ligament's natural regeneration, mitigating complications and enhancing long-term joint stability for patients. We aim to receive the medical device certificate for our ligament repair scaffold in 2027. We plan to obtain required certificate for this product in Chinese mainland.

Collagen-based Meniscus Repair Scaffold

Our collagen-based meniscus repair scaffold is crafted with high-purity Type I collagen and possesses a three-dimensional porous structure with optimal mechanical strength. Its high porosity and spacious internal structure retain autologous bone marrow stem cells and PRP factors within the pores, promoting cell migration and differentiation to facilitate natural tissue regeneration when implanted at the injury or defect site. By guiding cell growth and forming initial tissue repair before collagen absorption, it effectively restores meniscus function and stability. We aim to receive the medical device certificate for our collagen-based meniscus repair scaffold in 2028. We plan to obtain required certificate for this product in Chinese mainland.

OUR CORE TECHNOLOGIES

Our four technology platforms underpin continuous technological advancement, which is translated into products that address clinical needs and align with the market trends.

Biomaterial Platform

Functionally Graded Bioabsorbable Material Synthesis and Processing Technology

Our proprietary functionally graded bioabsorbable material synthesis and processing technology integrates PLGA and modified β-TCP composites. This creates materials that degrade at controlled rates while maintaining compressive strength aligned with natural bone healing. This

technology overcomes challenges of low strength and mismatched degradation for PLGA and β-TCP, ensuring isotropic mechanical performance and complete degradation within two to three years, minimizing adverse reactions like sinus tract formation or osteolysis.

High-Load Braided Implant Preparation Technology

High-load braided implant preparation technology utilizes 100% ultra-high molecular weight polyethylene fibers, designed through advanced simulations and specialized braiding techniques to create strong, flexible implants that minimize tissue damage. Leveraging custom braiding equipment, this technology produces high-strength, flat-round variable-diameter polyethylene sutures, and achieving superior mechanical performance.

Ultra-High-Temperature Polymer Precision Injection Molding Technology for Thin-Walled Complex Structures

Ultra-high-temperature polymer precision injection molding technology employs PEEK's high-temperature properties, using advanced heating and microfluidic techniques to create thin-walled, complex implant structures. By optimizing molding conditions and using custom equipment, this technology ensures defect-free implants with high strength and biocompatibility, eliminating issues like porosity or cracking, which enhance bone and soft tissue fixation in sports medicine surgeries with reliable performance and minimal tissue damage.

Imaging and Dynamic Platform

4K Imaging Technology

Our 4K imaging technology integrates a display, image processing system, light source, and recording workstation into a streamlined design, capturing arthroscopic signals through an optical system, converting them into digital form by the sensor through analog-to-digital conversion, and processing them with advanced signal amplification, filtering, and encoding for high-quality output at 3840×2160P resolution with a 60Hz scanning frequency. This technology delivers clear images, vivid colors and enhanced depth of field, with features like automatic white balance, brightness adjustment and multi-mode settings for different surgery scenarios, enabling precise visualization and reduced latency in surgical procedures.

Intelligent Power-Controlled Shaver Technology

Intelligent power-controlled shaver technology integrates a stable drive circuit, user-friendly software, high-speed motor with gearbox and sealed handle design to deliver precise, high-speed performance up to 12,500 rpm. Its technological strengths include micro-level tolerance in shaver blades' inner and outer tubes for precise, smooth cutting, a disposable shaver blade designed for efficient tissue cutting and resection, a high-definition IPS display, voice alerts to prevent errors and a blade with RFID recognition, enhancing surgical safety and flexibility in surgery.

Low-Temperature Plasma Ablation Technology

Low-temperature plasma ablation technology acts on the conductive solution around electrode, inducing ionization and generating low-temperature plasma at a temperature range of 40 to 70°C, which precisely cuts and removes tissue while enabling controlled heating for blood clotting and tissue tightening, all with minimal harm to surrounding areas. This technology drives our plasma surgical equipment and disposable radiofrequency plasma surgical electrode, improving arthroscopic surgeries for conditions like meniscus tears and ligament injuries in sports medicine with high precision and safety.

Integrated Cordless Technology

Our integrated cordless technology integrates various components into one cordless, portable and miniaturized equipment, which enhances surgery precision and intraoperational flexibility. Our cordless surgical equipment allows surgeons to freely operate complex surgeries within a limited room, reduces room clutter, improves surgeon mobility, and minimizes infection risks through easier sterilization.

Intelligent Medicine Platform

CT, MRI, and CT & MRI Multimodal Image Fusion Technology

Our CT, MRI, and CT & MRI multimodal image fusion technology employs non-rigid registration algorithms to precisely align the detailed bone geometry captured by CT scans, which excel in visualizing dense structures like skeletal frameworks, with the soft tissue morphology revealed by MRI, renowned for its superior contrast in ligaments, tendons, and cartilage without ionizing radiation. By integrating deep learning algorithms to capture regional texture features and applying weighted fusion modules, this technology generates high-resolution 3D images that simultaneously display bone and soft tissue with exceptional clarity, overcoming the limitations of individual modalities where CT may obscure soft tissues and MRI can distort bone edges due to magnetic field variations.

Algorithm-Based Rehabilitation Motion Capture, Recognition and Real-Time Guidance and Correction Technology

Our algorithm-based rehabilitation motion capture, recognition, and real-time guidance and correction technology utilizes 3D spatial machine vision to monitor patients' movement trajectories and postures in real time. It analyzes parameters via AI algorithms, providing instant feedback and corrections to fix wrong actions and boost training results. Applied to our sports medicine prescription and rehabilitation system, this technology enhances recovery for sports-related injuries and offers personalized guidance.

Tissue Engineering Platform

High Purity Type I Collagen Extraction Technology

We extract the high-purity, insoluble Type I collagen derived from bovine Achilles tendon through a series of chemical processes, including physical crushing, deactivation, impurity removal, and high-pH adjustment. The collagen retains its complete three-dimensional porous structure and demonstrates good biocompatibility, making it an ideal material for preparing scaffolds used in tissue repair and regeneration.

Biological Scaffold Manufacturing Technology

Through this technology, we evenly disperse the extracted collagen in an acidic solution to form a suspended liquid and then perform a series of processes to obtain biological scaffolds, including filtration, concentration, lyophilization, cross-linking, packaging and sterilization. The resulting biological scaffolds feature a specially designed microstructure and defined strength.

Cell and Growth Factor Attachment Technology

Our cell and growth factor attachment technology enables efficient, gentle and stable loading of therapeutic cells and bioactive molecules onto biological scaffolds to enhance joint and soft tissue regeneration. Cells and growth factors are anchored on the biological scaffolds to preserve bioactivity. The resulting scaffold features robust cell adhesion and targeted growth factor presentation, driving faster tissue integration and improved repair outcomes.

Fully Automated Disposable PRP and Blood Separation Technology

Our fully automated disposable PRP and blood separation technology processes bone marrow blood containing PRP through centrifugal separation, utilizing laser-based automatic layering identification to precisely detect the platelet or stem cell layer. In a completely enclosed environment, it automates blood collection, centrifugation, identification of PRP, and concentration adjustment, minimizing manual intervention risks, boosting preparation efficiency, and yielding higher concentrations of separated products compared to traditional methods. This innovation supports the development of regenerative therapies by providing consistent, high-quality growth factors for integration with scaffolds, promoting faster healing in ligament and meniscus injuries.

RESEARCH AND DEVELOPMENT

Our R&D capabilities are crucial to our commitment to bringing new sports medicine solutions. During the Track Record Period, our research and development expenses were RMB18.3 million, RMB35.0 million, RMB37.3 million, RMB26.8 million and RMB32.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. We are well-recognized for our R&D capabilities. We received the First Prize of Science and Technology Progress Award in Shanghai and Second Prize of Science and Technology Progress Award in Beijing. See "— Awards and Recognitions." Additionally, we collaborated with the Beijing Science and Technology Commission on research in medical implants and regenerative repair products for joint soft tissues, including the design, research and development of a next-generation bioabsorbable interference screws, as well as a non-dissolvable Type I collagen-based ligament repair scaffold. Pursuant to such arrangement, the Beijing Science and Technology Commission provides funding sourced from the PRC government to sponsor the research projects and supervises the overall progress thereof. The funding is intended to integrate our expertise in sports medicine products and market insights with the hospitals' clinical experience and physicians' resources. Under the collaboration, we are responsible for providing our products, such as medical implants, for use in the research and participating in the design of the research projects alongside the hospitals. The hospitals, on the other hand, are responsible for deploying qualified professionals to facilitate the research activities and contributing to the research design. This collaborative framework enables us to advance innovation in sports medicine through combined industry and clinical capabilities. We have participated in formulating a set of industry standards and applied for over 260 patents, among which over 180 had been granted as of the Latest Practicable Date, further enhancing our reputation for scientific excellence and innovations.

As of September 30, 2025, our R&D center had 83 professionals with deep experience in the field of sports medicine and orthopedics, including 30 with master's degrees or above. Our R&D department drives the full-cycle development of sports medicine products, encompassing market analysis, project initiation, design planning, development, verification and validation.

Product Design and Pre-Clinical Trial Process

Prior to formulating a development plan, our R&D center collaborates with marketing personnel to conduct market research to gather feedback on patient needs and current solutions. Upon approval of the project initiation application, our R&D center formulates a development plan, outlining project objectives, technical requirements, team responsibilities, key tasks for each phase, resource allocations, and risk management strategies. A review meeting evaluates design and development capabilities, manufacturing capacity, quality assurance processes, and resource availability. In addition, we collaborate closely with Class III hospitals, leveraging their extensive clinical experience and market insights to refine innovations and address complex needs of medical professionals and patients. After formulating the development plan, our R&D center coordinates departments to manage progress and conducts rigorous validation through prototype testing, comparisons with established designs and simulations, documenting outcomes and implementing necessary adjustments. After internal validation, our R&D center compiles technical requirement documents and prepares samples for regulatory testing. After this process, our R&D center collaborates with sales and marketing team to establish strategies and criteria to verify that final products meet patient requirements and intended clinical applications.

Clinical Trial

Our clinical trial process primarily includes: (i) clinical protocol planning to define product purpose, indications, target patients and performance criteria; (ii) regulatory consultation with the NMPA and relevant provincial authorities; (iii) clinical trial preparation; (iv) clinical trial execution; and (v) trial review and oversight, including record review, compliance monitoring, issue remediation and confirmation of data integrity.

The salient terms of our agreement with CROs primarily include: (i) the CROs are typically responsible for managing the overall execution of clinical trials, including recruitment, monitoring and data collection; (ii) fees are typically paid based on project milestones; (iii) we hold all intellectual property rights in the research results, reports and publications arising from clinical trials; (iv) the CROs are required to strictly maintain confidentiality regarding trial-related information; (v) this agreement may be terminated by mutual consent or by us upon written notice if the CRO fails to meet agreed service quality requirements.

The salient terms of our agreement with SMOs primarily include: (i) the SMOs typically deliver clinical research coordinator services and typically cannot subcontract without our written approval; (ii) the SMO is paid a service fee based on project milestones, and the fees are calculated by the type of services provided and the working hours; (iii) we hold all intellectual property rights in the research results, reports and publications arising from clinical trials; (iv) the SMOs are required to strictly maintain confidentiality regarding trial-related information; (v) this agreement may be terminated by mutual consent or by us upon written notice if the SMO fails to meet agreed service quality requirements.

During the Track Record Period, we did not engage any CROs or SMOs as we did not conduct any clinical trials.

OUR PRODUCTION

Production Facilities

As of Latest Practicable Date, we have production plants in Beijing, Jiangsu and Hunan, with a total site area of 7,963 sq.m. The table below sets forth the basic information about our production plants:

Production Plants	Location	Year of Commencement of Production	Leased/ Owned	Site Area	Products Manufactured	Designed Capacity
				(sq.m.)		
Beijing Production Plant	Beijing	2018	Leased	6,482	Medical implants, active equipment, medical consumables and surgical instruments	1.1 million units[(1)]
Jiangsu Production Plant	Jiangsu	2025	Leased	1,243	Medical implant, medical consumables and surgical instruments	N/A[(2)]
Hunan Production Plant	Hunan	2022	Leased	238	Active equipment	300 units

Notes:

(1) The designed capacity of our Beijing Production Plant of 1.1 million units represents the maximum production capacity that we may achieve under optimal conditions. Our actual production capacity may fluctuate or differ from the designed capacity due to various factors, including the availability of production equipment and personnel, as well as our production scheduling and planning in anticipation of market demand.

(2) Jiangsu Production Plant is used for intermediary processing, and it would not directly contribute to designed capacity of finished products.

We deploy rigorous quality control standards for our production to meet the regulatory requirements and internal quality standards of our products. Our products have also received GMP, ISO13485 and other certifications, meeting the national, international and industry quality standards. During the Track Record Period, we did not experience any material disruptions in production. For risks relating to the potential disruptions to our production, see "Risk Factors — Risks Relating to Our Business and Operations — Disruptions in our manufacturing processes and failure to implement effective quality control may harm our product quality, incur additional costs and cause material adverse effects to our business operations."

The following table sets forth the production capacity, production volume and utilization rate by product type during the Track Record Period:

	Year ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
Medical Implants					
Production capacity[(1)]	165,873	287,788	602,723	434,553	530,749
Production volume	148,000	303,886	616,927	394,974	489,183
Utilization rate[(2)] (%)	89.2	105.6	102.4	90.9	92.2
Surgical Equipment and Associated Medical Consumables					
Production capacity[(1)]	59,472	127,993	185,876	136,219	154,164
Production volume	49,843	104,241	176,956	124,076	143,761
Utilization rate[(2)] (%)	83.8	81.4	95.2	91.1	93.3

Notes:

(1) The designed production capacity represents the maximum annual production output at the bottleneck of the production process assuming: (i) sufficient labor is available at all times; (ii) 288 working days for the entire year and 216 working days for the nine months ended September 30, 2024 and 2025 for production; and (iii) no major equipment breakdown.

(2) Utilization rate is calculated based on the actual production volume for the relevant period divided by the designed production capacity for the relevant period, multiplied by 100%.

Production Expansion Plan

We plan to expand our production capacity through building new production plants, procuring additional production equipment and upgrading our existing production equipment. Furthermore, the introduction of new products necessitates additional production capacity to meet demand and maintain competitive lead times. Specifically, we plan to establish additional production plants for medical implants and intermediary processing, thereby enhancing our overall production capacity. Our planned production plant in Beijing is expected to increase our overall production capacity by 2.0 million units annually. Our production plant in Jiangsu Province is expected to improve the production efficiency of raw materials and components used for our products, thereby further increasing our overall production capacity by approximately 0.26 million units annually. By developing in-house capabilities for certain components used in our products, the Jiangsu plant is expected to reduce procurement costs and improve profitability. We also plan to upgrade of our existing production plants to enhance our production efficiency, which is expected to reduce our production costs and enhance production capacity. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

Production Process

We employ specialized manufacturing techniques for each product category, adhering to stringent regulatory standards and registration requirements to ensure clinical reliability and patient safety. During the Track Record Period, we outsourced sterilization phase to third-party sterilization workshops to enhance production efficiency and leverage their expertise in sterilization. According to CIC, this outsourcing production arrangement is in line with the industry norm.

The salient terms with our third-party sterilization workshops are set forth as below:

- *Duration*. We typically enter into a two-year term agreement with sterilization workshops.
- *Service Scope*. Our sterilization workshops shall provide routine sterilization services for our products.
- *Service Fees*. Sterilization services are charged based on the volume of products.
- *Payment and Credit Terms*. Sterilization service fees are typically settled on a monthly basis, and we are typically granted with a credit term up to 20 days.
- *Termination*. The agreement may be terminated upon the mutual consent by both parties.

We have taken several measures to ensure the service quality of sterilization workshops: (i) we require all third-party sterilization service providers to hold ISO11135 certification, and we conduct on-site audits to confirm required capabilities and process control; (ii) prior to commencing their services, our sterilization workshops confirm and issue a Sterilization Process Validation Report, and we define parameter ranges, sterility assurance levels and other requirements in the sterilization service agreements; and (iii) we review complete records for each sterilized product provided by the workshops, conducting sample tests to ensure these products' compliance with our quality standards.

Medical Implant Production

We manufacture our medical implants using high quality materials, assemble them in controlled environments, and subject them to cleaning, sterilization, inspection and packaging procedures to ensure product safety, quality and traceability.

Active Equipment Production

For the production of our active equipment, we begin by selecting medical-grade raw materials and electronic components to ensure the reliability of the equipment's performance. During the PCB design and production stage, we design, assemble and test the core electronic board of our devices, install the required software, and package the finished products with full labeling and traceability. Key safety and performance tests are conducted to ensure product quality and compliance.

Medical consumables

We manufacture medical consumables used with our active equipment by selecting qualified raw materials, assembling components in controlled environments, and conducting testing to ensure performance and regulatory compliance. The finished consumables are then cleaned, sterilized and packaged in sterile, tamper-evident materials under regulated storage conditions prior to distribution.

SUPPLY CHAIN MANAGEMENT

Supplier Selection and Management

Our key products rely on a diverse range of raw materials including bioabsorbable materials, PEEK materials, UHMWPE yarn and inserter components for medical implants; electronic components such as chips, lenses and display screens for active equipment; electrode wires, ceramic bases, inner and outer tubes for associated medical consumables; and metal components, tool handles and casings for surgical instruments.

During the Track Record Period, we purchased UHMWPE through Supplier C. We did not procure from or sell products to the United States during the Track Record Period and up to the Latest Practicable Date, and our procurement of such material was not affected by any sanctions, export controls or trade restrictions. However, as our UHMWPE was shipped from the United States, the price of this product was affected by the tariffs imposed by China on all imports from the United States during in 2025. Specifically, China's imposition of tariff across U.S. imported goods resulted in an increase of 9.5% in the purchase price of our UHMWPE. During the Track Record Period, the purchase of UHMWPE that were subject to tariffs amounted to RMB3.7 million, RMB10.4 million, RMB18.1 million, RMB14.9 million and RMB10.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 11.2%, 23.0%, 24.5%, 29.7% and 20.6% of the total raw material costs in the respective periods. In the event we face supply chain disruption, we are capable of sourcing UHMWPE from domestic suppliers at comparable quality and sufficient quantity. For any risks relating to our raw material supply and sanctions laws, please see "Risk Factors — Risks Relating to Our Business and Operations — Any disruptions to our raw material supply and over-reliance on certain suppliers could harm our production;" and "Risk Factors — Risks Relating to Our Business and Operations — Our international business may be subject to various risks arising from sanctions, export control laws and foreign currency movement."

The salient terms with our suppliers are set forth as below:

- *Term.* We typically do not establish fixed terms with our suppliers.
- *Payment.* We are required to settle payments upon acceptance of goods, with suppliers generally allowing payment terms of 30 to 90 days.
- *Logistics.* Suppliers bear the logistics costs and are obligated to provide transportation services that meet our specified requirements.
- *Confidentiality.* Suppliers are prohibited from disclosing procurement details, including product types, quantities and parameters, to third parties, and they are liable for any losses resulting from breaches of this confidentiality obligation.
- *Obligations.* Suppliers are responsible for any economic losses arising from defects in their products.
- *Warranty.* Suppliers typically provide a warranty of 12 months. During the warranty period, suppliers offer free repair, exchange and product return services to us upon our request.
- *Product Return.* We may request product return upon finding any quality issue during our inspection. Our suppliers may provide products for exchange, but we may request product return if we find quality issues during the re-inspection.

- *Termination*. We may terminate the supply agreement if: (i) both parties agree to terminate the agreement; (ii) we provide a written notice 30 days prior to the termination; (iii) either party faces liquidation and provides prompt notice to the other; and (iv) other conditions agreed within this agreement or required by the laws and regulations.

We have taken the following measures to manage fluctuations in raw materials prices: (i) we have entered into long-term agreements with our core suppliers; (ii) leveraging our market leadership in the sports medicine device industry, we possess strong bargaining power over our raw materials suppliers; and (iii) we have retained multiple suppliers for some of our core raw materials to diversify our supply sources and maintain resilience against supply chain disruptions. During a downward price cycle, we may adopt a staged procurement approach by appropriately reducing the purchase volume of each individual order while increasing procurement frequency, thereby lowering our average procurement cost over time and reducing the risk of accumulating substantial inventory purchased at peak prices. Where raw materials are subject to significant price volatility and we assess that prices are approaching a trough, we may, after prudent evaluation, lock in prices by negotiating with high-quality suppliers to enter into long-term supply agreements and/or adopt forward price-locking arrangements to secure lower-cost supply. During the Track Record Period, we did not experience any material breaches of agreements or disputes with suppliers nor did we experience any material shortages or disruptions of supplies of raw materials.

Major Suppliers

Our suppliers primarily comprise raw material and component providers. Purchase from our five largest suppliers in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB23.6 million, RMB38.2 million, RMB96.8 million and RMB34.9 million, respectively, accounting for 35.0%, 28.4%, 44.8% and 26.0% of our total purchases for the same year/period, respectively. Purchase from our largest supplier in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB9.7 million, RMB12.5 million, RMB52.1 million and RMB10.3 million, respectively, accounting for 14.4%, 9.3%, 24.1% and 7.7% of our total purchases in 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively.

The following tables set forth details about our five largest suppliers in 2022, 2023, 2024, and the nine months ended September 30, 2025:

Year ended December 31, 2022

Supplier	Background	Products/Services provided sold	Payment Method/ Credit Terms	Year of commencement of business relationship	Purchase amount	Percentage of our total purchases
					(RMB in thousands)	
Supplier A. .	A private company established in Guangdong Province, China, primarily engaging in the manufacturing and distribution of precision tools and equipment.	Tools and accessories	30 days since acceptance	2017	9,702	14.4%
Supplier B. .	A private company established in Henan, China, primarily engaging in providing healthcare and medical services.	Technical services for hospital customers, including logistics service and surgical follow-ups	30 days since invoicing	2022	4,012	5.9%

Supplier	Background	Products/Services provided sold	Payment Method/ Credit Terms	Year of commencement of business relationship	Purchase amount	Percentage of our total purchases
					(RMB in thousands)	
Supplier C. .	A European company, primarily engaging in the development and production of biomedical materials and solutions for the healthcare industry.	Biomedical materials	30 days since acceptance	2017	3,657	5.4%
Supplier D. .	A private company established in Beijing, China, primarily engaging in the research, production, and sale of medical devices and healthcare solutions.	Rental services for the lands used for production plant and R&D center	Prepayment	2017	3,614	5.4%
Supplier E. .	A private company established in Jiangsu Province, China, primarily engaging in the design, manufacturing, and distribution of medical devices and equipment.	Medical device components	30 days since invoicing	2019	2,618	3.9%
Total					**23,603**	**35.0%**

Year ended December 31, 2023

Supplier	Background	Products/Services provided sold	Payment Method/ Credit Terms	Year of commencement of business relationship	Purchase amount	Percentage of our total purchases
					(RMB in thousands)	
Supplier A. .	A private company established in Guangdong Province, China, primarily engaging in the manufacturing and distribution of precision tools and equipment.	Tools and accessories	30 days since acceptance	2017	12,478	9.3%
Supplier C. .	A European company, primarily engaging in the development and production of biomedical materials and solutions for the healthcare industry.	Biomedical materials	30 days since acceptance	2017	10,364	7.7%
Supplier E. .	A private company established in Jiangsu Province, China, primarily engaging in the design, manufacturing and distribution of medical devices and equipment.	Medical device components	30 days since invoicing	2019	5,790	4.3%
Supplier D. .	A public company established in Beijing, China, primarily engaging in the research, production and sale of medical devices and healthcare solutions.	Rental services for the lands used for production plant and R&D center	Prepayment	2017	5,142	3.8%
Supplier F. .	A private company established in Guangdong Province, China, primarily engaging in the manufacturing, distribution and sale of medical devices and related healthcare products.	Medical device components	Prepayment	2021	4,395	3.3%
Total					**38,169**	**28.4%**

Year ended December 31, 2024

Supplier	Background	Products/Services provided sold	Payment Method/ Credit Terms	Year of commencement of business relationship	Purchase amount	Percentage of our total purchases
					(RMB in thousands)	
Supplier G. .	A private company established in Jiangsu Province, China, primarily engaging in the construction, engineering and project management of infrastructure and building projects.	Construction services	Payment by milestone	2024	52,147	24.1%
Supplier C. .	A European company, primarily engaging in the development and production of biomedical materials and solutions for the healthcare industry.	Biomedical materials	30 days since acceptance	2017	18,145	8.4%
Supplier A. .	A private company established in Guangdong Province, China, primarily engaging in the manufacturing and distribution of precision tools and equipment.	Tools and accessories	30 days since acceptance	2017	15,358	7.1%
Supplier H. .	A private company established in Singapore, primarily engaging in the production and distribution of biobased chemicals and materials.	Biomedical materials	Prepayment	2022	6,023	2.8%
Supplier I . .	A private company established in Jiangsu Province, China, primarily engaging in the design, manufacturing and sale of medical devices and equipment.	Tools and accessories	30 days since invoicing	2023	5,160	2.4%
Total					**96,833**	**44.8%**

Nine Months ended September 30, 2025

Supplier	Background	Products/Services provided sold	Payment Method/ Credit Terms	Year of commencement of business relationship	Purchase amount	Percentage of our total purchases
					(RMB in thousands)	
Supplier C. .	A European company primarily engaging in the development and production of biomedical materials and solutions for the healthcare industry.	Biomedical materials	30 days since acceptance	2017	10,305	7.7%
Supplier A. .	A private company established in Guangdong Province, China, primarily engaging in the manufacturing and distribution of precision tools and equipment.	Tools and accessories	30 days since acceptance	2017	9,080	6.8%
Supplier J . .	A private company established in Jiangsu Province, China, primarily engaging in the production and processing of special stainless steel materials for industrial applications.	Tools and accessories	30 days since invoicing	2019	5,813	4.3%

Supplier	Background	Products/Services provided sold	Payment Method/ Credit Terms	Year of commencement of business relationship	Purchase amount	Percentage of our total purchases
					(RMB in thousands)	
Supplier I . .	A private company established in Jiangsu Province, China, primarily engaging in the design, manufacturing and sale of medical devices and equipment.	Tools and accessories	30 days since invoicing	2023	5,290	3.9%
Supplier D. .	A public company established in Beijing, China, primarily engaging in the research, production and sale of medical devices and healthcare solutions.	Rental services	Prepayment	2017	4,423	3.3%
Total					**34,911**	**26.0%**

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year/period during the Track Record Period. None of our top five suppliers was our customer in each year/period during the Track Record Period.

Warehousing and Logistics

During the Track Record Period and as of the Latest Practicable Date, we operated our own warehouse to store raw materials, work-in-progress and finished products. During the Track Record Period and as of the Latest Practicable Date, the majority of our product transportation was provided by independent third-party logistics service providers. We had two, two, two, two and two logistics service providers for the sales of our products, and two, two, two, two, and two logistics service providers for procurement of raw materials in 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively. While our suppliers are generally responsible for the logistics costs associated with delivering raw materials, we bear such costs for raw materials procured from overseas suppliers in order to achieve cost efficiency. This logistics arrangement is in line with the industry norm, according to CIC. In the meantime, we had two logistics providers for procurement of raw materials in each period during the Track Record Period. We typically enter into service agreements with logistics service providers with competent qualification, service ability and competitive price.

The key terms of the agreements which we enter into with our logistics service providers are set forth below:

- *Duration.* The agreements typically have a term of one year.
- *Obligations*. The logistics service providers agree to provide services in compliance with the applicable storage requirements, and we guarantee that our products do not comprise any prohibited items.
- *Pricing*. Pricing is determined based on the size and weight of the packages, as well as the delivery destination.
- *Payment*. We typically make payments to the logistics service providers on a monthly basis.
- *Insurance*. We may elect to purchase insurance for our products. The compensation amount is based on the claimed value of the products.

During the Track Record Period, we did not have any disputes with the logistics service providers.

Inventory Management

Our inventory primarily includes raw materials, work-in-progress, semi-finished goods, finished goods, materials consigned for processing and goods in transit. We have implemented rigorous measures to maintain adequate inventory levels while minimizing the risks of material degradation. Our digital management system streamlines and optimizes procurement, inbound logistics, storage and outbound distribution. To further enhance inventory accuracy and accountability, we have established a comprehensive auditing framework that includes monthly, quarterly and annual stocktaking plans carried out in strict accordance with established protocols. This structured approach ensures high reconciliation rates between physical stock and system records. During the Track Record Period, we did not encounter any significant inventory shortages. As of December 31, 2022, 2023 and 2024, and September 30, 2025, our inventory balance was RMB27.1 million, RMB39.3 million, RMB57.2 million and RMB70.6 million, respectively, and our inventory turnover days were 254 days, 204 days, 184 days and 256 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

SALES AND MARKETING

We primarily sell our products to distributors specializing in selling medical devices, who in turn sell our products to hospitals. During the Track Record Period, all of our revenue were generated from the sales of our products to distributors. As of September 30, 2025, our domestic distribution network included over 200 distributors across Chinese mainland.

We also conduct our overseas sales through a distributor model. We conduct rigorous due diligence to ensure all overseas distributors possess appropriate qualifications, such as commercial registration certificates and operate in compliance with applicable local laws and regulations, including anti-bribery, anti-kickback and anti-corruption laws. We evaluate and select overseas distributors based on their channel capabilities, financial strength, professional expertise and reputation, as well as the depth and quality of their relationships with local hospitals and medical institutions, after-sales service capacity, tendering and market-access experience, and documented compliance systems. These compliance and performance obligations are also expressly set out in our distribution agreements, and we may terminate distribution agreements if our overseas distributors violate any of these obligations. Following onboarding, we monitor whether distributors effectively promote our brands and products based on various factors, such as hospital coverage, tender wins and complaint handling. We typically grant a credit term of 30 to 90 days to overseas distributors. During the Track Record Period, we had 8, 24, 49 and 63 distributors overseas in 2022, 2023, 2024 and as of September 30, 2025, respectively.

Distributorship is critical for our sales strategy since distributors' expertise in selling medical devices and their robust relationships with hospitals can facilitate the expansion of our market coverage. According to CIC, our sales and distribution approach is in line with industry norms in the medical devices sales.

Terms and Conditions of Distributorship

We typically enter into standard distribution agreements, which are sales and purchase agreements in nature. Under these agreements, we sell products to distributors and recognize revenue when they accept products upon delivery.

The salient terms of our standard distribution agreements are set forth as below:

- ***Term***. We typically enter into distributorship agreements with a one-year term for domestic distributors and longer term for overseas distributors, renewable upon mutual agreement.

- ***Selling Restriction***. Each distributor is authorized to sell designated products to specified hospitals within assigned territories. We strictly prohibit distributors from selling unauthorized products or outside of their designated hospitals and assigned territories.

- ***Sales Target***. We generally establish monthly or quarterly sales targets, with the option to terminate the distributorship agreement if a distributor consistently fails to meet these targets over a specified period. We provided sales rebates to distributors that met their sales targets, in the form of discounts which could be applied to the distributors' purchases in the following year. We have ceased providing sales rebates since 2024.

- ***Payment***. Our distributors are typically required to pay upon placing orders. According to CIC, payment upon placing orders is in line with the industry practice.

- ***Product Return and Exchange Policy***. Our distributors may return or exchange products only with our prior approval. The aggregate amount of returns and exchanges under a distribution contract shall not exceed the agreed return and exchange level, being the ratio of the aggregate return and exchange amount to the total contract amount. During the Track Record Period, the contractually agreed return and exchange level was typically between 1.5% to 3.0%. We generally accept returns or exchanges of products due to defects or where the aggregate amount of returns and exchanges does not exceed the agreed level. Distributors must purchase exchange products in a contractually agreed amount. According to CIC, our product return and exchange policy is in line with the industry norm.

- ***Anti-Bribery and Anti-Kickbacks***. We mandate strict compliance by distributors with all applicable laws, regulations, and industry standards, reserving the right to terminate the distributorship agreement in the event of violations.

- ***Termination.*** We may terminate the distributorship agreement if: (i) the distributor appoints sub-distributors without our consent; (ii) the distributor faces liquidation or its management and control changes materially; (iii) the distributor sells fraudulent or expired products; or (iv) we are unable to supply our products due to the termination of collaboration with our upstream suppliers.

Our distributors sell products to sub-distributors at prices specified in the price policy provided by us, while determining the sales prices for our products within the sub-distributors' respective territories based on local tender prices. Sub-distributors are required to adhere to the pricing policy of our distributors and our pricing strategies within their authorized areas, and are subject to supervision by us and our distributors. In the event that a sub-distributor engages in pricing practices that disrupt the market prices of our products, we may require rectification, terminate their distribution rights or terminate distributorship with the distributors who engage them.

Distributor Management

We select distributors by assessing their qualifications of selling medical devices, market expertise, distribution networks in healthcare and sports medicine device industry, track record of sales performance and regulatory compliance. Our distributors also provide technical services such as pre-surgical consultations, product transportation and equipment sterilization. Our sales and marketing team verifies distributors' credentials, approving only distributors who meet our standards to expand into new markets or further penetrate our existing ones. Our sales and marketing team conducts detailed background checks on each distributor and periodically performs on-site visits to certain distributors to verify their licenses and permits. We provide training, technical support, and conduct period assessment of their performance. We promptly terminate distributorship agreements with any distributors that fail to renew their required licenses and

permits, thereby ensuring ongoing compliance with relevant laws and regulations. To the best of our knowledge, as of the Latest Practicable Date, all of our distributors were Independent Third Parties. During the Track Record Period, there was no employment, financing or family relationship between our distributors and us or our subsidiaries, our shareholders, directors or senior management, or any of their respective associates.

To prevent channel cannibalization and stuffing, we define exclusive geographical regions or designated hospitals and product scopes in distribution agreements, ensuring organized market coverage and minimizing overlap. We implement territorial restrictions that assign each distributor sales rights within a specified area or hospital, as outlined in the agreement and authorization letter, with strict prohibitions on sales beyond these boundaries; primary distributors oversee sub-distributors to enforce compliance, typically limiting authorization to one distributor or sub-distributor per hospital. We also enforce product scope limitations, specifying categories each distributor may handle. Our sales and marketing teams conduct regular hospital visits to monitor inventory levels, track product movements, assess performance, gather physician feedback, and detect deviations from agreements, maintaining a disciplined and efficient distribution network.

Distributors procure our products based on the market demand. Under our standard distribution contracts, distributors may return and exchange products in accordance with the contractually agreed product return and exchange level. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product return from the distributors caused by product defects. Distributors engage sub-distributors to leverage sub-distributors' local expertise, expanding their market reach in certain specialized regions and broadening patient access to our products. During the Track Record Period, we had 267, 342, 584 and 708 sub-distributors in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, all of our distributors and sub-distributors possessed the Medical Device Operation Permits and Record-Filings. We do not have contractual relationships with sub-distributors engaged by our distributors, while distributors may not appoint sub-distributors without our consent. We may terminate distributorship if our distributors appoint sub-distributors without our prior consent. We rely on our distributors to supervise their respective sub-distributors and to ensure these sub-distributors possess all required licenses and certifications for distributing medical devices. For risks in relation to our distributorship and subdistributors, see "Risk Factors — Risks Relating to Our Business and Operations — Our sales and marketing strategy heavily relies on distributorship, and the ineffectiveness of distributorship may materially and adversely affect our sales performance. Specifically, we may impose penalties on distributors for violations by their sub-distributors and regularly monitor our product movements to ensure that sub-distributors comply with the internal distribution arrangements. During the Track Record Period and up to the Latest Practicable Date, none of our distributors and their sub-distributors sold our products outside of our authorized scope.

Distributor Movements

During the Track Record Period, we optimized the distribution network to align seamlessly with our business development. The table below sets forth the total number of domestic distributors and their movements for the periods indicated:

	For the Year ended December 31,			For the Nine Months ended September 30,
	2022	2023	2024	2025
Number of distributors as of the beginning of the year/period	**151**	**181**	**183**	**228**

	For the Year ended December 31,			For the Nine Months ended September 30,
	2022	2023	2024	2025
Addition of new distributors[1]	95	70	119	53
Terminated distributors[2]	55	62	74	22
Inactive distributors[3]	10	6	–	3
Number of distributors at the end of the year/period	**181**	**183**	**228**	**256**

Notes:

(1) New distributors refer to distributors who did not enter into the distributorship agreement nor had any transactions with us in the preceding financial year, but enter into the distributorship agreement with us and began transactions with us during this period.

(2) Terminated distributors refer to distributors who entered into the distributorship agreement and had transactions with us in the immediately preceding financial year but did not enter into the distributorship agreement nor had any transactions with us in this period;

(3) Inactive distributors refer to distributors who entered into the distributorship agreement and had transactions with us in the immediately preceding financial year, but did not have any transactions with us in this period, despite our contractual relationship with them during this period.

During the Track Record Period, we terminated 232 distributors in total, primarily due to contract expiration, their failure to meet sales target or their changes of business.

The table below sets forth the total number of overseas distributors and their movement during the Track Record Period:

	For the Year ended December 31,			For the Nine Months ended September 30,
	2022	2023	2024	2025
Number of distributors as of the beginning of the year/period	**1**	**8**	**24**	**49**
Addition of new distributors[1]	7	19	34	24
Terminated distributors[2]	–	1	2	3
Inactive distributors[3]	–	2	7	7
Number of distributors at the end of the year/period	**8**	**24**	**49**	**63**

Notes:

(1) New distributors refer to distributors who did not enter into the distributorship agreement nor had any transactions with us in the preceding financial year, but enter into the distributorship agreement with us and began transactions with us during this period.

(2) Terminated distributors refer to distributors who entered into the distributorship agreement and had transactions with us in the immediately preceding financial year but did not enter into the distributorship agreement nor had any transactions with us in this period;

(3) Inactive distributors refer to distributors who entered into the distributorship agreement and had transactions with us in the immediately preceding financial year, but did not have any transactions with us in this period, despite our contractual relationship with them during this period.

During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with terminated distributors. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any potential abuse or improper use of our name by distributors which could adversely affect our reputation, business operation or financial condition.

Two-Invoice System

We manage our distributorship under China's Two-Invoice System, which was introduced in 2016. The policy limits transactions to two invoices, one from the manufacturer to the distributor and another from the distributor to healthcare facilities, thereby reducing intermediary layers. It applies to high-value medical consumables sold to public medical institutions. See "Regulatory Overview — Two-Invoice System" for more details. During the Track Record Period, our sales of implants and medical consumables for active equipment in Fujian Province were subject to the Two-Invoice System and were fully compliant with all applicable requirements under the Two-Invoice System.

The Two-Invoice System is mandated in select provinces and municipalities for public medical institutions since 2018, with private institutions encouraged to adopt it. In these regions mandating the Two-Invoice System, we engage distributors to sell our products directly to hospitals and require them to refrain from engaging any sub-distributors without our consent. Our distributors focus on channel development and customer maintenance with our support, while we engage delivery service providers for technical services, such as surgical support and cleaning. To ensure ongoing compliance with the Two-Invoice System, we have implemented comprehensive internal control measures, including but not limited to: (i) conducting background checks and qualification reviews to verify that our distributors hold valid licenses and certifications; (ii) specifying geographical markets for distribution in our agreements with distributors, together with provisions for terminating such cooperation in the event of any violations; (iii) scrutinizing transaction invoices; and (iv) performing periodic audits of our sales channels, requiring distributors to provide records of the final sales destinations.

To facilitate our service quality while ensuring our compliance with the Two-Invoice System, we engage third-party technical service providers for technical support and surgical follow-ups for the use of our products. Following the implementation of the Two-Invoice System, the traditional multi-tiered distribution model is restricted, and our distributors are generally precluded from providing extensive value-added services alongside product distribution. Our engagement of third-party technical service providers bifurcates the operational workflows under our distributorship. Specifically, we rely on distributors to manage product sales, while designating third-party service providers to manage logistics and deliver value-added services, such as intra-operative technical guidance and post-operative follow-ups under separate commercial arrangements. According to CIC, this arrangement is in line with the industry norm.

Salient terms of our agreement with these technical service providers are set forth as below:

- *Duration*. We typically enter into a one-off service agreement.

- *Service Scope*. Our technical service providers agree to provide: (i) surgical follow-ups to ensure the effectiveness and safety of surgeries using our products; (ii) delivery, storage, packaging and sterilization of our products; (iii) training for technical professionals and provision of auxiliary surgical equipment and instruments; and (iv) evaluation and monitoring of the surgical process.

- *Fees*. Fees are negotiated on a case-by-case basis based on the types of services.

- *Anti-Corruption, Anti-Kickback and Anti-Bribery*. We require our technical service providers to comply with all applicable anti-corruption, anti-kickback and anti-bribery laws, and we may terminate the agreement upon discovery of any violations.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, our distributorship complied with the Two-Invoice System in applicable regions in all material aspects. We train our sales team and conduct regular audits and inventory monitoring to ensure regulatory adherence, while promptly terminating agreements for violations.

Pricing

Our pricing reflects production costs, market potential, clinical value, and research and development expenses. Regulatory and policy frameworks also play a critical role in shaping our pricing strategy, including the volume-based procurement program, Medical Insurance Reimbursement Lists, and DRG system.

Volume-based Procurement Program

The nationwide volume-based procurement program, overseen by the National Healthcare Security Administration, is a centralized procurement program of high-value medical consumables through competitive bidding. For medical devices, such as medical implants, surgical equipment and associated medical consumables, this program mandates public medical institutions to conduct rigorous evaluation of price, quality, clinical efficacy, and reputation of providers. Bidding often requires significant price reductions to meet hospital budgets. As a result, we need to lower prices for our products to win bids, which has driven substantial sales volume growth and market penetration.

Since its implementation in 2024, all provinces in Chinese Mainland had included medical implants in their volume-based procurement programs, without a specified valid period. As of September 30, 2025, 14 out of 19 of our medical implant products had been included in these programs. As a result, the average selling price of our medical implants decreased from RMB711.9 per unit in 2023 to RMB446.3 per unit in 2024, and from RMB464.9 per unit in the nine months ended September 30, 2024 to RMB448.6 per unit in the same period in 2025. Such decline in average selling price attributable to the volume-based procurement programs has encouraged mass adoption of our medical implants, leading to an increase in sales volume from 262 thousand units in 2023 to 560.1 thousand units in 2024, and from 359.7 thousand units in the nine months ended September 30, 2024 to 472.8 thousand units in the same period in 2025. The change in approach for the 2025 volume-based procurement program, which allows multiple products of the same kind to be included, is not expected to have any additional material impact on our average selling price or sales volume. This is because all industry players are expected to lower their selling prices to align with the price ceiling set by such programs, and we believe we are well-positioned to stand out in the competition due to our diverse product portfolio, long-standing market recognition and ability to manage costs effectively to maintain sufficient profitability even after adjusting the prices of our medical implants. Our Directors are of the view that the impact of the volume-based procurement programs on our product pricing will be mitigated going forward, as we have already made adjustments in 2024 and improved our cost management, as evidenced by our relatively stable pricing in the nine months ended September 30, 2024 and the same period in 2025.

Medical Insurance Reimbursement Lists

The reimbursement of medical devices and their associated medical consumables is generally managed at the provincial level. Devices undergo evaluations for clinical efficacy, cost-effectiveness and market demand, with pricing negotiations setting reimbursement caps. Each province has implemented provincial price catalogs under the Medical Insurance Reimbursement Lists, with different levels of coverage and scope, with some devices being fully reimbursable and others being partially reimbursable. All of our products have been included in the Medical Insurance

Reimbursement Lists. For sports medicine products, the inclusion in the Medical Insurance Reimbursement Lists enhances patient access by reducing the patients' out-of-pocket expenses for these products. Our strategic pricing adjustments for inclusion in the Medical Insurance Reimbursement Lists have reduced prices for select products, particularly those used in high-volume orthopedic surgeries. This has significantly increased sales volume and market penetration.

The Medical Insurance Reimbursement Lists have not yet been implemented uniformly on a nationwide basis, with each province formulating and enforcing its own provincial catalogs for medical devices. The inclusion of our products in the Medical Insurance Reimbursement Lists is not expected to directly affect the prices or sales volume of our products as the provincial catalogs affect only the out-of-pocket expenditures of patients, thereby indirectly influencing the patients' production selection decisions. Furthermore, all of our medical implants and surgical equipment have been included in provincial catalogs and are eligible for full reimbursement. Our Directors are of the view that the Medical Insurance Reimbursement List is not expected to have any direct impacts on the selling price of our products going forward, as such program reimburses patients' out-of-pocket expenditure for our products in full. The level of reimbursement may affect the sales volume of our products as it may affect patients' willingness to pay for our products. The current reimbursement level is expected to encourage the adoption of our products, thereby driving increase in sales volume.

DRG System

The DRG system, implemented nationwide, standardizes hospital payments based on patient treatments, assigning fixed reimbursement amounts for surgical procedures, including those using high-value medical devices like arthroscopic systems. For sports medicine products, DRG policies cap payments for procedures such as meniscus repair. We reduced the prices of certain products in alignment with DRG requirements, which has boosted sales volume and market penetration.

The DRG system does not have any direct impact on the pricing or sales volumes of our products because it primarily standardizes hospital reimbursements by assigning fixed payments to specific diagnosis categories, such as particular types of sports medicine surgeries, which bundle the overall costs of treatment including diagnostics, devices, consumables and post-operative care into a predetermined reimbursement amount per case. Under the DRG system, the reimbursements are made to the hospitals. As a result, it does not prescribe, regulate or directly alter the prices of individual medical devices or consumables. All of our products have been incorporated into the DRG framework since its first implementation in 2019 and subsequently upon commercialization of new products. Our Directors are of the view that the DRG program is not expected to have direct impacts on the prices of our products or sales volume going forward, as this program affects only patients' out-of-pocket expenditure of the specified surgical procedure, rather than the products used in the procedure.

Major Customers

Our customers primarily comprise distributors who in turn sell our products to hospitals. Revenue generated from our five largest customers in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB46.7 million, RMB126.8 million, RMB188.7 million and RMB159.6 million, respectively, accounting for 31.9%, 53.1%, 57.7% and 58.5% of the total revenue in 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. Revenue generated from our largest customer in 2022, 2023, 2024, and the nine months ended September 30, 2025 was RMB11.2 million, RMB42.0 million, RMB56.9 million and RMB52.9 million, respectively, accounting for 7.7%, 17.6%, 17.4% and 19.4% of our revenue in 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively.

Under our sales agreements, customers typically make payments upon placing orders for our products, with the payment amount determined by the volume of products they procure. We may grant credit terms of 30 to 90 days to distributors overseas or as required by applicable regulations.

Upon receipt of a complaint, our sales or customer service personnel promptly record detailed information, and forward such information to the quality control department. The quality team identifies the root cause and formulates corrective and preventive measures. We subsequently communicate the resolution to the customer and monitor the effectiveness of the measures. During the Track Record Period, we had not encountered any customer complaints that would have a material adverse effect on our business operations or financial performance.

The following tables set forth details about our five largest customers in 2022, 2023, 2024, and the nine months ended September 30, 2025:

Year ended December 31, 2022

Customer	Background	Products purchased	Payment Method/ Credit Terms	Year of commencement of business relationship	Sales amount	Percentage of our total revenue
					(RMB in thousands)	
Customer A .	A private company established in Guangdong, China primarily engaging in the development, production and sales of surgical and diagnostic equipment for hospitals and clinics.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2021	11,229	7.7%
Customer B .	A private company established in Hebei, China primarily engaging in comprehensive healthcare services including medical consultations and device distribution.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2021	9,448	6.4%
Customer C .	A private company established in Shandong, China primarily engaging in the manufacture and distribution of orthopedic medical devices and related services.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2021	9,167	6.3%
Customer D .	A private company established in Fujian, China primarily engaging in the distribution and sales of medical devices and equipment.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2021	8,961	6.1%
Customer E .	A private company established in Shanghai, China primarily engaging in supply chain and logistics management for the healthcare and medical device industries.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2022	7,845	5.4%
Total					**46,650**	**31.9%**

Year ended December 31, 2023

Customer	Background	Products purchased	Payment Method/ Credit Terms	Year of commencement of business relationship	Sales amount	Percentage of our total revenue
					(RMB in thousands)	
Customer F .	A private company established in Guangdong, China primarily engaging in the manufacture and sales of medical equipment and devices.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2023	42,009	17.6%
Customer E .	A private company established in Shanghai, China primarily engaging in supply chain and logistics management for the healthcare and medical device industries.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2022	34,870	14.6%
Customer G .	A private company established in Beijing, China primarily engaging in the development, production and distribution of medical devices.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2023	19,582	8.2%
Customer C .	A private company established in Shandong, China primarily engaging in the manufacture and distribution of orthopedic medical devices and related services.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2021	16,250	6.8%
Customer D .	A private company established in Fujian, China primarily engaging in the distribution and sales of medical devices and equipment.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2021	14,103	5.9%
Total					**126,814**	**53.1%**

Year Ended December 31, 2024

Customer	Background	Products purchased	Payment Method/ Credit Terms	Year of commencement of business relationship	Sales amount	Percentage of our total revenue
					(RMB in thousands)	
Customer F .	A private company established in Guangdong, China primarily engaging in the manufacture and sales of medical equipment and devices.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2023	56,883	17.4%
Customer E .	A private company established in Shanghai, China primarily engaging in supply chain and logistics management for the healthcare and medical device industries.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2022	49,202	15.0%
Customer I .	A private company established in Jiangxi, China primarily engaging in the manufacture and distribution of pharmaceutical products and related healthcare services.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2024	28,812	8.8%
Customer J .	A private company established in Shanghai, China primarily engaging in the development, production and sales of advanced medical devices and equipment.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2024	28,627	8.8%
Customer C .	A private company established in Shandong, China primarily engaging in the manufacture and distribution of orthopedic medical devices and related services.	Surgical instruments, medical implants, active equipment and associated medical consumables	Prepayment	2021	25,174	7.7%
Total					**188,698**	**57.7%**

Nine Months Ended September 30, 2025

Customer	Background	Products purchased	Payment Method/ Credit Terms	Year of commencement of business relationship	Sales amount	Percentage of our total revenue
					(RMB in thousands)	
Customer K	A private company established in Guangdong, China primarily engaging in the import, export and distribution of medical devices and healthcare products.	Surgical instruments, medical implants, active equipment and associated consumables	Prepayment	2025	52,891	19.4%
Customer M	A private company established in Shanghai, China primarily engaging in the sales of medical devices and equipment.	Surgical instruments, medical implants, active equipment and associated consumables	Prepayment	2025	40,938	15.0%
Customer J	A private company established in Shanghai, China primarily engaging in the development, production and sales of advanced medical devices and equipment.	Surgical instruments, medical implants, active equipment and associated consumables	Prepayment	2024	33,808	12.4%
Customer I	A private company established in Jiangxi, China primarily engaging in the manufacture and distribution of pharmaceutical products and related healthcare services.	Surgical instruments, medical implants, active equipment and associated consumables	Prepayment	2024	16,641	6.1%
Customer L	A private company established in Shandong, China primarily engaging in the development, manufacturing and sales of medical devices and supplies.	Surgical instruments, medical implants, active equipment and associated consumables	Prepayment	2021	15,281	5.6%
Total					**159,559**	**58.5%**

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period. None of our top five customers was a supplier in each year/period during the Track Record Period.

SEASONALITY

Our sales volume is typically higher in the second half of the year. This seasonality is driven primarily by increased surgical demand during holiday seasons and a higher incidence of winter sports related injuries in the second half of the year, which elevate procedure volumes and sports medicine product usage. According to CIC, this seasonality is common across the sports medicine device industry, with medical device manufacturers similarly experiencing stronger procurement demand and sales in the second half of the year.

QUALITY CONTROL

We have established a complete quality management system in accordance with ISO 13485, the EU Medical Device Regulation (MDR), the Medical Device Single Audit Program (MDSAP) and Good Manufacturing Practice (GMP) requirements to ensure that production activities are effectively executed and standardized. We have adopted a set of structured internal control procedures, such as document and record management, organizational responsibilities, production and environmental controls, product traceability, nonconformance handling, and corrective and preventive actions. We have implemented oversight mechanisms covering design and development, supplier management, customer feedback, risk management, post-market supervision and regulatory reporting. We also regularly conduct internal audits and management reviews to assess operation of the system performance and promote continuous improvement. These measures collectively ensure that our quality management system remains adequate, complete, applicable, and responsive and complies with applicable regulatory requirements applicable in different regions where we operate. We have been awarded CNAS laboratory accreditation, confirming that our production systems meet internationally recognized standards.

During the production process, our production operators strictly adhere to the established workflows and internal policies. Inspection and testing are conducted by our production and quality control personnel in accordance with strict quality control requirements. Any non-conformities identified during production or inspection are promptly addressed. Our technical team conducts root cause analysis to identify potential issues and implements continuous improvement measures to gradually enhance product quality. During the Track Record Period, we did not experience any product-related claims, accidents or recalls. For any risks relating to such claims, accidents or recalls, see "Risk Factors — Risks Relating to Our Business and Operations — We May be Subject to Product Liability Claims, Which Could Harm Our Reputation and Cause Material Adverse Effects on Our Business Operations."

THIRD-PARTY PAYMENT ARRANGEMENT

Background

During the Track Record Period, certain of our overseas customers (the "**Relevant Customer(s)**") settled their payments with us through third-party payors (the "**Third-Party Payor(s)**," and such arrangement(s), the "**Third-Party Payment Arrangement(s)**"). The number of Relevant Customers was nil, one, five and three, in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, and the number of Third-Party Payors was nil, one, four and three for the same periods. The aggregate amount of third-party payments (the "**Third-Party Payments**") we received was nil, RMB0.4 million, RMB0.8 million and RMB0.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, which accounted for nil, 0.2%, 0.3% and 0.3% of our total revenue for the relevant periods. The total revenue attributable to the Third-Party Payments was the same as the above aggregate Third-Party Payments amount for the corresponding year, respectively, and such revenue constituted an immaterial proportion of our total revenue for each year during the Track Record Period. No individual Relevant Customer made material contribution to our revenue during the Track Record Period. To the best knowledge of our Directors, none of the Relevant Customers or their respective Third-Party Payors had any other past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with us, our subsidiaries, shareholders, directors or senior management, or any of their respective associates. While we did not obtain any confirmation from the Relevant Customers and the Third-Party Payors that we would not be obliged to return the payments, we received the confirmation of the payment and the authorizations from the Relevant Customers for such payment arrangement. During the Track Record Period and up to the Latest Practicable Date, we had not received any claims from the Third-Party Payors or their liquidators.

During the Track Record Period and up to the Latest Practicable Date, we had not proactively initiated any Third-Party Payment Arrangements, nor had we participated in any other forms of such arrangements. In addition, we had not provided any discount, commission, rebate, or other benefits to any of the Relevant Customers or the Third-Party Payors to facilitate or encourage the Third-Party Payment Arrangements. The payment, the pricing terms and other general commercial terms of the Relevant Customers are generally the same as our other overseas customers. As advised by our PRC Legal Advisor, our Third-Party Payment Arrangements do not constitute circumvention of laws and regulations in China, primarily based on the grounds: (i) these arrangements are initiated by the relevant Third-party Payment Customers for the purpose of genuine business transactions; and (ii) we have never proposed or initiated any Third-Party Payment Arrangements for the purpose of circumventing relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, (i) we had not encountered any disputes with, nor received any refund request from, any Relevant Customer or Third-Party Payor, and (ii) we had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangements.

As advised by our PRC Legal Advisor, the risk that the Third-Party Payment Arrangements being recognized as acts of covering up or concealing the proceeds of any offence, as well as the source and nature of such incomes generated from therefrom under Article 191 of the Criminal Law of PRC and being categorized as conducts constituting the Crime of Money Laundering, subsequently facing associated criminal penalties, is relatively low, and the risk that the possible claims from Third-Party Payors for the return of funds is relatively low based on the following grounds: (i) all the Third-Party Payments were related to genuine transactions and were made by bank transfers; (ii) the amount of Third-Party Payments received by us from Third-Party Payors corresponded with the transaction amount; (iii) all relevant transactions involving Third-Party Payments were completed with the agreed-upon amount specified in respective agreements; (iv) even if we are required to refund the payable amounts, we can pursue recourse against the Relevant Customers for the payable amounts pursuant to the agreements executed with such customers; (v) we have not encountered any incidents demanding us to return payment in relation to relevant transactions; and (vi) 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.

Reasons for Utilizing Third-Party Payment Arrangements

According to CIC, it is a relatively common practice in the medical device industry for PRC medical device providers to settle payments from overseas customers from Third-Party Payors. This practice is common for, amongst others, the following reasons: (i) these transactions are commonly denominated in U.S. dollars, which may pose difficulties to customers located in countries with strict foreign exchange regulations or customers who may not have free and unrestricted access to U.S. dollars; and (ii) some customers may arrange their related parties or third parties to settle their payments for their internal operational and financial management practice and/or for their own convenience. During the Track Record Period, our Relevant Customers utilized Third-Party Payment Arrangements mainly because (i) some Relevant Customers located in countries with strict foreign exchange regulations and restrictions may arrange Third-Party Payors to settle the payments with us; and (ii) some Relevant Customers may arrange their related parties or third parties for their own funding arrangements and/or for convenience, which is commercially justifiable. During the Track Record Period, Third-Party Payors were mainly the authorized payment agencies or connected parties of Relevant Customers. Third-Party Payments attributable to them were nil, RMB0.4 million, RMB0.8 million, RMB0.8 million and RMB0.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Internal Control Measures for Third-Party Payment Arrangements

We have updated our internal policies which strictly prohibit Third-Party Payment Arrangements. Upon receipt of funds, we verify that the payer's identity matches that of the contractual counterparty; if there is any discrepancy, the payment will be rejected and refunded. In addition, we have informed our employees about the risks of third-party payment arrangements and our strengthened internal control measures, requiring all our employees to reject or return any payments made in such arrangements that do not comply with the aforementioned procedures.

Cessation of Third-Party Payment Arrangements

We have ceased all Third-Party Payment Arrangement in August 2025, and we do not expect to have such Third-Party Payment Arrangements going forward. Considering that our revenue generated from Third-Party Payment Arrangements as a percentage of our total revenue was immaterial, our Directors confirm that the Third-Party Payment Arrangements would not have any material adverse impact on our business, financial conditions or results of operations.

COMPETITION

We compete in China's sports medicine device market. According to CIC, China's sports medicine device market is highly concentrated, and currently dominated by international players. In 2024, the five largest sports medicine device providers in China accounted for approximately 59.3% of the market share in terms of sales revenue, with four of them being international players. We ranked fourth in China's sports medicine device market among all brands, representing a market share of approximately 6.5% in China's sports medicine implants and instruments market, and first among all domestic brands, in terms of sales revenue in 2024. According to CIC, the markets for sports medical implants and sports medicine surgical equipment and associated medical consumables are both highly concentrated, with the top five players in sports medical implant market accounting for approximately 73.0% and top ten players in sports medicine surgical equipment and associated medical consumable market accounting for approximately 79.5% of the market share by sales revenue in 2024. In China's sports medical implants market, we ranked first among domestic brands and fourth among all brands in 2024 by sales revenue, with a market share of approximately 8.8%. In China's surgical equipment and associated medical consumables market, we ranked first among domestic brands and sixth among all brands in 2024 by sales revenue, with a market share of approximately 3.2%. Our strong market position reflects our ability to consistently deliver sports medicine solutions that meet the needs of the Chinese healthcare system. However, the industry in which we operate is highly competitive. We face competition from both domestic medical device manufacturers who are rapidly developing and international competitors who have long operating histories, greater financial resources or more established brand recognition. See "Risk Factors — Risks Relating to Our Business and Operations — The market size of sports medicine device industry in China may not be as large as expected, and we face intensified competition from international competitors. Any decline in market demand for our products may materially and adversely affect our business, financial condition and results of operations."

INTELLECTUAL PROPERTY

Intellectual property rights are important to our business. As of September 30, 2025, we had 51 trademarks, nine copyrights, two material domain names and 166 registered patents, including 58 invention patents, 85 utility model patents and 23 design patents in China. During the Track Record Period, we co-owned one patent with a hospital. As of September 30, 2025, this patent had not been commercialized, and we had not entered into any profit-sharing arrangement with the hospital. As such, our Directors are of the view that the co-owned patent in question would not have any material impact on our business operations.

We seek to protect our proprietary technology and processes by (i) entering into confidentiality agreements or terms with our key R&D members and other employees who may have access to such information; (ii) provide training to our employees; and (iii) maintaining physical security of our premises and physical electronic security of our IT system.

We are currently involved in three patent infringement lawsuits filed by a competitor in the sports medicine field (the "**Plaintiff**"), before the Beijing Intellectual Property Court on September 4, 2025.

Two of the lawsuits relate to our meniscus repair system. The Plaintiff alleges the infringement of two separate PRC invention patents, namely ZL201410000387.0 entitled "Tissue Repair Device" and ZL201410000386.6 entitled "Tissue Repair Device". In each of these two lawsuits, the Plaintiff seeks economic damages of RMB9.7 million plus reasonable legal expenses of RMB0.3 million (totaling RMB10.0 million per case) and an injunction requiring us to cease manufacturing and selling the allegedly infringing meniscus repair system until technical adjustments are made to avoid infringement. Another lawsuit relates to our all-suture anchor product and alleges infringement of PRC invention patent ZL201280006593.1 entitled "Tissue Repair". In this lawsuit, the Plaintiff seeks economic damages of RMB0.5 million and a similar injunction requiring us to cease manufacturing and selling the allegedly infringing all-suture anchor product until technical adjustments are made.

On September 29, 2025, we filed our statements of defense, applications for suspension of proceedings and other procedural documents in each case. Concurrently, on September 25, 2025, we filed requests with the China National Intellectual Property Administration (the "**CNIPA**") for invalidation of all three patents in their entirety on multiple grounds, including lack of novelty, lack of inventive step, insufficient disclosure, unclear claims and amendments exceeding the original scope, supported by substantive evidence. The requests for invalidation have been accepted by the CNIPA. The Beijing Intellectual Property Court is reviewing our applications to suspend the infringement proceedings pending the outcome of the CNIPA invalidation decisions. All three lawsuits are awaiting scheduling of hearings.

Based on detailed technical comparisons conducted by our IP litigation counsel, our products do not fall within the protection scope of the asserted patent claims, as key technical features of our meniscus repair system and all-suture anchor product materially differ from the claimed features. Our IP litigation counsel has further advised that, based on the evidence prepared and submitted, there is a high likelihood that one or more of the asserted patents will be partially or wholly invalidated, as our invalidation requests are supported by grounds including, among others, lack of novelty and/or inventiveness, insufficient disclosure and/or lack of support and/or lack of clarity of the claims, amendments exceeding the original scope, and, for certain asserted claims, the absence of necessary technical features. Accordingly, our IP litigation counsel is of the view that the likelihood of us being found liable in these proceedings is remote, and these proceedings are not expected to have any material adverse effect on our business operations or financial performance. See "Risk Factors -- Risks Relating to Our Business and Operations -- We may not be able to protect our intellectual property rights or may be subject to infringement claims of third parties' intellectual property rights."

Even in the unlikely event of adverse rulings, the maximum financial exposure is estimated at approximately RMB4.6 million in aggregate across the three lawsuits, as the court is unlikely to grant full economic damages sought by the Plaintiff, based on low profits, minimal patent contribution and duplicative claims by the Plaintiff. Furthermore, we would be able to continue manufacturing the disputed products as we have completed the technical adjustment and launched upgraded products, thereby avoiding any disruption to our operations. Based on the advice from our IP litigation counsel, we believe that we have a valid defense against the allegation and, accordingly, we have not provided for any claims arising from these litigations, other than the related expenses.

INFORMATION TECHNOLOGY

Our key information technology systems include: ERP system to centralize business operations, integrating financial auditing and supply chain management to ensure accurate financial reporting and streamline workflows; CRM system to streamline the entire sales process, including customer management, opportunity tracking, contract and order administration, invoicing and payment collection; and OA system to streamline administrative processes and enhance workplace efficiency. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

DATA PRIVACY AND PROTECTION

We collect certain demographic and transactional information from patients through collaborative hospitals during clinical trials. However, we do not store any personal data for our clinical trials or training for our surgery, prescription and rehabilitation systems. The data we collected through clinical trials was limited to what was necessary for conducting clinical trials of the relevant products, including patient-related biochemical tests, MRI scans, surgical use of the trial product, as well as postoperative recovery and follow-up examinations with Ethics Committee approvals. Through collaborative hospitals, we have also obtained consent from the patients on the collection of data and informed consent by the patients prior to the data collection. The data we utilized to train our systems are de-identified data from third-party sources. As our transactions are exclusively with enterprise customers, which only involve general corporate information or transactional data, our activities do not involve the collection or processing of personal data. In addition, we were not involved in any cross-border data transfer during the Track Record Period and up to the Latest Practicable Date, and we are not an operator of a network platform or an operator of a critical information infrastructure under the Cybersecurity Review Measures. We have established data protection policies that address all aspects of data management, including access control, data sharing, backup and disaster recovery, safeguarding company assets and preventing unauthorized access or disclosure. A centralized data management framework has been established to enforce these measures, supported by training programs designed to enhance employee awareness of data security and ensure strict compliance with privacy regulations in daily operations. 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 and privacy in all material aspects, and we did not experience any material data leakage, data breach or data loss during the Track Record Period and up to the Latest Practicable Date. Our Directors has confirmed that our internal control measures regarding data security and data privacy are adequate.

Under our policies, all company data, including sensitive operational and production information, is classified as proprietary and subject to strict protection. Employees are explicitly prohibited from sharing or disclosing such information without proper authorization. Access to databases is restricted to authorized personnel, with user permissions and activities carefully monitored to maintain accountability. Daily data backups are conducted, with off-site storage ensuring data availability and business continuity in the event of a breach or other disaster. Additionally, we have implemented rigorous password protocols, system vulnerability assessments and intrusion detection measures to safeguard data integrity and prevent unauthorized access. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material violation of any mandatory requirements under applicable laws and regulations in respect of the collection, storage, use and protection of personal data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We are committed to Environmental, Social, and Governance ("**ESG**") principles. We will establish an ESG policy, which will outline, among others, (i) appropriate risk governance on ESG matters, (ii) ESG strategy formation procedures, (iii) ESG risk management and monitoring, (iv) the identification of key performance indicators ("**KPI**") and (v) the relevant measurements and mitigating measures.

We have formed an ESG working group to (i) assist our Board in implementing the ESG Policy, targets, and strategies; (ii) perform materiality assessments of ESG-related risks; (iii) collect ESG data from various parties for ESG reporting; and (iv) monitor the implementation of measures to mitigate our Group's ESG-related risks. The ESG working group will report annually to our Board. We are committed to enhancing the professional capabilities of our ESG working group members in ESG-related matters. Our members already possess substantial knowledge reserves and work experience in areas such as human resource management and corporate governance.

During the Track Record Period and up to the Latest Practicable Date, we have not faced any material claims, penalties, or accidents related to health, work safety, social, or environmental protection, and as advised by our PRC Legal Advisor, we have complied with relevant PRC laws and regulations about health, work safety, social, or environmental protection in all material respects.

Materiality Assessment

We undertake ESG materiality assessments to identify issues with potentially significant impact on our business. For each material topic, we evaluate risks, opportunities, and impacts, assess their significance, and develop response strategies.

Our ESG risk management framework includes the following key processes: (i) risk identification and assessment, combining data collection, expert interviews, and analytical tools, ranking them by severity using quantitative and qualitative criteria; (ii) risk monitoring and management, adopting targeted strategies based on category and severity, with a dynamic system that employs periodic data analysis and standardized reporting to track risks in real time, optimize controls, and update management; and (iii) risk mitigation and response, devising preventive and emergency plans.

Our ESG working group, under the guidance of the Board, adheres to the double materiality principle, fully considering factors such as financial impacts, stakeholder concerns, regulatory requirements, and industry trends that affect the importance of ESG risks, to comprehensively assess the potential impacts of ESG issues on our enterprise value creation and financial performance, as well as our significant impacts on the economy, environment and society. We have established a risk matrix assessment model, quantifying ESG risk indicators across two dimensions: likelihood of occurrence and degree of impact. Additionally, we formulated scoring criteria that incorporate both quantitative values and qualitative descriptions. We rank all topics by their risk values to form a risk priority list, designating those with risk scores greater than 12 as "material risk" topics, which are then included in our priority management scope and reported to the Board.

We have identified highly material topics including waste management, where improper handling of pathogen-containing medical waste risks fines, legal actions, reputational harm, or elevated costs amid stricter standards, addressed via standardized procedures from waste creation to disposal and employee training; product safety and quality, where inconsistent materials or results could spark disputes, lawsuits, or brand damage, mitigated through robust quality frameworks, sophisticated monitoring, and testing enhancements; supply chain management, where supply disruptions, quality problems, or price swings might interrupt production, managed by improved supplier assessments with ESG factors, ongoing audits, and enduring contracts; and R&D and innovation, where inadequate funding or market uptake may postpone advancements and cost recoupment, tackled via enhanced interdepartmental teamwork, streamlined commercialization routes, and detailed market studies and trials.

Business Ethics

We strictly comply with the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, and have formulated internal control measures such as the Anti-Commercial Bribery and Anti-Corruption Basic Guidelines, the Internal Audit System and the Company Whistleblower Management System. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any corruption litigation cases. According to our PRC Legal Advisors, we had complied with applicable anti-bribery, anti corruption and anti-kickback laws in all material aspects during the Track Record Period and up to the Latest Practicable Date. The following table sets forth key metrics evaluating our business ethics during the Track Record Period.

		For the year ended December 31,			For the nine months ended September 30,
Types of Training	**Unit**	**2022**	**2023**	**2024**	**2025**
Anti-corruption training for employees	Sessions	1	1	1	1
	Hours	0.5	0.5	0.5	0.7
Anti-corruption training for Directors	Sessions	1	1	1	1
	Hours	0.5	0.5	0.5	1

Environmental Matters

Climate-Related Risks

We recognize that climate-related risks, particularly those arising from extreme weather conditions such as typhoons and floods, may pose significant challenges to our operations. To mitigate these risks, we have developed contingent plans aimed at minimizing potential losses and ensuring the safety of our employees and the continuity of our business operations.

Strategies for Addressing Climate-Related Risks

We strictly comply with the PRC Energy Conservation Law, the PRC Environmental Protection Law and other relevant laws and regulations, and have formulated the Energy Saving and Environmental Protection Management System. Additionally, we have formulated the Energy Conservation and Environmental Protection Management System, which sets out clear provisions on the use of eco-friendly materials, optimization of energy-saving processes, application of renewable energy, management of packaging waste and utilization of recyclable components.

Our management evaluates the likelihood and severity of environmental risks, while relevant departments implement sustainable measures across operations. Our Directors oversee these efforts as part of our risk management framework, and we plan to establish an ESG sub-committee to further enhance our ESG practices and initiatives.

We strictly comply with national environmental standards to manage waste gas, solid waste and wastewater. During the Track Record Period, accredited third-party institutions conducted regular evaluations of our pollution levels and environmental impacts. Our operations strictly adhered to national standards regarding the air pollution, wastewater discharge and hazardous waste disposal.

We conduct periodic environmental assessments to ensure compliance with regulations and internal policies. We regularly upgrade waste gas and wastewater treatment facilities and solid waste storage sites. Internal policies also require ongoing monitoring and enforcement of waste management practices across all levels of the organization.

Metrics and Targets

We set targets for each material KPI at the start of every financial year, aligning with Appendix C2 of the Listing Rules and other applicable regulations following our [**REDACTED**].

The following table sets forth our greenhouse gas emissions during the Track Record Period.

Types of Greenhouse Gases	Unit	For the year ended December 31,			For the nine months ended September 30,
		2022	2023	2024	2025
Scope 1 Greenhouse Gas Emissions[(1)]	Tonnes of CO_2 equivalent	5.9	7.0	8.5	6.4
Scope 2 Greenhouse Gas Emissions[(2)]	Tonnes of CO_2 equivalent	322.5	491.8	697.8	639.2
Scope 3 Greenhouse Gas Emissions[(3)]	Tonnes of CO_2 equivalent	85.8	414.5	439.6	333.5
Total Greenhouse Gas Emissions	Tonnes of CO_2 equivalent	424.2	913.3	1,145.9	979.1
Greenhouse Gas Emissions Intensity	Tonnes of CO_2 equivalent/RMB million	2.9	3.8	3.5	3.6

Note:

(1) Our Scope 1 greenhouse gas emissions mainly arise from gasoline usage in company vehicles.

(2) Our Scope 2 greenhouse gas emissions mainly arise from electricity consumption.

(3) Our Scope 3 greenhouse gas emissions include Category 6 Business Travel and Category 7 Employee Commuting, calculated based on the amounts spent on employees' business travel and commuting distances.

We have set a target for greenhouse gas emissions intensity, which will not exceed the 2024 level over the next three years. The following table sets forth our energy and water consumption during the Track Record Period.

Energy Types	Unit	For the year ended December 31,			For the nine months ended September 30,
		2022	2023	2024	2025
Gasoline	Tonnes	2.0	2.3	2.8	2.1
Purchased Electricity	kWh	619,669.2	916,458	1,300,433.6	1,191,267.7
Total Comprehensive Energy Consumption[(4)]	Tonnes of standard coal equivalent	79.1	116.1	164.0	149.5
Comprehensive Energy Consumption Intensity	Tonnes of standard coal/RMB million	0.5	0.5	0.5	0.6
Total Water Consumption	Tonnes	2,256	2,326	2,312	4,306
Total Water Consumption Intensity	Tonnes/RMB million	15.4	9.8	7.1	15.8

(4) The calculation coefficient for the our total comprehensive energy consumption is based on GB/T 2589-2020 General Principles for Calculation of Comprehensive Energy Consumption.

Our total water consumption increased significantly during the 9 months ended 30 September 2025, primarily because (i) the employee headcount rose in 2025, directly driving higher domestic water demand; (ii) the total output increased compared to 2024, with significant growth in water consumption for cleaning processes and

other production-related activities; and (iii) a higher proportion of low-value product output in 2025 intensified water usage intensity in cleaning and processing stages, resulting in a higher increase rate in water consumption compared to production growth.

The following table sets forth our packaging material usage during the Track Record Period. We actively monitor and plan to adopt mature new technologies, processes and materials, while promoting the recycling of packaging materials to continuously optimize usage efficiency and elevate our overall standards of energy conservation and environmental protection.

Packaging Materials Usage	Unit	For the year ended December 31, 2022	2023	2024	For the nine months ended September 30, 2025
Packaging Materials Usage	Tonnes	26	54	100	76
Packaging Materials Usage Intensity	Tonnes/RMB million	0.2	0.2	0.3	0.3

Our packaging materials usage intensity increased significantly over the Track Record Period, primarily attribute to the changes in product sales structure, where the proportion of relatively low-value products in total production output increased, leading to an overall rise in packaging material usage.

The following table sets forth our medical waste emission during the Track Record Period.

Waste Types	Unit	For the year ended December 31, 2022	2023	2024	For the nine months ended September 30, 2025
Total Hazardous Waste	Kilograms	4.0	6.0	9.0	14.4
Hazardous Waste Intensity	Kilograms/RMB million	0.03	0.03	0.03	0.05
Total Non-Hazardous Waste	Tonnes	23.3	27.8	33.0	24.6
Non-Hazardous Waste Intensity	Tonnes/RMB million	0.2	0.1	0.1	0.09
Domestic Sewage	Tonnes	2,250	2,320	2,306	4,284

Our domestic sewage emission increased significantly during the nine months ended September 30, 2025, primarily due to the rise in the total water consumption. By monitoring our energy and water usage, as well as our direct and indirect GHG emissions, we aim to manage our environmental footprint effectively while accommodating continual business development.

Corporate Social Responsibility

We comply with the PRC Law on Prevention and Control of Occupational Diseases, the PRC Production Safety Law, the PRC Labor Law and other relevant laws and regulations, and have formulated internal management systems such as the Employee Occupational Health Management Protocols. We establish annual production safety objectives, which include the Safety Committee issuing annual production safety responsibility letters, achieving zero fatalities from accidents, 100% coverage of Level 3 safety education. We regularly conduct risk inspections, supervision of rectifications, employee health checks, employee safety training and other activities, while linking these occupational health indicators to management performance, thereby providing employees

with compliant work environments and protective measures and safeguarding the life and health rights of employees. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with applicable occupational health and safety laws in all material aspects.

EMPLOYEES

As of September 30, 2025, we had 383 employees, the majority of whom are based in Chinese mainland. The following table sets forth a breakdown of our full-time employees by business function as of the same date:

Business Function	Number of Employees	Percentage of total employees
		(%)
Research and Development	83	21.7
Production	142	37.1
Sales and Marketing	123	32.1
Administrative and Management	35	9.1
Total	**383**	**100.0**

The following table sets forth a breakdown of our full-time employees by gender and employee turnover rate during the Track Record Period.

		For the year ended December 31,			For the nine months ended September 30,
Metrics	Unit	2022	2023	2024	2025
Male Employees	Persons	120	171	186	191
Female Employees	Persons	101	131	167	192
Employee Turnover Rate	%	18	19	18	15

We employ specialized industry channels, internal referrals, mainstream platforms, on-campus recruitment and government talent programs to attract high-quality talent across various levels and specializations. We strive to motivate our employees by offering competitive salaries, comprehensive benefits packages, transparent performance-based promotion mechanisms and merit-based incentive schemes tied to individual performance. We place strong emphasis on employee training to promote professional growth and align individual development with our overall business objectives. We and our subsidiaries do not have labor unions. We have maintained a good relationship with our employees and did not have any material labor dispute during the Track Record Period.

Social Insurance and Housing Provident Funds

As required by the laws and regulations in the PRC, we participate in a range of employee social security programs, including the housing provident fund, pension insurance, medical insurance, unemployment insurance, maternity insurance and work-related accident insurance.

During the Track Record Period, we did not make adequate contributions and failed to make any contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations, primarily because (i) certain employees were unwilling to pay the social insurance and housing provident funds in full as it requires additional contributions from employees themselves; (ii) the relevant registration procedures had not been completed for certain of our newly-hired employees; (iii) certain

employees were rehired after their retirement; and (iv) certain employees voluntarily gave up contributing to housing provident funds. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, the aggregate shortfall of social insurance and housing provident fund contributions amounted to RMB4.0 million, RMB7.7 million, RMB9.0 million and RMB7.8 million, respectively. See "Risk Factors — Risks Relating to Our Business and Operations — Failure to pay social insurance premiums and housing provident funds for and on behalf of our employees in accordance with applicable laws and regulations may subject us to penalties." We will make adequate contribution to the social insurance and housing provident funds in time under the request of relevant governmental authorities.

Based on interviews with the relevant competent authorities, if we settle the shortfall in our contributions to the social insurance and housing provident funds and the relevant late fees within the time frame stipulated by the relevant competent authorities, the risk of administrative penalties being imposed on us by the relevant competent authorities is remote. Our PRC Legal Advisor has confirmed that we had not been subject to any administrative penalties for failure to pay the full amount of social insurance contributions or housing provident fund during the Track Record Period. Furthermore, there were no instances where social insurance or housing provident fund authorities required us to make full retroactive payments for all employees. Additionally, our PRC Legal Advisor's interviewed with the relevant competent authorities, who had confirmed that (i) even in the event of an employee complaint regarding social insurance and housing provident fund, the authorities are unlikely to mandate full payments for the historical amounts; (ii) and for housing provident fund complaints, mediation procedures would precede any investigation. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

Furthermore, in light of the Article 19(1) of the New Judicial Interpretation, effective as of September 1, 2025, any agreement to waive the full payment of social insurance would be deemed invalid, and the employee is entitled to terminate the employment agreement and seek economic compensation from the employer. See "Regulatory Overview." Our Directors are of the view, and the PRC Legal Advisor concurs that the New Judicial Interpretation will not have a material adverse effect on our business, financial condition or results of operations, taking into account that (i) the implementation of the New Judicial Interpretation will not affect our compliance status, as the aforementioned judicial interpretation does not repeal the social insurance laws and regulations currently in force of the PRC; (ii) the New Judicial Interpretation does not create any new basis for reassessing contribution shortfalls or exposing us to increased penalties; and (iii) no pending litigation or arbitration of the Company is applicable to the aforementioned judicial interpretations.

We engaged third-party agencies to make social insurance and housing provident fund contributions for certain of our employees during the Track Record Period, because we had not established subsidiaries or branches at certain cities where we had employees. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, the contributions made by the third-party agencies amounted to RMB2.5 million, RMB4.2 million, RMB4.9 million and RMB4.0 million, respectively, and the potential shortfalls were RMB1.7 million, RMB3.2 million, RMB3.8 million and RMB3.4 million during the same periods, respectively. As advised by our PRC Legal Advisor, if the validity of such arrangements is challenged by relevant competent authorities, we might be subject to additional contributions, late payment fees and/or penalties or be ordered to rectify such practice. The risk of facing significant penalties due to the third-party human resource agency arrangement, or experiencing material adverse effects on our financial condition or overall results of operations, is considered relatively low. We may continue to engage third-party agencies to make social insurance and housing provident fund contributions on our behalf after [**REDACTED**], as we may not establish subsidiaries or branches in all cities where our employees are located given our extensive nationwide operations. Nevertheless, we undertake to rectify any such arrangements as required by the relevant competent authorities.

A confirmation letter was issued by the third-party agency to verify the payment locations and number of employees, affirming that all social insurance and housing provident fund contributions were fully borne by us and paid on time and in full, with no disputes or controversies involving our employees. Additionally, confirmation documents issued from the competent authorities, along with our PRC Legal Advisor's searches of public information, indicate that we had not been subject to any administrative penalties for engaging third-party agencies to pay social insurance or housing provident fund during the Track Record Period.

Based on the foregoing, and as advised by our PRC Legal Advisor, neither our partial failure to pay in full the social insurance and housing provident fund contributions for certain employees nor our engagement of third-party agencies to handle these contributions has a material adverse effect on our business operations.

Labor Dispatch

According to Interim Provisions on Labor Dispatch (《劳務派遣暫行規定》), an employer may employ dispatched workers in temporary, auxiliary or substitutable positions only and shall strictly control the number of dispatched workers employed which shall not exceed 10% of the total number of its workers. A penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold may be imposed for any non-compliance that is not rectified within a prescribed time period. During the Track Record Period, the percentage of dispatched workers did not exceed 10% of the total number of our workers. The number of employees under labor dispatch agreement was two, one, nil, nil and nil, and the corresponding expenses under labor dispatch agreement were RMB 0.39 million, RMB 0.35 million, nil, nil and nil, in 2022, 2023, 2024 and in the nine months ended September 30, 2024 and 2025, respectively. As of the Latest Practicable Date, we had ceased entering into the labor dispatch agreement. Considering our remedial actions, provided that (i) there are no material changes to the current laws, regulations and policies governing labor dispatch arrangements, and (ii) no material collective employee complaints or related litigation/arbitration proceedings initiated against us, our PRC Legal Advisor is of the view that the likelihood that we would be subject to material administrative penalties due to our non-compliance with the labor dispatch regulations is low.

INSURANCE

Our principal insurance policies primarily include business operation insurance, vehicle insurance, employee social insurance, and accident insurance for our sales personnel. In line with general market practices, we do not maintain certain policies that are not available in the locations wherein we operate, or that are not generally required by laws. See "Risk Factors — Risks Relating to Our Business and Operations — Our insurance coverage may be insufficient to cover the risks related to our business and operations." We believe that our insurance coverage is adequate for our business, and, according to CIC, our insurance coverage is sufficient and in line with industry practice, which Joint Sponsors concur. We expect to continue to review and assess our risk portfolio and make necessary and appropriate adjustment to our insurance plans to align with our needs and with industry practice. During the Track Record Period, we did not make any material insurance claims in relation to our business.

PROPERTIES

Our headquarter office is located in Beijing, China. As of the Latest Practicable Date, we owned one property with an aggregate gross floor area of approximately 24,803.5 sq.m. in Suzhou, Jiangsu, which is primarily used for production purpose. As advised by our PRC Legal Advisor, we had obtained all the relevant property ownership and title certificate for this property under the PRC laws and regulations as of the Latest Practicable Date. As of the same date, we leased eight properties in the PRC with an aggregate gross floor area of approximately 8,148.3 sq.m., which were primarily used for production, office and warehousing purposes. The existing leases generally have a term ranging from half a year to four years.

As of the Latest Practicable Date, three lease agreements of our leased properties had not been registered and filed with the relevant land and real estate management departments in the PRC. See "Risk Factors — Risks Relating to Our Business and Operations — We may encounter risks related to our leased properties." As of the Latest Practicable Date, we had not received any order from the relevant authorities requiring registration of these lease agreements, and no administrative penalty had been imposed on us for non-registration. In addition, our Controlling Shareholder, Mr. Dong has undertaken that, if we are unable to use the leased properties during the lease term due to ownership defects, failure to register the leases, or other issues, or if we incur any related liabilities or losses, he will bear all resulting economic losses and promptly secure alternative premises to prevent any additional costs or losses to us and our subsidiaries. Mr. Dong has further undertaken that, after bearing such expenses, will not exercise any right of recourse against us, our subsidiaries, or our other shareholders for these costs. As advised by our PRC Legal Advisor, considering that the potential administrative penalties for the non-registration of these two lease agreements are immaterial, together with Mr. Dong's undertakings, the non-registration of lease agreements for these two leased properties will not cause material adverse effects to our business operations.

LICENSES, PERMITS AND APPROVALS

We are required to obtain a number of licenses, permits, approvals and certificates for our business in PRC. As advised by our PRC Legal Advisor, we had duly obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and subsisting during the Track Record Period and up to the Latest Practicable Date. We renew the licenses, permits, approvals and certificates from time to time to comply with the relevant laws and regulations. As advised by our PRC Legal Advisor, there is no material legal impediment to renewing our licenses, permits, approvals and certificates required for our operations. The following table sets forth the details of the material licenses and permits in PRC held by our Company as of September 30, 2025:

License/Permits	Issuing Authorities	Certificate No.	Validity Period/ Date Obtained
Class I Medical Device Production License . . .	Beijing Economic-Technological Development Area Administration for Market Regulation	20180007	November 21, 2023
Class II Medical Device Operation License	Beijing Economic-Technological Development Area Administration for Market Regulation	20210271	November 7, 2023
Medical Device Manufacturing License.	Beijing Municipal Medical Products Administration	20180031	August 16, 2023 – August 15, 2028
Medical Device Operation License	Beijing Economic-Technological Development Area Administration for Market Regulation	20220047	October 28, 2022 – October 27, 2027

We have obtained all required licenses, permits, approvals and certificates for sales of our medical devices overseas from all relevant jurisdictions.

Certificate/License Name	Jurisdiction	Issuing Authority	Certificate/License No.	Validity Period
ISO 9001:2015 Certificate	Germany	TÜV Rheinland Cert GmbH	11001832351	January 1, 2025 – December 31, 2027
EN ISO 13485:2016 Quality Management System Certificate	Germany	TÜV Rheinland LGA Products GmbH	SX 2060986-1	December 29, 2024 – December 28, 2027
MDSAP Certificate	the United States	TUV Rheinland of North America, Inc.	MD 2060986-1-1	December 24, 2023 – December 23, 2026
EU Quality Management System Certificate	Croatia	UDEM Adriatic d.o.o.	M.2024.MDR.1050	September 23, 2024 – September 22, 2028
GMDN Registration	the United Kingdom	Medicines & Healthcare products Regulatory Agency (MHRA)	27236	December 7, 2022 and without an indicated expiration date
Medical Device Registration Certificate	Malaysia	Medical Device Authority (MDA)	GB5986825-219764	December 15, 2025 – December 14, 2030
Medical Device Filing Certificate	Switzerland	Swiss Agency for Therapeutic Products (Swissmedic)	CHRN-AR-20002937-MF-00085	May 6, 2025 – May 5, 2030

LEGAL PROCEEDINGS AND COMPLIANCE MATTERS

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any 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 operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

Environmental-Related Matters Before the Track Record Period

On January 3, 2018, the Beijing Economic-Technological Development Area Environmental Protection Bureau approved our construction project for the production from an environmental protection perspective upon implementation of the required environmental measures. Following the issuance of our medical device manufacturing license, we did not conduct separate environmental acceptance check procedures for the Phase I Project, as the construction site for Phase I Project overlapped with the subsequent Phase II Project, and the production scope of the Phase II Project fully encompassed that of the Phase I Project. We therefore commenced production in 2019 without standalone acceptance check for the Phase I Project, while completing overall environmental acceptance check for the Phase II Project, which fully included the Phase I Project's production scope. In June 2023, we initiated and completed the acceptance check for the Phase I Project. During the Track Record, we did not receive any administrative penalties from relevant authorities in respect of environmental protection matters. As a result, as advised by our PRC Legal Advisors, we and our Directors are of the view that this matter will not have any material adverse impact on our production and operations.

AWARDS AND RECOGNITIONS

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

Year	Awards/Recognition	Awarding Authority
2025 . . .	Second Prize of Beijing Science and Technology Progress Award	Beijing Municipal People's Government
2024 . . .	Technologies recognized as "Internationally Advanced"	Ministry of Industry and Information Technology of the PRC
2024 . . .	First Batch of Typical Cases in Developing New Quality Productive Forces	New Quality Productive Forces Promotion Center of the Ministry of Science and Technology of the PRC
2024 . . .	Beijing Municipal Enterprise Technology Center	Beijing Municipal Bureau of Economy and Information Technology
2024 . . .	Beijing Foreign-Funded R&D Center	Beijing Municipal Science and Technology Commission
2024 . . .	National Technologically Advanced "Little Giant" Enterprise in the Sports Field	General Administration of Sport of the PRC
2023 . . .	First Prize of Shanghai Science and Technology Progress Award	Shanghai Municipal People's Government
2023 . . .	Beijing Intellectual Property Advantage Entity	Beijing Intellectual Property Office
2022 . . .	National Technologically Advanced "Little Giant" Enterprise	Ministry of Industry and Information Technology of the PRC

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [**REDACTED**], we have adopted or will continue to adopt risk management measures such as (i) establishing an Audit Committee to review and supervise our financial reporting process and internal control system; (ii) adopting various policies to ensure compliance with the Listing Rules; (iii) providing anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against noncompliance in employee handbooks; (iv) organizing training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [**REDACTED**] in Hong Kong; (v) enhancing our reporting and records system for production facilities; and (vi) providing enhanced training programs on quality assurance and product safety procedures.

Internal Control

We have developed internal control policies and guidelines that define standards for identifying control deficiencies, conducting audits, and managing follow-up actions. In addition, we engaged an independent internal control consultant (the "**IC Consultant**") to assess the effectiveness of our internal control systems under the COSO enterprise-level framework. Based on this review, the IC Consultant recommended enhancements in several areas, which include conflict-of-interest management, policies and procedures regarding anti-bribery, anti-corruption,

anti-money-laundering, sanctions compliance, succession planning for key positions, enterprise risk management and ESG integration, distributor management and human resources administration. In response, we have undertaken a series of improvements, including formalizing and updating our compliance and operational policies, strengthening risk-management and governance processes, and reinforcing distributor oversight and human-resources practices. After our implementation of improvement measures, our IC Consultant did not raise any major findings or recommendations upon completion of their follow-up review. We have implemented comprehensive measures addressing conflicts of interest, insider trading, confidentiality, and business ethics for employees, business partners, and other stakeholders to ensure ethical conduct and governance, including (i) regular audits focused on ethics and regulatory policies, (ii) ongoing training to raise employee awareness, and (iii) multiple reporting channels such as designated emails and direct access to internal audit department. Additionally, we have implemented a compliance policy for sanctions and export controls, outlining procedures for risk screening, reporting, governance, and inquiries, which are integrated into our business processes, especially during new engagements.

Based on the foregoing and (i) the agreed review scope and work procedures, (ii) the absence of high-risk issues identified during the review, and (iii) the remediation of all findings by us as of the Latest Practicable Date, the IC Consultant did not identify any material internal control deficiencies after the follow-up assessment.

OVERVIEW

Our Board consists of eleven Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. Our Directors are appointed for a term of three years, which is renewable upon re-election and re-appointment upon the expiry of their term.

DIRECTORS

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Executive Directors						
Mr. Dong Wenxing (董文興)	44	Chairman of the Board, executive Director and general manager	July 2017	June 6, 2020	Responsible for the overall strategic planning and business development, as well as making major operational, R&D decisions of the Company	None
Mr. He Lu (和路) . .	37	Executive Director, chief financial officer, secretary of the Board and deputy general manager	September 2021	December 21, 2021	Responsible for overseeing the financial operations and corporate governance of the Company	None
Non-executive Directors						
Ms. Zhang Di (張迪)	43	Non-executive Director	June 2020	June 6, 2020	Providing professional opinion and judgement to the Board	None
Mr. Chang Xi (常喜)	43	Non-executive Director	June 2020	June 6, 2020	Providing professional opinion and judgement to the Board	None
Mr. David Guowei Wang (王國瑋) . .	63	Non-executive Director	November 2021	November 21, 2021	Providing professional opinion and judgement to the Board	None
Ms. Yi Lin (易琳) . .	43	Non-executive Director	November 2021	November 21, 2021	Providing professional opinion and judgement to the Board	None

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. Zhou Quan (周瑔)	49	Non-executive Director	June 2020	June 6, 2020	Providing professional opinion and judgement to the Board	None
Independent non-executive Directors						
Mr. Lyu Zhenlin (吕振林)	62	Independent non-executive Director	March 2023	March 1, 2023	Providing independent opinion and judgement to the Board	None
Mr. Deng Yu (鄧宇)	43	Independent non-executive Director	March 2023	March 1, 2023	Providing independent opinion and judgement to the Board	None
Mr. Liu Baojie (劉寶傑)	61	Independent non-executive Director	August 2025	August 18, 2025	Providing independent opinion and judgement to the Board	None
Mr. Wang Chunfei (王春飛)	45	Independent non-executive Director	August 2025	August 18, 2025	Providing independent opinion and judgement to the Board	None

Executive Directors

Mr. Dong Wenxing (董文興), aged 44, is our founder, the Chairman of the Board, an executive Director and the general manager of our Company.

Prior to founding our Group, Mr. Dong served as an engineer at Beijing Xinghang Electromechanical Equipment Factory (北京星航機電設備廠) from July 2009 to August 2010, a reviewer at the Center for Medical Device Evaluation of the China Food and Drug Administration (國家食品藥品監督管理總局醫療器械技術審評中心) from September 2010 to September 2015, and the deputy general manager at Changchun SinoBiom (長春聖博瑪生物材料有限公司) from September 2015 to May 2017.

Mr. Dong obtained a bachelor's degree in material forming and control engineering from Xi'an University of Technology (西安理工大學) in Shaanxi Province, the PRC, a master's degree in materials processing engineering from Beijing University of Technology (北京工業大學) in Beijing, the PRC, an executive master's degree in business administration (EMBA) from Peking University (北京大學) in Beijing, the PRC, and a doctorate degree in advanced manufacturing from Harbin Institute of Technology (哈爾濱工業大學) in Heilongjiang Province, the PRC.

Mr. He Lu (和路), aged 37, is an executive Director, chief financial officer, secretary of the Board and deputy general manager of our Company.

Prior to joining our Group, Mr. He served as a senior auditor in the audit department of PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所) from October 2011 to July 2014. He served as a senior associate in China International Capital Corporation Limited (中國國際金融股份有限公司) (listed on the Hong Kong Stock Exchange (3908.HK) and on the Shanghai Stock Exchange (601995.SH)) from November 2014 to September 2021.

Mr. He obtained a bachelor's degree in economics with a major in financial engineering and a bachelor's degree in management with a major in accounting from the University of Science and Technology Beijing (北京科技大學) in Beijing, the PRC. He also obtained a master's degree in management with a major in accounting from Tsinghua University (清華大學) in Beijing, the PRC.

Non-executive Directors

Ms. Zhang Di (張迪), aged 43, is a non-executive Director of our Company.

Ms. Zhang served as an editor in the Institute of Technical Information for Building Materials Industry (建築材料工業技術信息研究所) since 2009.

Ms. Zhang obtained a bachelor's degree in materials science and engineering from Zhongyuan University of Technology (中原工學院) in Henan Province, the PRC, and a master's degree in materials science from Beijing University of Technology (北京工業大學) in Beijing, the PRC.

Mr. Chang Xi (常喜), aged 43, is a non-executive Director of our Company.

Mr. Chang worked as a senior manager at Harbin Hafei Automobile Industry Group Co., Ltd. (哈爾濱哈飛汽車工業集團有限公司) from August 2006 to May 2014. Since May 2014, he has been employed as an R&D Engineer at BAIC Research Institute Co., Ltd. (北京汽車研究總院有限公司).

Mr. Chang obtained a bachelor's degree in material forming and control engineering from Xi'an University of Technology (西安理工大學) in Shaanxi Province, the PRC.

Mr. David Guowei Wang (王國瑋), aged 63, is a non-executive Director of our Company.

Mr. Wang served as a managing director at WI Harper Group from April 2006 to July 2011. Since August 2011, he has served as a partner and a senior managing director of Asia at OrbiMed Advisors LLC.

Mr. Wang obtained a bachelor's degree in basic medicine in Peking Medical University (北京醫科大學) (currently known as Peking University Health Science Center (北京大學醫學部)) in Beijing, the PRC, and a doctoral degree in developmental biology from the California Institute of Technology in the United States.

Ms. Yi Lin (易琳), aged 43, is a non-executive Director of our Company.

Ms. Yi served as an auditor at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所) from September 2006 to August 2011. Since September 2011, she has held various roles including partner and supervisor at GL Capital Group (德福資本) and its affiliated enterprises.

Ms. Yi obtained a bachelor's degree in English from University of International Business and Economics (對外經濟貿易大學) in Beijing, the PRC, and a Master of Business Administration degree from Guanghua School of Management at Peking University (北京大學光華管理學院) in Beijing, the PRC.

Mr. Zhou Quan (周瑔), aged 50, is a non-executive Director of our Company.

Mr. Zhou served as a database technician at Lantu Bioinformatics Ltd (藍圖生物信息有限公司) from March 2005 to September 2006, and a senior analyst at Morningside Group Hong Kong Limited (香港晨興集團有限公司) from December 2007 to September 2010. Since September 2010, he has been serving successively as an investment director and a managing director at Legend Capital (君聯資本管理股份有限公司) and was appointed by Legend Capital to serve as a director in certain pharmaceutical companies, in which Legend Capital has invested.

Mr. Zhou obtained a bachelor's degree in cell biology from University of Science and Technology of China (中國科學技術大學) in Anhui Province, the PRC, a master's degree in neurobiology from the National University of Singapore (新加坡國立大學) in Singapore, and a master's degree in finance from China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC.

Independent non-executive Directors

Mr. Lyu Zhenlin (呂振林), aged 62, is an independent non-executive Director of our Company.

Since June 1990, he has been serving as a faculty member and professor at Xi'an University of Technology (西安理工大學).

Mr. Lv obtained a bachelor's degree in foundry, a master's degree in foundry, and a doctoral degree in materials science from Xi'an Jiaotong University (西安交通大學) in Shaanxi Province, the PRC.

Mr. Deng Yu (鄧宇), aged 43, is an independent non-executive Director of our Company.

Mr. Deng served as a project manager at Leveking Biotech Co., Ltd. (無錫綠微康生物科技有限公司) from 2008 to 2010, a manager at the patent agency department at Wuxi Friends Intellectual Property Agency Co., Ltd. (無錫朋友知識產權代理有限公司) (currently known as Jiangsu Sunshine Huiyuan Intellectual Property Operation Co., Ltd. (江蘇陽光惠遠知識產權運營有限公司)) from 2010 to 2014. Since 2014, he has been serving as the general manager of Harbin Sunshine Huiyuan Intellectual Property Agency Co., Ltd. (哈爾濱市陽光惠遠知識產權代理有限公司).

Mr. Deng obtained a bachelor's degree in bioengineering from Northeast Agricultural University (東北農業大學) in Heilongjiang Province, the PRC, a master's degree in fermentation engineering from Jiangnan University (江南大學) in Jiangsu Province, the PRC, and a doctoral degree in food science from Northeast Agricultural University (東北農業大學) in Heilongjiang Province, the PRC. He also obtained an Executive Master of Business Administration (EMBA) degree in business administration for senior executives from Guanghua School of Management, Peking University (北京大學光華管理學院) in Beijing, the PRC.

Mr. Liu Baojie (劉寶傑), aged 61, is an independent non-executive director of the Company.

Mr. Liu has over 30 years of experience in investment and investment banking services. He has served as Director of Huaneng Invesco Private Equity Management Company (華能景順私募基金管理有限公司) since 2011 and as its Chief Executive Officer from 2011 to 2023. From 2010 to 2011, he served as Director and General Manager of Shenzhen Detong Richland Investment Company (深圳市德同富坤投資公司). From 2007 to 2009, he was Senior Vice President of CitySpring Infrastructure Management Pte Ltd (新加坡新源基礎建設投資公司) in Singapore. In 2007, he served as Managing Director at Bank of America. From 2002 to 2006, he served at ICEA Capital Limited (工商東亞資本有限公司), a subsidiary of ICBC, where he held the position of Managing Director. From 1994 to 2002, he served in the Investment Banking Department of JPMorgan Chase & Co. (摩根大通集團), where he held the positions of Vice President and Chief Representative in Shanghai. From 1993 to 1994, he was Associate in the Futures and Options Department at Merrill Lynch (美林證券). From 1987 to 1990, he began his financial services career

at the Industrial and Commercial Bank of China (中國工商銀行) in Shenzhen. Mr. Liu also served as an independent non-executive director of China Merchants China Direct Investments Limited (招商局中國基金有限公司, stock code: 0135.HK) from 2009 to 2022.

Mr. Liu obtained a Master of Business Administration degree from the University of Utah, United States, in 1993.

Mr. Wang Chunfei (王春飛), aged 45, is an independent non-executive Director of our Company.

Mr. Wang served as an independent director at Elec-tech International Co., Ltd. (安徽德豪潤達股份有限公司) (listed on the Shenzhen Stock Exchange (002005.SZ)) from June 2019 to May 2024, Beijing JenKem Technology Co., Ltd. (北京鍵凱科技股份有限公司) (listed on the Shanghai Stock Exchange (688356.SH)) since September 2019, Aerospace Nanhu Electronic Information Technology Co., Ltd. (航天南湖電子信息技術股份有限公司) (listed on the Shanghai Stock Exchange (688552.SH)) since November 2019, Beijing NoHolds Technology Co., Ltd. (北京諾禾致源科技股份有限公司) (listed on the Shanghai Stock Exchange (688315.SH)) since June 2022, Ji'an Rural Commercial Bank Co., Ltd. (吉安農村商業銀行股份有限公司) from June 2024 to January 2025, and Jiangxi Rural Commercial Bank Co., Ltd. (江西農村商業聯合銀行股份有限公司) since April 2025. Mr. Wang has worked at the School of Accounting, Central University of Finance and Economics (中央財經大學會計學院) since July 2012, and has successively served as a lecturer, professor, and doctoral advisor.

Mr. Wang obtained a doctorate degree in management from Guanghua School of Management, Peking University (北京大學光華管理學院) in Beijing, the PRC. He was a visiting scholar at the University of Wisconsin—Madison in the United States from August 2017 to August 2018. Mr. Wang is a Certified Public Accountant in the PRC.

SUPERVISORS

The Supervisory Committee currently consists of three Supervisors. The Supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The following table sets out information in respect of our Supervisors:

Name	Age	Position	Date of joining our Group	Date of appointment as supervisor	Responsibilities
Mr. Xu Jingtao (許景濤).	40	Chairperson of the Supervisory Committee	June 2022	March 1, 2023	Overseeing the operations and financial activities of the Group
Mr. Yang Tengfei (楊騰飛)	34	Supervisor	December 2017	March 1, 2023	Overseeing the operations and financial activities of the Group
Ms. Wang Yali (王亞麗)	43	Supervisor	July 2017	March 1, 2023	Overseeing the operations and financial activities of the Group

Mr. Xu Jingtao (許景濤), aged 40, is the Chairperson of the Supervisory Committee.

Mr. Xu has served as the director of the human resources department of the Company since June 2022, responsible for human resources, administration and IT management.

Prior to joining our Group, Mr. Xu served as a chief at FIH Precision Electronics (Langfang) Co., Ltd. (富士康精密電子(廊坊)有限公司) primarily responsible for recruitment management from July 2008 to January 2012, a manager at CapitalBio Corporation (博奧生物集團有限公司) primarily responsible for recruitment and training management from January 2012 to July 2014. He served as the director of human resources department at B.J.ZH.F. Panther Medical Equipment Co., Ltd (北京派爾特醫療科技股份有限公司) from August 2014 to April 2022.

Mr. Xu obtained a bachelor's degree in human resources management from Xi'an Technological University (西安工業大學) in Shaanxi Province, the PRC, and a master's degree in human resources management from Renmin University of China (中國人民大學) in Beijing, the PRC.

Mr. Yang Tengfei (楊騰飛), aged 34, is a Supervisor of our Company.

Mr. Yang served as an R&D engineer of the Company from December 2017 to December 2020, and an R&D Director since December 2020.

Prior to joining our Company, Mr. Yang served as an R&D engineer at Guangzhou Xiongjun Intelligent Technology Co., Ltd. (廣州雄俊智能科技有限公司) from July 2017 to December 2017.

Mr. Yang obtained a bachelor's degree in biomedical engineering and a master's degree in biomedical instrumentation in from Henan University of Science and Technology (河南科技大學) in Henan Province, the PRC.

Ms. Wang Yali (王亞麗), aged 43, is a Supervisor of our Company.

Ms. Wang has served as the director of the human resources department of the Company since July 2017.

Prior to joining our Group, Ms. Wang worked in Huaxing Experimental School (華興實驗學校) from September 2002 to July 2009, and served as a human resources and administration specialist at Beijing Baofengyuan Light Steel Colorplate Co. Ltd. (北京寶豐鋼結構工程有限公司) from December 2009 to July 2014. She then served as a senior human resources specialist at Beijing Tianlong Yihang Auto Parts Co., Ltd. (北京天龍意航汽車零部件有限公司) from July 2014 to March 2016, and a human resources and administration manager at Beijing Kenuo Boiler Co., Ltd. (北京科諾鍋爐有限公司) from April 2016 to June 2017.

Ms. Wang obtained a bachelor's degree in civil engineering from Hebei University of Technology (河北工業大學) in Hebei Province, the PRC.

SENIOR MANAGEMENT

The following table provides information about members of our senior management:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. Dong Wenxing (董文興)	44	Chairman of the Board, executive Director and general manager	July 2017	July 31, 2017	Responsible for the overall strategic planning and business development, as well as making major operational, R&D decisions of the Company	None
Mr. He Lu (和路) . .	37	Executive Director, chief financial officer, secretary of the Board and deputy general manager	September 2021	December 1, 2021	Responsible for overseeing the financial operations and corporate governance of the Group, and making day-to-day operational decisions	None
Mr. Liu Shaobin (劉少斌)	52	Chief operating officer and deputy general manager	June 2022	March 1, 2023	Responsible for overseeing the business operations of the Group	None

Mr. Dong Wenxing (董文興) is the chairman of the Board, an executive Director and the general manager of our Company. See "— Directors — Executive Directors" in this section for his biographical details.

Mr. He Lu (和路) is an executive Director, chief financial officer, secretary of the Board and deputy general manager of our Company. See "— Directors — Executive Directors" in this section for his biographical details.

Mr. Liu (劉少斌), aged 52, is the chief operating officer and deputy general manager of our Company.

Prior to joining our Group, Mr. Liu served as a technician at Xi'an Qing'an Aviation Electrical Co., Ltd. (西安慶安航空電氣公司) from July 1994 to September 1999, and an engineer at Hangzhou Amphenol Phoenix Telecom Parts Co., Ltd. (杭州安費諾飛鳳通信部品有限公司) from October 1999 to March 2006. He then served as the head for technology R&D and production at Prima (Suzhou) Electronic Technology Co., Ltd.(普利瑪(蘇州)電子科技有限公司) from March 2006 to March 2008, and the head for production at Johnson & Johnson Medical (Suzhou) Limited. (強生醫療器械(蘇州)有限公司) from March 2008 to April 2010. He served as the Deputy general manager of the industrial management department at Beijing Naton Technology Group Co., Ltd. (北京納通科技集團有限公司) from April 2010 to June 2022.

Mr. Liu obtained a bachelor's degree in mechanical manufacturing, design and technology from Shaanxi Mechanical Institute (陝西機械學院) (currently known as Xi'an University of Technology (西安理工大學)) in Shaanxi Province, the PRC.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Saved as disclosed above, none of our Directors, Supervisors and senior management had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of our Directors and Supervisors that need to be brought to the attention of the Shareholders, nor is there any information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

As of the Latest Practicable Date, saved as disclosed above, none of our Directors, Supervisors or senior management were related to other Directors, Supervisors or senior management of our Company.

JOINT COMPANY SECRETARIES

Ms. Liang Xiaodan (梁曉丹) served as one of our joint company secretaries with effect from the [**REDACTED**]. Ms. Liang currently also serves as the legal affairs director and securities affairs representative of our Company. She served as a lawyer at Beijing Tianyuan Law Firm (天元律師事務所) from January 2019 to August 2022. Ms. Liang obtained master's degree in law from China University of Political Science and Law (中國政法大學).

Ms. Jian Xuegen (簡雪艮) was appointed as our company secretary with effect from 1 August 2025 and was re-designated as one of our joint company secretaries with effect from the [**REDACTED**]. Ms. Jian currently serves as an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司). She is a member of the Hong Kong Institute of Certified Public Accountants and the Chinese Institute of Certified Public Accountants. She holds a bachelor's degree in accounting from South China University of Technology (華南理工大學).

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code and the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Strategy Committee, the Remuneration and Evaluation Committee and the Nomination committee.

Audit Committee

We have established Audit Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Wang Chunfei, Mr. Lyu Zhenlin and Mr. Chang Xi. Mr. Wang Chunfei currently serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- monitoring and evaluating the work of external auditors, make recommendations on the appointment and replacement of external auditors;
- monitoring and evaluating the internal audit work, coordinating internal and external audits;
- reviewing the financial information and its disclosures of our Company;
- monitoring and evaluating the internal control work of our Company;

- coordinating the communication between the management, internal audit department and relevant departments and external auditors; and
- addressing other matters authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Lyu Zhenlin, Mr. Liu Baojie and Mr. Dong Wenxing. Mr. Lyu Zhenlin serves as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company's policies and objectives as approved by our Board from time to time;
- making recommendations to our Board concerning our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, including, but not limited to, performance evaluation standards, procedures and evaluation systems;
- conducting the evaluation of the annual performance of all Directors and senior management;
- monitoring remuneration payable to all Directors and senior management;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- addressing other matters authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination committee consists of three Directors, namely Mr. Deng Yu, Mr. Wang Chunfei and Ms. Zhang Di. Mr. Deng Yu serves as the chairperson of the Nomination committee. The Nomination Committee is responsible for formulating the selection criteria and procedures for Directors and senior management, screening and reviewing candidates and their qualifications, and making recommendations to the Board on the following matters:

- nominating individuals for appointment as Directors or recommending the removal of existing Directors;
- appointing or removing members of senior management;
- reviewing and making recommendations to the Board on the composition and number of our Board with reference to our Company's business activities, the scale of assets and shareholding structure;
- reviewing the selection criteria and procedures applicable to Directors and senior management, and making recommendations to our Board on the formulation and refinement of such selection criteria and procedures;
- identifying individuals suitably qualified to become a member of our Board and senior management;
- reviewing the qualifications and suitability of candidates nominated for directorships and senior management, and making recommendations to our Board regarding the appointment of such candidates;
- addressing other matters authorized by our Board.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The Strategy Committee consists of three Directors, namely Mr. Dong Wenxing, Mr. He Lu and Mr. Deng Yu. Mr. Dong Wenxing serves as the chairperson of the Strategy Committee. The primary duties of the Strategy Committee include, but are not limited to, the following:

- reviewing and making recommendations on the Company's long-term strategic development plans;
- reviewing and making recommendations on major investment and financing proposals that require approval by the Board;
- reviewing and making recommendations on major capital operations and asset management projects that require approval by the Board;
- reviewing and making recommendations on other significant matters that may affect the Company's development;
- inspecting the implementation of the above-mentioned matters;
- addressing other matters as authorized by the Board;

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our Directors, Supervisors and senior management members, who are also the Company's employees, remuneration in the form of salaries, allowances and benefits in kind and performance related bonuses, share award expense and pension scheme contributions. Our independent non-executive Directors receive fixed allowances with reference to the internal policies of the Company.

For the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB3.2 million, RMB2.6 million, RMB3.2 million and RMB1.9 million, respectively. Under the arrangement currently in force, we estimate the total remuneration before taxation, including estimated share-based remuneration, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB3.5 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

The total emoluments for the five highest paid individuals (including directors), amounted to approximately RMB5.1 million, RMB5.4 million, RMB6.7 million and RMB3.9 million, for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, respectively.

During the Track Record Period, no remuneration was paid to our Directors or any of the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any of our Directors, former directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

Our Board will review and determine the remuneration and compensation packages of our Directors, Supervisors and senior management and will, following the [**REDACTED**], receive recommendations from our Remuneration and Evaluation Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors, Supervisors and senior management and the performance of our Group.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [**REDACTED**] except for Code Provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman of the Board and chief executive officer of the Company are currently performed by Mr. Dong Wenxing. In view of Mr. Dong's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Mr. Dong acting as both our chairman and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it is appropriate and beneficial to our business development and prospects that Mr. Dong continues to act as both our chairman and chief executive officer after the [**REDACTED**], and therefore currently do not propose to separate the functions of chairman and chief executive officer.

While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this arrangement will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises four independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Dong and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including, but not limited to, gender, skills, age, professional experience, knowledge, cultural background, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our board currently consists of two female Directors and nine male Directors. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, engineering, finance and corporate governance in addition to industry experience relevant to our Group's operations and business. They obtained degrees in various majors including engineering, biology and automation. This diverse academic background allows the Board to

approach challenges and opportunities from multiple angles, fostering innovative solutions and comprehensive strategies. We have four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the [**REDACTED**], our Nomination committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness, and, when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our 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, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

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 August 13, 2025 and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

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

COMPLIANCE ADVISOR

We have appointed Red Sun Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances, including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction is contemplated, including share issues and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] volume of its [**REDACTED**] or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment of our Compliance Advisor will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Dong, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang are directly interested in 33.14%, 1.88%, 2.36% and 4.09% of the issued share capital of our Company, respectively. The general partner of each of Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang is Tianjin Bokang, which is held as to 99% by Mr. Dong. As such, Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang are able to collectively control the voting rights in approximately 41.47% of the issued share capital of our Company as of the Latest Practicable Date.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang will be able to control the voting rights in approximately [**REDACTED**]% of the issued share capital of our Company. Therefore, Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang will be regarded as a group of Controlling Shareholders upon [**REDACTED**].

NO COMPETITION

Each of Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang is a shareholding platform. Save and except for the interest held in our Company, each of our Controlling Shareholders confirms that as of the Latest Practicable Date, he/she/it did not have any interest in any business which competes or is likely to compete, directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence

Our business is managed and operated by our Board and senior management. Upon [**REDACTED**], the Board consists of 11 Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. Mr. Dong, the Chairman of the Board and an executive Director, is also a member of the Controlling Shareholders as detailed above. Our Directors consider that our Board and senior management team are able to manage our business independently from the Controlling Shareholders for the following reasons:

(a) each of Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang does not have any business other than its shareholding directly or indirectly in the Company. As such, there will be no conflict of interest between the business of the Company and the Controlling Shareholders. Except for Mr. Dong who serves as a Director and the general manager of Tianjin Bokang, our executive Directors and all our senior management members do not hold any management position and/or directorship in any of the Controlling Shareholders or its close associates as of the Latest Practicable Date;

(b) 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. For details of the industry experience of our senior management team, please refer to the section headed "Directors, Supervisors and Senior Management" in this document;

(c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she 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 the interested Director, and shall abstain from voting and shall not be counted towards the quorum for the voting;

(d) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (i) our independent non-executive Directors are not associated with our Controlling Shareholders or each of their close associates; (ii) our independent non-executive Directors account for more than one-third of the Board; and (iii) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of [**REDACTED**] and will be able to provide professional advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and

(e) we will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. For details, please see "— Corporate Governance" in this section.

Operational Independence

Our Group do not rely on our Controlling Shareholders and their respective close associates for our business development, staffing, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

Our Group have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently. Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after [**REDACTED**] as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the [**REDACTED**] from the [**REDACTED**]. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

As of the Latest Practicable Date, there was no outstanding loan or guarantee provided by our Controlling Shareholders and their respective close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their respective close associates upon [**REDACTED**].

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. Our Company would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders or any of their close associates has a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its interim and annual reports or by way of announcements;

(d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules;

(e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;

(f) we have appointed Red Sun Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that the corporate governance measures are sufficient 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**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and the [**REDACTED**], and assuming the [**REDACTED**] is not exercised, the following persons are expected to have an interest in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of [**REDACTED**] of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of shareholder	Nature of interest	Shares held as of the Latest Practicable Date[1]		Shares held following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[2]	
		Number	*Percentage*	*Number*	*Percentage*
Mr. Dong[3]	Beneficial interest	15,382,400	33.14%	15,382,400	[REDACTED]%
	Interest in controlled corporation	3,865,462	8.33%	3,865,462	[REDACTED]%
Tianjin Yunkang[3]	Beneficial interest	1,900,000	4.09%	1,900,000	[REDACTED]%
Tianjin Puhe[3]	Beneficial interest	1,094,401	2.36%	1,094,401	[REDACTED]%
Tianjin Jikang[3]	Beneficial interest	871,061	1.88%	871,061	[REDACTED]%
Suzhou Junlian[4]	Beneficial interest	4,504,897	9.71%	4,504,897	[REDACTED]%
BEST ALIVE[4]	Beneficial interest	2,503,228	5.39%	2,503,228	[REDACTED]%
Xiamen Defu	Beneficial interest	4,938,004	10.64%	4,938,004	[REDACTED]%
OAP IV	Beneficial interest	4,306,666	9.28%	4,306,666	[REDACTED]%

Notes:

(1) The calculation is based on the total number of [**REDACTED**] in issue as at the Latest Practicable Date, which will all be converted into H Shares upon completion of the [**REDACTED**].

(2) The calculation is based on the assumption that immediately following the completion of the [**REDACTED**], there will be a total number of [**REDACTED**] H Shares, including [**REDACTED**] H Shares converted from Unlisted Shares in issue without taking into consideration the exercise of [**REDACTED**].

(3) As of the Latest Practicable Date, Mr. Dong, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang are directly interested in 33.14%, 1.88%, 2.36% and 4.09% of the issued share capital of our Company, respectively. The general partner of each of Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang is Tianjin Bokang, which is held as to 99% by Mr. Dong. As such, Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang are able to collectively control the voting rights in approximately 41.47% of the issued share capital of our Company.

(4) Suzhou Junlian and BEST ALIVE are under the same control.

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of [**REDACTED**] (assuming the [**REDACTED**] is not exercised), without taking into account the [**REDACTED**] that may be taken up under [**REDACTED**], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB46,409,494 comprising 46,409,494 Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately after the [**REDACTED**] and [**REDACTED**], assuming that the [**REDACTED**] is not exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
H Shares converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

Immediately after the Conversion of Unlisted Shares into H Shares and the [**REDACTED**], assuming that the [**REDACTED**] is fully exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
H Shares converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

RANKING

Upon the completion of the [**REDACTED**], we would have only one class of Shares. H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] between legal or natural PRC persons.

All H Shares will rank *pari passu* with each other in all 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 the H Shares are to be paid by us in Hong Kong dollars.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

The Company has filed for a "full circulation" of all the existing Unlisted Shares into H Shares on a one-for-one basis, and submitted the filing reports, authorization documents of the shareholders of Unlisted Shares for which an H-share "full circulation" are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The relevant filings of the conversion of the existing [**REDACTED**] held by the existing Shareholders into H Shares on a one-for-one basis have been completed on [●].

Upon completion of the [**REDACTED**], if any of our Shares are not [**REDACTED**] on any stock exchange, the holders of our Unlisted Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have completed the required filing with the securities regulatory authorities of the State Council, including the CSRC. The [**REDACTED**] of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the [**REDACTED**] as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. As any [**REDACTED**] after our [**REDACTED**] on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong.

No class Shareholder voting is required for the [**REDACTED**] of the converted Shares on the Hong Kong Stock Exchange. Any [**REDACTED**] of the converted Shares on the Hong Kong Stock Exchange after our [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Unlisted Shares will be withdrawn from the [**REDACTED**] and we will [**REDACTED**] such Shares on our [**REDACTED**] maintained in Hong Kong and instruct the [**REDACTED**] to [**REDACTED**] H Share certificates. Registration on our [**REDACTED**] will be on the condition that (a) our [**REDACTED**] lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [**REDACTED**] of members and the [**REDACTED**] of H Share certificates and (b) the admission of the H Shares to [**REDACTED**] on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are [**REDACTED**] on our [**REDACTED**], such Shares would not be [**REDACTED**] as H Shares.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the [**REDACTED**] will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**]. See "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments".

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Appendix V — Summary of the Articles of Association" in this document.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to [**REDACTED**] H Shares and seek the [**REDACTED**] on the Hong Kong Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting held on August 18, 2025.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis 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, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years, and Track Record Period refers to 2022, 2023, 2024 and the nine months ended September 30, 2025. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a China-based medical device company specializing in clinical sports medicine solutions. We are the fourth largest sports medicine device provider, representing a market share of approximately 6.5% in China's sports medicine implants and instruments market, and the largest domestic sports medicine device provider in China, in terms of sales revenue in 2024, according to CIC. We offer holistic solutions for the treatment of injuries to soft tissues of rotator cuffs, ligaments and meniscus, as well as for the rehabilitation and prevention of sports-related injuries, leveraging our self-developed medical implants, active equipment, associated medical consumables and surgical instruments.

Our sports medicine product matrix mainly comprises 62 products spanning medical implants, active equipment and associated medical consumables, as well as surgical instruments and regenerative repair products, as of the Latest Practicable Date. Building upon our strong technological foundation in sports medicine, we also aim to expand into the intelligent rehabilitation. Notably, we are developing sports medicine prescription and rehabilitation system, expanding into intelligent rehabilitation solutions market.

Our revenue increased from RMB146.6 million in 2022 to RMB238.5 million in 2023 and RMB327.1 million in 2024, and from RMB220.6 million in the nine months ended September 30, 2024 to RMB273.3 million in the nine months ended September 30, 2025. Our profit for the year increased from RMB40.3 million in 2022 to RMB57.1 million in 2023, and further to RMB95.4 million in 2024, and our profit for the period increased from RMB60.9 million in the nine months ended September 30, 2024 to RMB89.9 million in the nine months ended September 30, 2025.

BASIS OF PREPARATION

Our Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). See Note 2 of the Accountants' Report in Appendix I to this Document for material accounting policy information.

For ordinary shares issued to pre-[**REDACTED**] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[**REDACTED**] Investors in relation to the termination of the special rights (the "Special Rights") granted by the Company, including redemption rights, liquidation preferences and anti-dilution rights, which are void ab initio as described in note 27 to this report, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-[**REDACTED**] Investments as equity throughout the Relevant Periods. Further details of pre-[**REDACTED**] Investments are disclosed in note 27 to the Historical Financial Information.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing our Historical Financial Information, we have adopted all applicable new and revised IFRS Accounting Standards for the Track Record Period, except for any new or revised standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period, are set out in Note 2.2 of the Accountants' Report in Appendix I to this Document. Our Historical Financial Information also complies with the applicable disclosure provisions of the Listing Rules.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial position have been, and are expected to be, continuously and materially affected by a number of factors, including the following:

Growing Sports Medicine Device Market in China and Globally

Our financial performance and future growth depend on the overall growth of the sports medicine device market in China and globally. The growth of the sports medicine device market is primarily driven by various factors beyond our control, including increasing patient awareness and availability of minimally invasive surgeries, a growing population participating in exercise, and favorable government policies supporting the development of domestically produced medical devices. Compared to sports medicine device markets in developed countries such as the United States, China's market remains significantly underpenetrated, demonstrating substantial growth potential, according to CIC. We ranked the fourth among all companies in China's sports medicine device market, with a market share of 6.5% in China's sports medicine implants and instruments market in terms of revenue in 2024, according to the same source. This market leadership enables us to capitalize on emerging opportunities, allowing us to efficiently expand into new markets, enhance product adoption and drive higher sales volumes as market demand grows in China.

Globally, the sports medicine device market is also experiencing robust growth, fueled by rising participation in sports and fitness activities, advancements in minimally invasive surgical techniques, an aging population prone to musculoskeletal issues, and increasing healthcare investments. Leveraging our diverse product portfolio, deep industry experience, established presence in China, and expanding international operations, we believe we are well-positioned to capitalize on the expansion of the global sports medicine device market, leading to increased sales volumes and revenue growth.

Comprehensive Product Portfolio Covering the Key Steps of the Sports Medicine Cycle

We aim to provide a broad range of products that cover the entire lifecycle of sports medicine, from treatment to prevention to rehabilitation, enabling us to command premium pricing and maintain favorable gross profit margins. Our existing product portfolio primarily includes medical implants, surgical equipment and associated medical consumables, which deliver efficient patient care during various surgical procedures for sports-related injuries. During the Track Record Period, we primarily derived revenue from medical implants and surgical equipment and medical consumables, and the steady growth in revenue of both segments drove our business expansion. We

generated revenue of RMB117.0 million, RMB186.5 million, RMB250.0 million, RMB167.2 million and RMB212.1 million from medical implants in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. In addition, we generated revenue of RMB29.6 million, RMB51.9 million, RMB77.0 million, RMB53.3 million and RMB61.0 million from surgical equipment and associated medical consumables in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. By continuously launching new sports medicine products, we aim to bring additional revenue streams and capture greater market share.

Furthermore, governmental policies affect the pricing and profit margins of our products. Governmental policies, such as the volume-based procurement program enhancing the affordability of high-value medical consumables and national healthcare reimbursement programs setting payment caps may lower the prices and encourage the adoption of our products, resulting in the surge in the sales volume and increased revenue.

Continuous Research and Development Efforts to Further Diversify Offerings

The success of such R&D activities significantly affects our ability to expand sales, business scale, and in turn results of operation and financial condition. We have a diversified pipeline with products under various development stages. Leveraging our four core technology platforms — biomaterial, imaging and dynamic, tissue engineering, and intelligent medicine — we develop advanced technologies like biocompatible materials, high-resolution imaging systems, biological scaffolds, and AI-driven analytics, which further enhance product durability, efficiency and precision, allowing us to differentiate our offerings, sustain premium pricing and maintain favorable profit margins.

On the other hand, while we expect to continue to incur significant research and development expenses in the foreseeable future, we need to control the amount of such expenses at a reasonable level. Our research and development expenses amounted to RMB18.3 million, RMB35.0 million, RMB37.3 million, RMB26.8 million and RMB32.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. These efforts have enabled us to develop products that meet evolving market demands and strengthen our competitive position. Leveraging our technological capabilities, we obtained, on average, over seven medical device certificates for our products every year during the Track Record Period, expanding our product portfolio and revenue sources. However, if we fail to balance R&D spending relative to intended outcomes, our financial resources may be strained without commensurate returns, materially adversely affecting our financial condition.

Extensive Distributor Network and Robust Relationships with Hospitals to Enhance Market Penetration

Our market expansion relies on effective distributor networks and marketing efforts. During the Track Record Period, we primarily rely on distributors to sell our products to hospitals, leveraging their established networks and local expertise to ensure broad market access. The coverage and effectiveness of our distributorship network are critical to our market expansion and penetration. Through our nationwide distributor network, we have successfully sold our products to over 3,000 hospitals across Chinese mainland, including over 1,000 Class III hospitals. We also depend on distributors across over 50 countries and regions to promote our products in overseas markets, capitalizing on their familiarity with local regulations, customer preferences, and market dynamics. We intend to continue relying on our distributors' expertise and established relationships with hospitals to deepen penetration in existing markets and expand into new geographical regions. This strategy is expected to drive sales volumes and revenue growth, thereby enhancing our overall financial performance.

Effective Cost Management and Improving Operational Efficiency

Our profitability relies on our effective cost management and improving operational efficiency, as we strive to optimize production processes, streamline supply chains, and leverage economies of scale to control expenses amid business growth. During the Track Record Period, our cost of sales amounted to RMB42.7 million, RMB61.2 million, RMB99.5 million, RMB68.9 million and RMB71.5 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. In particular, raw material costs amounted to RMB32.7 million, RMB45.1 million, RMB74.0 million, RMB50.2 million and RMB49.9 million during the same period. Fluctuations in raw material costs could affect our overall production costs, depending on our ability to adjust pricing or manage costs. Supply chain disruptions from trade policies, tariffs or geopolitical tensions may further impact imported raw material availability and costs, potentially delaying production or necessitating pricing adjustments. We secured favorable procurement terms with our suppliers leveraging our business scale and market recognition.

Similarly, controlling operating expenses is vital to our results of operations, as business expansion in China and globally will likely increase these costs through higher marketing, administrative, and distribution efforts. During the Track Record Period, our selling and distribution expenses amounted to RMB39.8 million, RMB66.1 million, RMB69.6 million, RMB42.5 million and RMB47.4 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, and our administrative expenses amounted to RMB11.3 million, RMB26.2 million, RMB22.8 million, RMB17.7 million and RMB29.2 million during the same periods. As we continue to scale our business in China and globally, we expect our selling and distribution expenses and administrative expenses to increase in future periods. Enhancing operational efficiency through digital tools, process automation and staff training is key to mitigating increased operating expenses, thereby ensuring our sustainable growth.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

For a discussion of the critical accounting policies, estimates, assumptions and judgments, see Notes 2.3 and 3 of the Accountants' Report in Appendix I to this Document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the periods indicated:

	Year ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Revenue	146,596	238,542	327,119	220,636	273,306
Cost of sales	(42,657)	(61,234)	(99,524)	(68,879)	(71,511)
Gross profit	**103,939**	**177,308**	**227,595**	**151,757**	**201,795**
Other income and gains	6,791	14,834	10,097	4,618	10,787
Selling and distribution expenses	(39,792)	(66,108)	(69,628)	(42,455)	(47,448)
Administrative expenses	(11,269)	(26,165)	(22,768)	(17,745)	(29,230)
Research and development expenses	(18,299)	(35,024)	(37,252)	(26,770)	(32,671)
Other expenses	(85)	(49)	(13)	(253)	(403)
(Impairment)/reversal of impairment of financial assets, net	(108)	12	(111)	22	(436)
Finance costs	(553)	(486)	(352)	(274)	(237)
Profit before tax	**40,624**	**64,322**	**107,568**	**68,900**	**102,157**
Income tax expense	(282)	(7,210)	(12,179)	(8,020)	(12,285)
Profit for the year/period	**40,342**	**57,112**	**95,389**	**60,880**	**89,872**
Profit attributable to:					
Owners of the parent	40,342	57,112	95,389	60,880	89,872

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-[**REDACTED**] investments, see "— Share Capital and Total Equity" below and note 27 to the Accountants' Report set out in Appendix I to this document.

Non-IFRS Measure

To supplement our historical financial information, which is presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) as additional financial measured, which are not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by adjusting for potential impacts of items. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations. Our presentation of adjusted profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation form, or as substitutes for analysis of, or our results of operations as reported under IFRS.

The following table reconciles our adjusted profit (non-IFRS measure) for the year/period presented in accordance with IFRS, which is profit for the year/period.

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit for the year/period	40,342	57,112	95,389	60,880	89,872
Add:					
Share award expenses[(1)]	–	905	1,083	810	875
[**REDACTED**][(2)]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted profit for the year/period (non-IFRS measure)	40,342	58,017	96,472	61,690	[**REDACTED**]

Notes:

(1) Share award expenses are non-cash in nature.

(2) [**REDACTED**] represent expenses related to the [**REDACTED**].

Revenue

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue amounted to RMB146.6 million, RMB238.5 million, RMB327.1 million, RMB220.6 million and RMB273.3 million, respectively.

Revenue by Product Category

During the Track Record Period, we generated substantially all of our revenue from the sales of (i) medical implants and (ii) surgical equipment and associated medical consumables.

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Medical implants	116,977	79.8	186,516	78.2	249,987	76.4	167,222	75.8	212,108	77.6
Surgical equipment and associated medical consumables	29,598	20.2	51,919	21.8	76,986	23.5	53,279	24.1	60,980	22.3
Others[(1)]	21	0.0	107	0.0	146	0.1	135	0.1	218	0.1
Total	**146,596**	**100.0**	**238,542**	**100.0**	**327,119**	**100.0**	**220,636**	**100.0**	**273,306**	**100.0**

Note:

(1) Others primarily comprised revenue from the sales of surgical utility carts and regenerative repair products for joint soft tissues.

The following table sets forth a breakdown of our sales volume and average sales price by product category for the periods indicated:

		Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
Medical implants	Sales Volume (Units)	158,989	262,000	560,110	359,698	472,806
	Average Selling Price (RMB)	735.8	711.9	446.3	464.9	448.6
Surgical equipment and associated medical consumables	Sales Volume (Units)	56,655	87,098	152,266	103,046	115,761
	Average Selling Price (RMB)	522.4	596.1	505.6[(1)]	517.0	526.8[(2)]

Notes:

(1) The average selling price of surgical equipment and associated medical consumables decreased from RMB596.1 per unit in 2023 to RMB505.6 per unit in 2024, primarily due to the increase in the sales of medical consumables used for surgical equipment, which command relatively lower selling prices.

(2) The average selling price of surgical equipment and associated medical consumables increased slightly from RMB517.0 per unit in 2024 to RMB526.8 per unit in the nine months ended September 30, 2025, primarily due to the increased sales of surgical equipment that commanded relatively higher average selling prices than associated medical consumables. The sales volume of our surgical equipment increased as we successfully expanded our customer base in overseas markets, where new customers typically adopt our equipment at the initial stage of their engagement with us.

Revenue by Geographical Regions

During the Track Record Period, we had operations in various countries and regions. The following table sets forth a breakdown of our revenue by geographical regions based on our distributors' principal places of business, in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Chinese mainland	146,217	99.7	231,876	97.2	306,267	93.6	208,053	94.3	235,006	86.0
Other countries and regions[(1)]	379	0.3	6,666	2.8	20,852	6.4	12,583	5.7	38,300	14.0
Total	**146,596**	**100.0**	**238,542**	**100.0**	**327,119**	**100.0**	**220,636**	**100.0**	**273,306**	**100.0**

Note:

(1) Other countries and regions mainly include France, Poland and Spain.

The following table sets forth a breakdown of our sales volume and average selling price by geographical region for the periods indicated:

		Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
Chinese mainland	Sales Volume (Units)	214,623	339,544	675,394	439,265	521,011
	Average Selling Price (RMB)	681.3	682.9	453.5	473.6	451.1
Other countries and regions[(1)]	Sales Volume (Units)	1,024	9,576	37,008	23,497	67,853
	Average Selling Price (RMB)	370.1	696.1	563.4[(2)]	535.5	564.5[(3)]

Notes:

(1) Other countries and regions mainly include France, Poland and Spain.

(2) The average selling price of our products in other countries and regions decreased from RMB696.1 per unit in 2023 to RMB563.4 per unit in 2024, primarily due to our strategic initiatives to lower prices in overseas markets to expand our presence. We adjusted our sales strategies by enhancing promotional activities, which effectively broadened our customer base and increased sales volumes. Additionally, shifts in our product mix contributed to this trend, with a higher proportion of sales from our medical implants, which command lower average selling prices than surgical equipment and associated medical consumables.

(3) The average selling price of our products in other countries and regions remained relatively stable at RMB563.4 per unit in 2024 and RMB564.5 per unit in the nine months ended September 30, 2025, as we maintained a similar product mix in overseas markets during this period.

During the Track Record Period, our revenue from other countries and regions increased from RMB0.4 million in 2022 to RMB6.7 million in 2023, and further to RMB20.9 million in 2024. Additionally, our revenue from other countries and regions increased from RMB12.6 million for the nine months ended September 30, 2024 to RMB38.3 million for the nine months ended September 30, 2025. The increases were primarily attributable to our continued expansion into overseas markets, including the scaling of our sales channels and customer base and improved brand recognition.

Cost of sales

Our cost of sales amounted to RMB42.7 million, RMB61.2 million, RMB99.5 million, RMB68.9 million and RMB71.5 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. During the Track Record Period, our cost of sales primarily consisted of (i) raw material costs, (ii) labor costs, (iii) subcontracting processing fees, and (iv) overhead costs.

The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Raw material costs	32,736	76.7	45,054	73.6	73,991	74.3	50,168	72.8	49,943	69.8
Labor costs	5,819	13.6	9,139	14.9	13,022	13.1	8,553	12.4	11,099	15.5
Subcontracting processing fees	1,639	3.8	2,524	4.1	3,942	4.0	3,221	4.7	3,985	5.6
Overhead costs[(1)]	2,463	5.9	4,517	7.4	8,569	8.6	6,937	10.1	6,484	9.1
Total	**42,657**	**100.0**	**61,234**	**100.0**	**99,524**	**100.0**	**68,879**	**100.0**	**71,511**	**100.0**

Note:

(1) Overhead costs mainly include depreciation and amortization, logistics fees, utility fees, testing fees and service fees.

The following table sets forth a breakdown of our cost of sales by product segment in absolute amount and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Medical implants	29,962	70.2	39,160	64.0	69,029	69.4	47,170	68.5	49,711	69.5
Surgical equipment and associated medical consumables	12,684	29.7	21,992	35.9	30,404	30.5	21,632	31.4	21,755	30.4
Others	11	0.1	82	0.1	91	0.1	77	0.1	45	0.1
Total	**42,657**	**100.0**	**61,234**	**100.0**	**99,524**	**100.0**	**68,879**	**100.0**	**71,511**	**100.0**

Gross Profit and Gross Profit Margin

We had gross profit of RMB103.9 million, RMB177.3 million, RMB227.6 million, RMB151.8 million and RMB201.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Our gross profit margin was 70.9%, 74.3%, 69.6%, 68.8% and 73.8% in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by product segment for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	**Gross profit margin (%)**	**Gross profit**	**Gross profit margin (%)**	**Gross profit**	**Gross profit margin (%)**	**Gross profit**	**Gross profit margin (%)**	**Gross profit**	**Gross profit margin (%)**
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Medical implants	87,015	74.4	147,356	79.0	180,958	72.4	120,052	71.8	162,397	76.6
Surgical equipment and associated medical consumables	16,914	57.1	29,927	57.6	46,582	60.5	31,647	59.4	39,225	64.3
Others	10	47.6	25	23.4	55	37.7	58	43.0	173	79.4
Total	**103,939**	**70.9**	**177,308**	**74.3**	**227,595**	**69.6**	**151,757**	**68.8**	**201,795**	**73.8**

The following table sets forth a breakdown of gross profit and gross profit margin by geographical regions for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Chinese mainland	103,748	71.0	172,991	74.6	214,357	70.0	144,092	69.3	177,055	75.3
Other countries and regions	191	50.4	4,317	64.8	13,238	63.5	7,665	60.9	24,740	64.6
Total	**103,939**	**70.9**	**177,308**	**74.3**	**227,595**	**69.6**	**151,757**	**68.8**	**201,795**	**73.8**

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, gross profit margin from other countries and regions were lower than gross profit margin from Chinese mainland, primarily because we sold fewer medical implants overseas, which typically had higher gross profit margins than surgical equipment and associated medical consumables.

Other Income and Gains

We recorded other income and gains of RMB6.8 million, RMB14.8 million, RMB10.1 million, RMB4.6 million and RMB10.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. During the Track Record Period, our other income primarily consisted of (i) bank interest income and (ii) government grants. The government grants primarily consist of subsidies and funding to support the initiation and development of R&D projects, as well as awards recognizing our R&D achievements and other types of government subsidies. These grants are mostly awarded by governmental authorities in Beijing in relation to our R&D initiatives, which are not conditional and are generally non-recurring in nature. As we continue to invest in our R&D initiatives, we anticipate receiving similar grants in the future. During the Track Record Period, our other gains primarily consisted of (i) gain on disposal of financial assets at fair value through profit or loss, and (ii) foreign exchange gains.

The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Other income					
Bank interest income	1,641	4,734	5,568	3,154	4,846
Government grants	434	9,791	3,612	610	4,413
Additional tax deduction for input VAT	–	–	790	790	–
Others	–	30	58	58	60
Total other income	**2,075**	**14,555**	**10,028**	**4,612**	**9,319**
Gains					

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Gain on disposal of financial assets at fair value through profit or loss	1,447	70	–	–	1,472
Fair value gains on financial assets at fair value through profit or loss	–	14	–	–	1,393
Foreign exchange gain	3,263	107	63	–	–
Others[(1)]	6	88	6	6	3
Total gains	**4,716**	**279**	**69**	**6**	**1,468**
Total	**6,791**	**14,834**	**10,097**	**4,618**	**10,787**

Note:

(1) Others primarily comprised additional deduction for input VAT, refund for processing fees for individual income tax withholding.

Selling and Distribution Expenses

We had selling and distribution expenses of RMB39.8 million, RMB66.1 million, RMB69.6 million, RMB42.5 million and RMB47.4 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. During the Track Record Period, our selling and distribution expenses primarily consisted of (i) employee benefits expenses; (ii) marketing expenses; and (iii) technical service expenses, which represent amounts we pay to qualified third-party technical service providers in regions that implement the "Two-Invoice System," under which suppliers of high-value medical consumables are expected to arrange certain professional services, including integrated logistics and technical services. According to CIC, this arrangement with technical service providers is in line with the industry norm.

The following table sets forth a breakdown of our selling and distribution expenses by nature both in absolute amounts and as percentages of total selling and distribution expenses for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Employee benefits expenses	18,244	45.8	29,495	44.6	33,557	48.2	19,118	45.0	19,891	41.9
Marketing expenses[(1)]	10,573	26.6	18,905	28.6	15,514	22.3	9,655	22.7	9,720	20.5
Technical service expenses	7,257	18.2	6,956	10.5	9,751	14.0	6,346	14.9	9,952	21.0
Traveling expenses	1,282	3.2	5,189	7.8	5,718	8.2	3,552	8.4	4,457	9.4
Share award expense	–	–	151	0.3	180	0.2	135	0.3	139	0.3
Others[(2)]	2,436	6.2	5,412	8.2	4,908	7.1	3,649	8.7	3,289	6.9
Total	**39,792**	**100.0**	**66,108**	**100.0**	**69,628**	**100.0**	**42,455**	**100.0**	**47,448**	**100.0**

Notes:

(1) Marketing expenses mainly include conference fees, product sample costs and labor fees in relation to our promotional events.

(2) Others mainly include business development expenses, depreciation and amortization, office expenses, postage expenses.

Administrative Expenses

Our administrative expenses amounted to RMB11.3 million, RMB26.2 million, RMB22.8 million, RMB17.7 million and RMB29.2 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefits expenses, (ii) depreciation and amortization, (iii) professional service fee, in relation to our prior A-Share listing attempt and other third-party services supporting our daily operations, (iv) [**REDACTED**], (v) business and traveling expenses, and (vi) share award expense.

The following table sets forth a breakdown of our administrative expenses by nature both in absolute amounts and as percentages of total administrative expenses for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Employee benefits expenses	6,800	60.3	9,532	36.4	11,094	48.7	7,790	43.9	7,902	27.0
Depreciation and amortization	1,392	12.4	3,324	12.7	2,715	11.9	1,187	6.7	848	2.9
Professional service fee	958	8.5	8,190	31.3	4,159	18.3	4,043	22.8	2,219	7.6
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Business and travel expenses	1,248	11.1	2,799	10.7	2,502	11.0	1,560	8.8	1,589	5.4
Share award expense	–	–	679	2.6	812	3.6	608	3.4	638	2.2
Others[(1)]	871	7.7	1,641	6.3	1,486	6.5	2,557	14.4	1,350	4.7
Total	**11,269**	**100.0**	**26,165**	**100.0**	**22,768**	**100.0**	**17,745**	**100.0**	**29,230**	**100.0**

Note:

(1) Others mainly included software service fee and property management fee.

Research and Development Expenses

We had research and development expenses of RMB18.3 million, RMB35.0 million, RMB37.3 million, RMB26.8 million and RMB32.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. During the Track Record Period, our research and development expenses primarily consisted of (i) employee benefits expenses; (ii) professional service fees in relation to validation and registration tests of our products; (iii) material costs; and (iv) depreciation and amortization.

The following table sets forth a breakdown of our research and development expenses by nature both in absolute amounts and as percentages of total research and development expenses for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Employee benefits expenses	8,812	48.2	17,911	51.1	20,268	54.4	14,677	54.8	17,008	52.1
Professional service fees[(2)]	4,463	24.4	8,295	23.7	8,085	21.7	5,179	19.3	9,547	29.2
Material costs	3,742	20.4	6,818	19.5	5,309	14.3	4,481	16.7	3,121	9.6
Depreciation and amortization	804	4.4	1,280	3.7	2,489	6.7	1,671	6.2	2,052	6.3
Share award expense	–	–	75	0.2	90	0.2	68	0.3	98	0.3
Others[(1)]	478	2.6	645	1.8	1,011	2.7	694	2.7	845	2.5
Total	**18,299**	**100.0**	**35,024**	**100.0**	**37,252**	**100.0**	**26,770**	**100.0**	**32,671**	**100.0**

Notes:

(1) Others mainly included energy costs, office, and traveling expenses.

(2) Professional service fees primarily include registration fees, testing fees and patent application fees.

Other Expenses

Our other expenses mainly consisted of non-operating expenses and losses on asset scraping and disposal. We had other expenses of RMB85.0 thousand, RMB49.0 thousand, RMB13.0 thousand, RMB253.0 thousand and RMB403.0 thousand in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. During the Track Record Period, the fluctuations in other expenses were mainly caused by the variations in asset usage.

(Impairment)/Reversal of Impairment of Financial Assets, Net

Our impairment or reversal of impairment of financial assets, net mainly represented changes in our allowance over trade receivables, other receivables and deposits based on expected credit loss. During the Track Record Period, we recorded impairment of financial assets, net of RMB0.1 million in 2022 and 2024, respectively and reversal of impairment of financial assets, net of RMB12.0 thousand in 2023. We further recorded reversal of impairment of financial assets, net of RMB22.0 thousand and impairment of financial assets, net of RMB436.0 thousand in the nine months ended September 30, 2024 and 2025, respectively. During the Track Record Period, the changes were primarily caused by the changes in the year-end balances of our financial assets and adjustments in the expected credit loss rates applicable in each period.

Finance Costs

Our finance costs consisted of interest on bank borrowings and other loans and interest on lease liabilities. We had finance costs of RMB0.6 million, RMB0.5 million, RMB0.4 million, RMB0.3 million and RMB0.2 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Income Tax Expense

Our income tax expenses mainly represented income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled. See Note 10 of the Accountants' Report in Appendix I to this document. During the Track Record Period, we had income tax expense of RMB0.3 million, RMB7.2 million, RMB12.2 million, RMB8.0 million and RMB12.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), our subsidiaries operating in Chinese mainland are subject to a rate of 25% on the taxable income except for certain subsidiaries which enjoy a preferential income tax rate. In addition, on July 31, 2020, we were accredited as a "High and New Technology Enterprise" ("HNTE"), which was renewed in October 2023. As a result, we were entitled to a preferential EIT rate of 15% for the Track Record Period. Furthermore, one of our subsidiaries in Chinese mainland was qualified as a small and micro-sized enterprise. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Policies for the Income Tax of Small and Micro Enterprises and Individual Industrial and Commercial Households, the annual taxable income of small and micro-sized enterprises not exceeding RMB1 million is reduced by 25% of the taxable income and subject to enterprise income tax at a rate of 20%. According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Preferential Policies on Income Tax for Small and Micro Enterprises," for small and micro enterprises with annual taxable income exceeding RMB1 million but not exceeding RMB3 million, the taxable income shall be reduced to 25% of the actual amount and subject to enterprise income tax at a rate of 20%.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any tax investigation, enquiries, penalties or surcharges.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared with Nine Months Ended September 30, 2024

Revenue

Our revenue increased by 23.9% from RMB220.6 million in the nine months ended September 30, 2024 to RMB273.3 million in the nine months ended September 30, 2025, primarily due to the increased sales of our medical implants and surgical equipment and associated medical consumables.

Medical Implants

Our revenue from medical implants increased by 26.8% from RMB167.2 million in the nine months ended September 30, 2024 to RMB212.1 million in the nine months ended September 30, 2025, primarily attributable to the increased sales of our suture anchors and meniscus repair systems. The sales volume of our suture anchor rose substantially from 176.9 thousand units in the nine months ended September 30, 2024 to 241.9 thousand units in the nine months ended September 30, 2025. Meanwhile, the sales volume of our meniscus repair systems increased during the same period. The sales growth of medical implants was mainly driven by the increasing market acceptance of our bioabsorbable and enhanced market recognition of our products. sales growth was partially offset by a decrease in their selling price during the same period, mainly because these products were included in the volume-based procurement program, which enhanced the affordability of our medical implants.

Surgical Equipment and Associated Medical Consumables

Our revenue from surgical equipment and associated medical consumables increased by 14.5% from RMB53.3 million in the nine months ended September 30 2024 to RMB61.0 million in the nine months ended September 30, 2025, primarily attributable to the increased sales of our surgical equipment. The sales volume of our surgical equipment increased from 11.5 thousand sets in the nine months ended September 30, 2024 to 16.7 thousand sets in the nine months ended September 30, 2025. This sales growth was caused by the increased adoption of our surgical equipment, mainly driven by the enhanced market recognition of our brand and our continued expansion into the overseas markets.

Cost of Sales

Our cost of sales remained relatively stable at RMB68.9 million in the nine months ended September 30, 2024 and RMB71.5 million in the nine months ended September 30, 2025. Our labor costs increased from RMB8.6 million to RMB11.1 million during the same period, primarily due to the continued expansion of our production team. This increase was partially offset by the decrease in raw material costs from RMB50.2 million to RMB49.9 million during the same period, primarily due to our effective cost management.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 33.0% from RMB151.8 million in the nine months ended September 30, 2024 to RMB201.8 million in the nine months ended September 30, 2025. Gross profit margin increased from 68.8% in the nine months ended September 30, 2024 to 73.8% in the nine months ended September 30, 2025.

Medical Implants

Our gross profit from medical implants increased by 35.3% from RMB120.1 million in the nine months ended September 30, 2024 to RMB162.4 million in the nine months ended September 30, 2025. Gross profit margin for medical implants increased from 71.8% in the nine months ended September 30, 2024 to 76.6% in the nine months ended September 30, 2025, primarily due to our effective cost management in the face of downward pricing pressures from the centralized volume-based procurement program and economies of scales in production. Specifically, we negotiated with core suppliers for favorable procurement price, leveraging our bargaining power. In addition, we collaborated with suppliers on raw material design and production workflows, optimizing their production processes and production costs, thereby fostering robust relationships with them while securing favorable pricing terms. Furthermore, we strategically diversified suppliers, sourcing certain raw materials from various suppliers and enhancing our resilience against supply chain disruptions. In the meantime, our increased production volumes unlocked further efficiencies, lowering per-unit labor and manufacturing expenses, while ongoing improvements in production processes amplified these gains.

Surgical Equipment and Associated Medical Consumables

Our gross profit from surgical equipment and associated medical consumables increased by 23.9% from RMB31.6 million in the nine months ended September 30, 2024 to RMB39.2 million in the nine months ended September 30, 2025. Gross profit margin for surgical equipment and associated medical consumables increased from 59.4% in the nine months ended September 30, 2024 to 64.3% in the nine months ended September 30, 2025, primarily due to our effective cost management strategies and economies of scale. We negotiated more favorable procurement prices with suppliers by leveraging our bargaining power, while benefiting from the economies of scale as we expanded the production.

Other Income and Gains

Our other income and gains increased from RMB4.6 million in the nine months ended September 30, 2024 to RMB10.8 million in the nine months ended September 30, 2025, primarily due to (i) an increase in government grants, which were awarded for our R&D achievements and supported our business growth; and (ii) an increase in fair value gains on FVTPL.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 11.8% from RMB42.5 million in the nine months ended September 30, 2024 to RMB47.4 million in the nine months ended September 30, 2025, primarily due to an increase in technical service expenses of RMB3.6 million, in line with our increased sales.

Administrative Expenses

Our administrative expenses increased from RMB17.7 million in the nine months ended September 30, 2024 to RMB29.2 million in the nine months ended September 30, 2025, primarily due to an increase in professional service fee of RMB12.9 million in relation to the [**REDACTED**].

Research and Development Expenses

Our research and development expenses increased by 22.0% from RMB26.8 million in the nine months ended September 30, 2024 to RMB32.7 million in the nine months ended September 30, 2025, primarily due to (i) an increase in employee benefits expenses of RMB2.3 million, as we recruited more R&D professionals with master's degrees or above, and (ii) an increase in professional service fees of RMB4.4 million in relation to increased registration and testing fees for our new products.

Income Tax Expense

Our income tax expense increased from RMB8.0 million in the nine months ended September 30, 2024 to RMB12.3 million in the nine months ended September 30, 2025, primarily due to an increase in operating profit during this period.

Profit for the Period

As a result of the foregoing, our profit for the period increased from RMB60.9 million in the nine months ended September 30, 2024 to RMB89.9 million in the nine months ended September 30, 2025.

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

Revenue

Our revenue increased by 37.1% from RMB238.5 million in 2023 to RMB327.1 million in 2024, primarily due to increased sales of medical implants and surgical equipment and associated medical consumables.

Medical Implants

Our revenue from medical implants increased by 34.0% from RMB186.5 million in 2023 to RMB250.0 million in 2024, primarily attributable to the increased sales of suture anchors, suture buttons and high-strength suture, and meniscus repair systems. The sales volume of suture anchors, particularly our bioabsorbable suture anchors, substantially increased from 125.6 thousand in 2023 to 277.8 thousand in 2024. Meanwhile, the sales volume of suture button and high-strength sutures

significantly increased from 94.1 thousand units in 2023 to 187.1 thousand units in 2024. The sales volume of meniscus repair systems increased from 24.1 thousand units in 2023 to 62.1 thousand units in 2024. The surge in the sales volume of medical implants were partially offset by decreases in the selling prices of these products. The growing sales volumes of these medical implants was driven by growing market acceptance of sports medicine products, demonstrated by an increase in the number of our hospital customers. On the other hand, the decline in the selling prices was mainly caused by the implementation of the volume-based procurement program that exerted the downward pricing pressure on our medical implants, which in turn enhanced their affordability and encouraged adoption.

Surgical Equipment and Associated Medical Consumables

Our revenue from surgical equipment and associated medical consumables increased by 48.3% from RMB51.9 million in 2023 to RMB77.0 million in 2024, primarily due to the increased sales of medical consumables used for active equipment, such as surgical shaver system and plasma ablation equipment. The sales volume of our associated medical consumables increased significantly from 76.7 thousand units in 2023 to 135.3 thousand units in 2024, and the selling price of these products increased during the same period. This sales growth was mainly driven by our first-mover advantage in marketing these products in China and enhanced market recognition resulting from our continuous product development efforts.

Cost of Sales

Our cost of goods sold increased by 62.5% from RMB61.2 million in 2023 to RMB99.5 million in 2024, primarily due to an increase in raw material costs of RMB28.9 million, in line with our expanded production to meet growing customer demand, and an increase in labor costs of RMB3.9 million associated with our expanded production team.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 28.4% from RMB177.3 million in 2023 to RMB227.6 million in 2024. Our gross profit margin decreased from 74.3% in 2023 to 69.6% in 2024.

Medical Implants

Our gross profit from medical implants increased by 22.8% from RMB147.4 million in 2023 to RMB181.0 million in 2024, driven by the increased revenue from this product segment. Gross profit margin for medical implants decreased from 79.0% in 2023 to 72.4% in 2024, primarily due to the lower selling prices of our medical implants, which were included in the volume-based procurement programs since 2024.

Surgical Equipment and Associated Medical Consumables.

Our gross profit from surgical equipment and associated medical consumables increased by 55.7% from RMB29.9 million in 2023 to RMB46.6 million in 2024, primarily due to the increased revenue from this product segment. Gross profit margin for surgical equipment and associated medical consumables increased from 57.6% in 2023 to 60.5% in 2024, primarily due to a decrease in raw material costs, as we benefitted from favorable procurement prices by leveraging our robust relationships with suppliers and strong bargaining power, as well as the economies of scale due to our expanded production.

Other Income and Gains

Our other income and gains decreased from RMB14.8 million in 2023 to RMB10.1 million in 2024, primarily due to a decrease in government grants that were one-off in nature.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 5.3% from RMB66.1 million in 2023 to RMB69.6 million in 2024, primarily attributable to an (i) increase in employee benefits expense of RMB4.1 million, due to the expansion of our sales and marketing team, and (ii) an increase in technical service expenses of RMB2.8 million, as we engaged more third-party service providers for technical services to provide better technical support.

Administrative Expenses

Our administrative expenses decreased by 13.0% from RMB26.2 million in 2023 to RMB22.8 million in 2024, primarily due to a decrease in professional service fees of RMB4.0 million attributable to the decreased expenses for professional parties in relation to the prior [**REDACTED**].

Research and Development Expenses

Our research and development expenses increased by 6.4% from RMB35.0 million in 2023 to RMB37.3 million in 2024, primarily due to (i) an increase in employee benefits expenses of RMB2.4 million, resulting from our expanded R&D team, and (ii) an increase in depreciation and amortization of RMB1.2 million, attributable to the expansion in our R&D facilities.

Income Tax Expense

Our income tax expense increased from RMB7.2 million in 2023 to RMB12.2 million in 2024, primarily due to an increase in operating profit during the same period.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 67.0% from RMB57.1 million in 2023 to RMB95.4 million in 2024.

Year ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by 62.7% from RMB146.6 million in 2022 to RMB238.5 million in 2023, primarily due to the increased revenue from medical implants and surgical equipment and associated medical consumables.

Medical Implants

Our revenue from implants increased by 59.4% from RMB117.0 million in 2022 to RMB186.5 million in 2023, primarily due to the increased sales of our suture anchor products, such as bioabsorbable suture anchor and PEEK suture anchor. The sales volume of suture anchor increased from 77.6 thousand units in 2022 to 125.6 thousand units in 2023, and the selling price of suture anchor increased during the same period, primarily driven by our expanded marketing efforts and enhanced brand recognition.

Surgical Equipment and Associated Medical Consumables

Our revenue from surgical equipment and associated medical consumables increased by 75.4% from RMB29.6 million in 2022 to RMB51.9 million in 2023, primarily due to the increased sales of our surgical equipment, particularly our active equipment, as well as the increased sales of the medical consumables used for active equipment. The sales volume of surgical equipment increased from 6.3 thousand units in 2022 to 10.4 thousand units in 2023, and the selling price of surgical equipment increased during the same period. Meanwhile, the sales volume of medical consumables used for such equipment increased from 50.3 thousand units to 76.7 thousand units, partially offset by a decrease in the selling price of these medical consumables during the same period. The growth in sales was mainly driven by the commercialization of certain active equipment with high market demand, such as endoscope camera system and plasma RF ablation equipment, resulting from our enhanced marketing efforts and expanded distributor network.

Cost of Sales

Our cost of sales increased by 43.5% from RMB42.7 million in 2022 to RMB61.2 million in 2023, primarily due to the increased raw material costs and labor costs, in line with our expanded production to meet the growing customer demand.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 70.6% from RMB103.9 million in 2022 to RMB177.3 million in 2023. Gross profit margin increased from 70.9% in 2022 to 74.3% in 2023.

Medical Implants

Our gross profit from medical implants increased by 69.3% from RMB87.0 million in 2022 to RMB147.4 million in 2023, driven by the increased revenue from this product segment. Gross profit margin for medical implants increased from 74.4% in 2022 to 79.0% in 2023, primarily due to (i) our improved production efficiency resulting from the expanded production scale and optimized production process, which led to enhanced economies of scale; and (ii) the increased sales of certain medical implants with higher margins, driven by the growing market demand for such products.

Surgical Equipment and Associated Medical Consumables

Our gross profit from surgical equipment and associated medical consumables increased by 76.9% from RMB16.9 million in 2022 to RMB29.9 million in 2023, primarily due to the increased revenue from this product segment. Gross profit margin for surgical equipment and associated medical consumables remained relatively stable at 57.1% in 2022 and 57.6% in 2023.

Other Income and Gains

Our other income and gains increased from RMB6.8 million in 2022 to RMB14.8 million in 2023, primarily due to (i) an increase in government grants of RMB9.4 million to award our R&D achievements, and (ii) an increase in bank interests income of RMB3.1 million, due to the increased bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 66.1% from RMB39.8 million in 2022 to RMB66.1 million in 2023, primarily due to (i) an increase in employee benefits expenses of RMB11.3 million, due to our expanded sales and marketing team, and (ii) an increase in promotion expenses of RMB8.3 million, as a part of our marketing strategy to penetrate both domestic and overseas markets.

Administrative Expenses

Our administrative expenses increased by 132.2% from RMB11.3 million in 2022 to RMB26.2 million in 2023, primarily attributable to (i) an increase in professional service fees of RMB7.2 million in relation to our attempt, (ii) an increase in employee benefits expenses of RMB2.7 million due to the expanded management team and salary adjustments in line with our business growth, and (iii) an increase in depreciation and amortization of RMB1.9 million as we scaled our business operations.

Research and Development Expenses

Our research and development expenses increased by 91.4% from RMB18.3 million in 2022 to RMB35.0 million in 2023, primarily due to (i) an increase in employee benefits expenses of RMB9.1 million due to our expanded R&D team, and (ii) an increase in raw material costs of RMB3.1 million, and an increase in professional service fees of RMB3.8 million, which were mainly attributable to various product development initiatives.

Income Tax Expense

Our income tax expense increased from RMB0.3 million in 2022 to RMB7.2 million in 2023, primarily due to a significant increase in our operating profit.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 41.6% from RMB40.3 million in 2022 to RMB57.1 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	17,683	30,040	82,880	86,424
Right-of-use assets	10,621	10,652	8,114	5,357
Other intangible assets	2,080	1,782	1,484	1,260
Deferred tax assets	5,254	837	1,163	944
Prepayments, other receivables and other assets	1,604	2,823	1,333	1,004
Total non-current assets	**37,242**	**46,134**	**94,974**	**94,989**
Current assets				
Inventories	27,065	39,287	57,154	70,603
Trade and bills receivables	3,241	2,651	19,134	13,535
Prepayments, other receivables and other assets	6,535	6,836	12,011	14,425
Financial assets at fair value through profit or loss	–	–	–	251,393
Restricted bank deposits	–	–	–	10,261
Time deposits with an initial term of over three months	–	–	344,093	44,367
Cash and cash equivalents	272,840	356,370	89,968	179,757
Total current assets	**309,681**	**405,144**	**522,360**	**584,341**

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Current liabilities				
Trade payables	5,925	12,900	23,550	22,834
Other payables and accruals	34,779	40,173	77,780	42,450
Contract liabilities	7,397	9,198	10,487	4,325
Interest-bearing bank borrowings	–	–	–	500
Lease liabilities	3,037	3,276	3,716	2,822
Tax payable	–	1,306	1,617	7,556
Refund liabilities	4,518	3,672	10,083	11,550
Total current liabilities	**55,656**	**70,525**	**127,233**	**92,037**
Net current assets	**254,025**	**334,619**	**395,127**	**492,304**
Non-current liabilities				
Interest-bearing bank borrowings	–	–	17,000	20,223
Lease liabilities	8,024	5,054	1,861	–
Deferred tax liabilities	–	–	–	7
Other payables and accruals	930	931	–	5,076
Total non-current liabilities	**8,954**	**5,985**	**18,861**	**25,306**
Net assets	**282,313**	**374,768**	**471,240**	**561,987**

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-[**REDACTED**] investments, see "— Share Capital and Total Equity" below and note 27 to the Accountants' Report set out in Appendix I to this document.

Inventories

Our inventories primarily consisted of (i) raw materials, (ii) work-in-progress, (iii) semi-finished goods, (iv) finished goods, (v) materials consigned for processing, as we outsourced certain production procedures to third-party manufacturers, and (vi) goods in transit, which represents goods that had been shipped to customers but were pending customer acceptance. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Raw materials	5,902	12,842	18,717	22,637
Work-in-progress	4,977	5,693	7,201	10,897
Semi-finished goods	6,028	6,198	8,947	11,364
Finished goods	10,598	14,188	21,424	23,153
Materials consigned for processing	291	738	1,717	4,921
Goods in transit	278	866	1,899	1,034
Less: Provision for inventories	(1,009)	(1,238)	(2,751)	(3,403)
Total	**27,065**	**39,287**	**57,154**	**70,603**

Our inventories increased by 45.2% from RMB27.1 million as of December 31, 2022 to RMB39.3 million as of December 31, 2023 and further increased by 45.5% to RMB57.2 million as of December 31, 2024. Our inventories increased by 23.5% from RMB57.2 million as of December 31, 2024 to RMB70.6 million as of September 30, 2025. Our inventories increased steadily during the Track Record Period, primarily due to an increase in the procurement of raw materials in anticipation of the expanded production to meet the growing market demand, as well as increases in work-in-progress, semi-finished goods and finished products resulting from our production expansion.

We believe there is no impairment issue for our inventories as of September 30, 2025. We have made sufficient provisions based on our estimates of the realizable value of such inventories. We made full provision for inventories that are no longer expected to be used or sold. During the Track Record Period, we periodically inspected the inventory level to avoid stockpiling while scheduling our production to optimize the raw material usage.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within one year	21,363	37,001	52,925	63,837
Over one year but within two years	5,388	1,149	4,434	5,624
Over two years but within three years	933	1,874	752	2,988
Over three years	390	501	1,794	1,557
Total	**28,074**	**40,525**	**59,905**	**74,006**

The following table sets forth the turnover days of our inventories for the periods indicated:

	Year ended December 31,			Nine Months ended September 30,
	2022	2023	2024	2025
	(days)			
Inventory turnover days[(1)]	254	204	184	256

Note:

(1) Inventory turnover days for a year/period equal the average of the gross value of the opening and closing inventory balance divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 365 days for each year and 273 days for nine months.

Our inventory turnover days decreased from 254 days in 2022 to 204 days in 2023 and further decreased to 184 days in 2024 primarily attributable to the increased market demand for our products, which accelerated the sales efficiency and therefore shortened the inventory turnover. Our inventory turnover days increased from 184 days in 2024 to 256 days in the nine months ended September 30, 2025, primarily due to the increased inventories, driven by the production expansion to meet the growing market demand.

Our Directors have assessed and made sufficient provision for our inventories and do not believe there is any material impairment or recoverability issue for our inventories during the Track Record Period and up to the Latest Practicable Date.

As of January 31, 2026, approximately RMB56.1 million or 75.7% of our inventories as of September 30, 2025 had been utilized or sold.

Trade and Bills Receivables

Our trade and bills receivables represented the outstanding receivables from our customers during our ordinary course of business. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables	3,364	2,757	5,177	14,191
Bills receivables	–	–	14,177	–
Less: Impairment	(123)	(106)	(220)	(656)
Total	**3,241**	**2,651**	**19,134**	**13,535**

Our trade and bills receivables decreased by 18.2% from RMB3.2 million as of December 31, 2022 to RMB2.7 million as of December 31, 2023, primarily due to a decrease in trade receivables, we demanded our customers to accelerate their payment. Our trade and bills receivables increased by 621.8% from RMB2.7 million as of December 31, 2023 to RMB19.1 million as of December 31, 2024, primarily due to an increase in bills receivables as one customer paid by bills in November, 2024. Our trade receivables increased from RMB2.8 million to RMB5.2 million during the same period, primarily due to our increased sales in overseas markets in which we provided credit terms to overseas distributors. Our trade and bills receivables decreased by 29.3% from RMB19.1 million as of December 31, 2024 to RMB13.5 million as of September 30, 2025, primarily due to the settlement of our bills receivables of RMB14.2 million. Our trade receivables increased from RMB5.2 million to RMB14.2 million during the same period, primarily due to our continued business growth, particularly our expansion in overseas markets.

During the Track Record Period, all of our trade and bills receivables were aged within one year.

The following table sets forth the turnover days of our trade and bills receivables for the periods indicated:

	Year ended December 31,			Nine Months ended September 30,
	2022	2023	2024	2025
	(days)			
Trade and bills receivables turnover days[(1)]	5	5	12	17

Note:

(1) Trade and bills receivables turnover days for a year/period equal the average of opening and closing balance of trade and bills receivables for the relevant year/period divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 365 days for each year and 273 days for nine months.

Our trade and bills receivables turnover days remained stable at five days in 2022 and 2023, and our trade and bills receivables turnover days increased to twelve days in 2024, mainly due to an increase in bills receivables during this period as a customer settled in bills. Our trade and bills receivables turnover days remained relatively stable at twelve days in 2024 and seventeen days in the nine months ended September 30, 2025. We granted credit terms to certain distributors overseas or as required by applicable domestic regulations in relation to the sales of medical devices. These relatively short turnover periods reflect our tight credit terms with these distributors. We typically provide a credit term from 30 to 90 days for these distributors.

We have assessed the recoverability of our outstanding trade receivables balances, and our Directors are of the view that there are no recoverability issues and that sufficient provisions have been made for the following reasons: (i) our customers primarily comprise industry-leading enterprises and state-owned enterprises, which generally possess strong financial strength and demonstrate good credit histories with low default rates; (ii) we maintain stable and long-term relationships with these customers, fostering mutual trust and consistent payment behaviors over time; (iii) we have implemented internal control measures to manage risks associated with trade receivables, including regular credit assessments, aging analyses and proactive follow-up procedures; and (iv) the trade receivables arise primarily due to customers' standard settlement and funding cycles, which are predictable and aligned with their operational norms, further mitigating any potential recoverability concerns.

Our Directors have assessed and made sufficient provision for our trade and bills receivables and do not believe there is any material impairment or recoverability issue for our trade and bills receivables during the Track Record Period and up to the Latest Practicable Date.

As of January 31, 2026, approximately RMB13.8 million, or 97.0% of our trade and bills receivables as of September 30, 2025, had been settled.

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) leasehold improvements, (ii) machinery, (iii) tools, (iv) office equipment, and (v) construction in progress.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Leasehold improvements	6,239	10,568	6,318	3,276
Machinery	5,663	9,702	10,814	12,276
Tools	5,098	7,949	10,793	10,136
Office equipment	413	1,262	866	665
Construction in progress	270	559	54,089	60,071
Total	**17,683**	**30,040**	**82,880**	**86,424**

Our property, plant and equipment increased by 69.9% from RMB17.7 million as of December 31, 2022 to RMB30.0 million as of December 31, 2023, primarily due to (i) an increase in leasehold improvements, resulting from the renovation of our production plants, and (ii) an increase in machinery and office equipment due to the production expansion to meet growing market demand for our products. Our property, plant and equipment increased by 175.9% from RMB30.0 million as of December 31, 2023 to RMB82.9 million as of December 31, 2024 primarily due to an increase in construction in progress for a new production plant in response to the growing market demand. Our property, plant and equipment increased from RMB82.9 million as of December 31, 2024 to RMB86.4 million as of September 30, 2025, primarily due to an increase in construction in progress in relation to the new production plant and additional production equipment.

Right-of-Use Assets

During the Track Record Period, our right-of-use assets primarily consisted of leased buildings and our own land. Our right-of-use assets remained stable at RMB10.6 million as of December 31, 2022 and RMB10.7 million as of December 31, 2023. Our right-of-use assets decreased by 23.8% from RMB10.7 million as of December 31, 2023 to RMB8.1 million as of December 31, 2024, and further decreased by 34.0% to RMB5.4 million as of September 30, 2025, primarily due to depreciation.

Prepayments, Other Receivables and Other Assets

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Current:				
Prepayments	4,133	3,569	3,325	3,374
Right-of-return assets	1,279	883	3,012	3,014
Deductible value-added tax	244	914	3,798	4,785
Tax recoverable	372	–	10	41
Deferred [**REDACTED**] expenses in relation to the prior listing attempt	283	1,141	1,355	–
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other receivables	231	339	515	631
Impairment allowance	(7)	(10)	(4)	(6)
Non-current:				
Prepayments for property, plant and equipment	1,384	2,541	943	603
Deposits	227	291	402	411
Impairment loss allowance	(7)	(9)	(12)	(10)
Total	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Our prepayments, other receivables and other assets increased by 18.7% from RMB8.1 million as of December 31, 2022 to RMB9.7 million as of December 31, 2023, primarily due to an increase in our prepayments for property, plant and equipment related to machinery and tools used in production, driven by our production expansion of both medical implants and surgical equipment and associated medical consumables and an increase in deferred [**REDACTED**] expenses in relation to our prior listing attempt. Our prepayments, other receivables and other assets increased by 38.2% from RMB9.7 million as of December 31, 2023 to RMB13.3 million as of December 31, 2024, primarily due to (i) an increase in right-of-return assets, and (ii) an increase in deductible value-added tax, driven by our continuous business expansion. The right-of-return assets were recognized for our right to recover goods from customers when they want to exchange or return purchased goods, and is recorded as a percentage of sales revenue during the period to reflect the expected return level. The right-of-return assets increased from 2023 to 2024, mainly because we adjusted the expected return level due to the shifting market demand and our varying product mix. In the meantime, our deductible value-added tax increased during the same period due to our VAT-bearing purchases of property, plant and equipment for our new production plant. Our prepayments, other receivables and other assets increased by 15.6% from RMB13.3 million to RMB15.4 million as of September 30, 2025.

As of January 31, 2026, approximately RMB9.7 million, or 62.9% of our prepayments, other receivables and other assets as of September 30, 2025, had been settled.

Trade Payables

Our trade payables were primarily related to the amounts payable to suppliers.

Our trade payables increased from RMB5.9 million as of December 31, 2022 to RMB12.9 million as of December 31, 2023, mainly attributable purchase of raw materials to meet our expanded production needs. Our trade payables increased by 82.6% from RMB12.9 million as of December 31, 2023 to RMB23.6 million as of December 31, 2024, primarily due to the increased procurement of raw materials to meet our continuously expanding production scale. Our trade payables remained relatively stable at RMB23.6 million as of December 31, 2024 and RMB22.8 million as of September 30, 2025.

The following table sets forth an aging analysis of the trade payables based on the invoice dates as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within one year	5,874	12,639	23,187	22,264
Over one year	51	261	363	570
Total	**5,925**	**12,900**	**23,550**	**22,834**

The following table sets forth the turnover days of our trade payables for the periods indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(days)			
Trade payables turnover days[(1)]	43	56	67	89

Note:

(1) Trade payables turnover days for a year/period equal the average of the opening and closing balance of trade payables for the relevant year/period divided by the cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 365 days for each year and 273 days for nine months.

Our trade payables turnover days increased from 43 days in 2022 to 56 days in 2023, and further increased to 67 days in 2024, primarily due to increased procurement of raw materials to support our production expansion. Our trade payables turnover days increased from 67 days in 2024 to 89 days in the nine months ended September 30, 2025, mainly because we substantially increased raw material procurement in response to the surging market demand. During the Track Record Period, our suppliers typically granted us a credit term from 30 days to 90 days.

As of January 31, 2026, approximately RMB17.2 million, or 75.3% of our trade and bills payables as of September 30, 2025 had been settled.

Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Other payables	13,546	17,068	20,206	22,176
Payroll and welfare payables	12,756	14,776	19,380	7,419
Other tax payables	6,420	7,379	4,699	4,210
Payable for purchase of property, plant and equipment	420	754	30,070	7,086
Long-term liabilities due within one year	933	–	976	1,000
Deferred income	–	–	1,167	–
Other current liabilities	704	196	1,282	559
Total	**34,779**	**40,173**	**77,780**	**42,450**

Our other payables and accruals increased by 15.5% from RMB34.8 million as of December 31, 2022 to RMB40.2 million as of December 31, 2023, primarily due to an increase in other payables, as well as an increase in payroll and welfare payables for our expanded workforce. Our other payables and accruals further increased by 93.6% to RMB77.8 million as of December 31, 2024, primarily due to an increase in payable for purchase of property, plant and equipment resulting from the construction of a new production plant, and an increase in payroll and welfare

payables for our expanded workforce. Our other payables and accruals then decreased by 45.4% from RMB77.8 million as of December 31, 2024 to RMB42.5 million as of September 30, 2025, mainly because we settled certain payment for property, plant and equipment in relation to our new production plant.

As of January 31, 2026, approximately RMB18.9 million, or 44.4% of our other payables and accruals as of September 30, 2025 had been settled.

Refund Liabilities

Our refund liabilities represent amounts of expected refunds or exchanges on sales that allow returns and exchanges. Our refund liabilities decreased from RMB4.5 million as of December 31, 2022 to RMB3.7 million as of December 31, 2023, primarily due to lower expected return rates attributable to increasing market acceptance of our products and enhanced brand recognition. Our refund liabilities increased from RMB3.7 million as of December 31, 2023 to RMB10.1 million as of December 31, 2024, primarily due to revised expectations reflecting shifting market demand and changes in our product mix. Our refund liabilities increased from RMB10.1 million as of December 31, 2024 to RMB11.6 million as of September 30, 2025.

SHARE CAPITAL AND TOTAL EQUITY

Our share capital amounted to RMB45.9 million, RMB46.4 million, RMB46.4 million and RMB46.4 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. In addition, our total equity amounted to RMB282.3 million, RMB374.8 million, RMB471.2 million and RMB562.0 million as of December 31, 2022,2023, 2024 and September 30, 2025, respectively. Our total equity increased to RMB374.8 million as of December 31, 2023 from RMB282.3 million as of December 31, 2022, primarily reflecting our profit of the year ended December 31, 2023 of RMB57.1 million, capital reserve of RMB34.0 million and our share award reserve of RMB0.9 million in 2023. Our total equity further increased to RMB471.2 million as of December 31, 2024, primarily reflecting our profit for the year ended December 31, 2024 of RMB95.4 million and our share award reserve of RMB1.1 million in 2024. As of September 30, 2025, our total equity increased to RMB562.0 million, primarily reflecting our profit for the nine months ended September 30, 2025 of RMB89.9 million and our share award reserve in the nine months ended September 30, 2025 of RMB0.9 million.

Prior to and during the Relevant Periods, various pre-[**REDACTED**] Investors (collectively, the "Pre-[**REDACTED**] Investors") entered into respective shareholders' agreements with the Company and certain shareholders of the Company, to subscribe ordinary shares directly from the Company or acquire ordinary shares from these shareholders, for a total consideration of approximately RMB600 million (collectively, the "Pre-[**REDACTED**] Investments"), of which the Pre-[**REDACTED**] Investors contributed RMB338 million by 31 December 2022 and RMB262 million in 2023. Pursuant to the shareholders' agreements, these Pre-[**REDACTED**] Investors were granted by the Company with Special Rights on their Pre-[**REDACTED**] Investments.

There was no exercise of redemption rights and liquidation preference rights granted by the Company throughout the Relevant Periods.

On 30 January 2023, the Company and all Pre-[**REDACTED**] investors entered into a supplemental agreement, pursuant to which the "Redemption Rights" provisions under the original shareholder agreement were confirmed to be void ab initio. Subsequently, on 22 August 2023, the parties further executed a second supplemental agreement, pursuant to which all remaining special rights (including "Anti-dilution Rights" and "Liquidation Preferences") under the original shareholders agreement were irrevocably terminated and deemed void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-[**REDACTED**] Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-[**REDACTED**] Investors been accounted for as financial liabilities measured at present value of the redemption amount (being amount to be distributed to the Pre-[**REDACTED**] Investors in the event of the liquidation of the Company) prior to entering into the supplemental agreements, the redemption financial liabilities, total current liabilities, net current liabilities and net liabilities would have been:

	As at 31 December
	2022
	RMB'000
Redemption financial liabilities	406,000
Total current liabilities	461,656
Net current liabilities	151,975
Net liabilities	123,687

As stipulated in the shareholders' agreement, the amount of redemption of financial liabilities is fixed at any given time in the event of the liquidation of the Company, there are no finance costs associated with the redemption financial liabilities charged in the consolidated statement of profit or loss during the Relevant Periods. As the Company entered into supplemental agreements with all pre-[**REDACTED**] investors in 2023, under which the redemption rights, anti-dilution rights, and liquidation preferences were irrevocably terminated and deemed void ab initio, there was no impact from redemption financial liabilities in 2023, see Note 27 of the Accountants' Report in Appendix I to this Document.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets and Liabilities

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
	(RMB in thousands)				*(Unaudited)*
Current assets					
Inventories	27,065	39,287	57,154	70,603	66,619
Trade and bills receivables	3,241	2,651	19,134	13,535	49,151
Prepayments, other receivables and other assets	6,535	6,836	12,011	14,425	18,284
Financial assets at fair value through profit or loss	–	–	–	251,393	391,889
Restricted bank deposits	–	–	–	10,261	–
Time deposits with an initial term of over three months	–	–	344,093	44,367	–
Cash and cash equivalents	272,840	356,370	89,968	179,757	116,862
Total current assets	**309,681**	**405,144**	**522,360**	**584,341**	**642,805**

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
	(RMB in thousands)				*(Unaudited)*
Current liabilities					
Trade payables	5,925	12,900	23,550	22,834	32,052
Other payables and accruals	34,779	40,173	77,780	42,450	56,712
Contract liabilities	7,397	9,198	10,487	4,325	6,188
Interest-bearing bank borrowings	–	–	–	500	12,000
Lease liabilities	3,037	3,276	3,716	2,822	1,891
Tax payable	–	1,306	1,617	7,556	1,248
Refund liabilities	4,518	3,672	10,083	11,550	12,370
Total current liabilities	**55,656**	**70,525**	**127,233**	**92,037**	**122,461**
Net current assets	**254,025**	**334,619**	**395,127**	**492,304**	**520,344**

We believe we can make better use of our cash by making appropriate investments in wealth management products of low-to-medium risk, which generate income without interfering with our business operation or capital expenditures. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment, the expected benefit and potential loss of the investment, our cash flow position and future working capital needs based on operational requirements. We have adopted a comprehensive set of internal policies and guidelines to manage our investments. Our Board exercises oversight over our investment activities through regular review and approval of significant investment decisions. Pursuant to our investment management policies, investments exceeding specified thresholds are subject to prior Board approval, while investments below such thresholds may be approved by the relevant management departments within their authorized limits. Our investment department is responsible for organizing project evaluations, conducting feasibility analyses, overseeing project implementation and maintaining investment records. Our finance department is responsible for performing economic and financial analyses, arranging payment of investment funds, conducting financial supervision and carrying out post-investment evaluations. Our internal audit department conducts periodic audits and inspections to ensure compliance with internal policies and the accuracy of accounting treatment. Our management, including our investment, finance and internal auditing departments, has extensive experience in managing the financial aspects of an enterprise's operations. Upon [**REDACTED**], we intend to continue making investments strictly in accordance with our internal control policies. To the extent that any such investment constitutes a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the applicable requirements thereunder, including the relevant announcement, reporting and/or shareholders' approval requirements, as appropriate.

Our net current assets increased from RMB492.3 million as of September 30, 2025 to RMB520.3 million as of January 31, 2026, primarily due to (i) an increase in trade and bills receivables of RMB35.6 million, driven by the growth in sales; and (ii) an increase in financial assets at fair value through profit or loss of RMB140.5 million.

Our net current assets increased from RMB395.1 million as of December 31, 2024 to RMB492.3 million as of September 30, 2025, primarily due to (i) an increase in cash and cash equivalents of RMB89.8 million, primarily due to our continued business growth; and (ii) an increase in inventories of RMB13.4 million, primarily due to our increased procurement of raw materials for production expansion to meet the surging market demand, as well as increases in work-in-progress, semi-finished goods and finished products resulting from our production expansion.

Our net current assets increased from RMB334.6 million as of December 31, 2023 to RMB395.1 million as of December 31, 2024, primarily due to (i) an increase in time deposits of RMB344.1 million, (ii) an increase in inventories of RMB17.9 million, in anticipation of the growing market demand for our products, (iii) an increase in trade and bills receivables of RMB16.5 million, in line with the growth in sales, (iv) an increase in prepayments, other receivables and other assets of RMB5.2 million, in line with our business expansion, partially offset by (i) a decrease in cash and cash equivalent of RMB266.4 million, (ii) an increase in other payables and accruals of RMB37.6 million for our purchase of property, plant and equipment and increased payroll and welfare payables for expanded workforce, and (iii) an increase in trade payables of RMB10.7 million for increased raw material procurement for expanded production.

Our net current assets increased from RMB254.0 million as of December 31, 2022 to RMB334.6 million as of December 31, 2023, primarily due to (i) an increase in inventories of RMB12.2 million, in anticipation of the growing market demand for our products, and (ii) an increase in cash and cash equivalents of RMB83.5 million, as our sales increased, partially offset by (i) an increase in other payables and accruals of RMB5.4 million, due to increased payroll and welfare payables for expanded workforce, and (ii) an increase in trade payables of RMB7.0 million for increased raw material procurement.

Working Capital

We have historically funded our cash requirements principally from cash generated from operations and equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had cash and cash equivalent of RMB272.8 million, RMB356.4 million, RMB90.0 million and RMB179.8 million, respectively. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had time deposits of nil, nil, RMB344.1 million and 44.4 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow and the estimated [**REDACTED**] received from the [**REDACTED**].

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and our time deposits, and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Document.

Cash Flow

The following table sets forth our cash flow for the periods indicated:

	Year ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
			(RMB in thousands)		
Net cash flows from operating activities	55,812	79,856	94,515	61,947	84,671
Net cash flows from/(used in) investing activities	6,029	(21,168)	(371,252)	(368,388)	22,200
Net cash flows from/(used in) financing activities	133,362	24,594	10,133	(5,830)	(16,915)

	Year ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
			(RMB in thousands)		
Net increase/(decrease) in cash and cash equivalents	195,203	83,282	(266,604)	(312,271)	89,956
Cash and cash equivalents at beginning of year/period	74,268	272,840	356,370	356,370	89,968
Effect of exchange rate changes, net	3,369	248	202	(19)	(167)
Cash and cash equivalents at end of year/period	**272,840**	**356,370**	**89,968**	**44,080**	**179,757**

Net Cash Flows from Operating Activities

Our net cash flows from operating activities primarily represented our profit before tax for the period adjusted by: (i) non-cash and non-operating items and (ii) changes in working capital.

In the nine months ended September 30, 2025, our net cash flows generated from operating activities were RMB84.7 million, which represents our profit before taxation of RMB102.2 million, as adjusted by non-cash and non-operating items, primarily comprising interest income of RMB4.8 million, and changes in working capital, primarily comprising (i) increase in prepayments, other receivables and other assets of RMB2.4 million; (ii) increase in inventories of RMB16.9 million; and (iii) increase in restricted bank deposits of RMB10.3 million, partially offset by depreciation of property, plant and equipment of RMB8.0 million and right-of-use assets of RMB2.8 million.

In 2024, our net cash flows from operating activities were RMB94.5 million, which represents our profit before taxation of RMB107.6 million, as adjusted by non-cash and non-operating items, primarily comprising interest income of RMB5.6 million, and changes in working capital, primarily comprising (i) increase in inventories of RMB24.6 million, and (ii) increase in trade and bills receivables of RMB16.6 million, partially offset by (i) increase in other payables and accruals, contract liabilities and refund liabilities of RMB15.0 million, (ii) increase in trade payables of RMB10.5 million, and (iii) depreciation of property, plant and equipment of RMB10.0 million.

In 2023, our net cash flows from operating activities were RMB79.9 million, which represents our profit before taxation of RMB64.3 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB9.4 million, and (ii) depreciation of right-of-use assets of RMB3.1 million, and changes in working capital, primarily comprising (i) increase in other payables and accruals of RMB12.4 million and (ii) increase in trade payables of RMB6.8 million, partially offset by increase in inventories of RMB18.4 million.

In 2022, our net cash flows from operating activities were RMB55.8 million, which represents our profit before taxation of RMB40.6 million, as adjusted by non-cash and non-operating items, primarily comprising foreign exchange differences of RMB3.3 million, (ii) interest income of RMB1.6 million and (iii) investment income from FVTPL of RMB1.4 million, and changes in working capital, primarily comprising increase in trade payables of RMB1.6 million, partially offset by (i) increase in other payables and accruals of RMB12.5 million, and (ii) depreciation of property, plant and equipment of RMB4.2 million.

Net Cash Flows Generated from/(Used in) Investing Activities

In the nine months ended September 30, 2025, our net cash flows generated from investing activities were RMB22.2 million, which was primarily attributable to proceeds from maturity of time deposits with an initial term of over three months of RMB572.6 million, partially offset by (i) purchases of time deposits with an initial term of over three months of RMB272.8 million and (ii) purchases of financial assets at FVTPL of RMB330.0 million.

In 2024, our net cash flows used in investing activities were RMB371.3 million, which was primarily attributable to (i) purchases of time deposits with an initial term of over three months of RMB593.2 million and (ii) purchases of items of property, plant and equipment of RMB27.2 million, partially offset by proceeds from maturity of time deposits with an initial term of over three months of RMB249.1 million.

In 2023, our net cash flows used in investing activities were RMB21.2 million, which was primarily attributable to (i) purchases of items of property, plant and equipment of RMB17.5 million, and (ii) purchases of intangible assets and right-of-use assets of RMB3.8 million.

In 2022, our net cash flows generated from investing activities were RMB6.0 million, which was primarily attributable to (i) proceeds from disposal of financial assets at FVTPL of RMB113.0 million, (ii) investment income on financial assets at FVTPL of RMB1.5 million, partially offset by (i) purchases of financial assets at FVTPL of RMB100.0 million and (ii) purchases of items of property, plant and equipment of RMB8.5 million.

Net Cash Flows Used in Financing Activities

In the nine months ended September 30, 2025, our net cash flows used in financing activities were RMB16.9 million, which was primarily attributable to new bank borrowings of RMB3.7 million, partially offset by (i) payments of [**REDACTED**] expenses in relation to the prior listing attempt of RMB2.3 million, payments of [**REDACTED**] for the current period of RMB[**REDACTED**] and (ii) lease payments of RMB2.9 million.

In 2024, our net cash flows generated from financing activities were RMB10.1 million, which was primarily attributable to new bank borrowings of RMB17.0 million, partially offset by (i) lease payments of RMB4.1 million and (ii) payments of [**REDACTED**] expenses in relation to the prior listing attempt of RMB2.7 million.

In 2023, our net cash flows generated from financing activities were RMB24.6 million, which was primarily attributable to proceeds from issue of shares of RMB36.7 million, partially offset by (i) payments of [**REDACTED**] expenses in relation to the prior listing attempt of RMB8.5 million and (ii) lease payments of RMB3.5 million.

In 2022, our net cash flows generated from financing activities were RMB133.4 million, which was primarily attributable to proceeds from issue of shares of RMB135.9 million, partially offset by lease payments of RMB2.3 million.

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,			Nine Months ended/ As of September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Gross profit margin (%)[1]	70.9	74.3	69.6	68.8	73.8
Net profit margin (%)[2]	27.5	23.9	29.2	27.6	32.9
Current ratio (times)[3]	5.6	5.7	4.1	4.4	6.3
Quick ratio (times)[4]	5.1	5.2	3.7	3.9	5.6

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals net profit for the year/period divided by revenue for the year/period and multiplied by 100%.

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

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

INDEBTEDNESS

During the Track Record Period, our indebtedness mainly included interest-bearing bank borrowings and lease liabilities. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had a total indebtedness of RMB11.1 million, RMB8.3 million, RMB22.6 million and RMB23.5 million, respectively.

The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
	(RMB in thousands)				*(Unaudited)*
Current					
Interest-bearing bank borrowings	–	–	–	500	12,000
Lease liabilities	3,037	3,276	3,716	2,822	1,891
Non-Current					
Interest-bearing bank borrowings	–	–	17,000	20,223	18,723
Lease liabilities	8,024	5,054	1,861	–	–
Total	**11,061**	**8,330**	**22,577**	**23,545**	**32,614**

Interest-bearing Bank Borrowings

As of September 30, 2025, our interest-bearing bank borrowings comprised of secured loans with an effective annual rate of LPR minus 90 basis points. We had interest-bearing bank borrowings of nil, nil, RMB17.0 million, RMB20.7 million and RMB30.7 million as of December 31, 2022, 2023, 2024, September 30, 2025 and January 31, 2026 respectively. For more details, see Note 24 to the Accountant's Report in Appendix I to this document. As of September 30, 2025, our committed unutilised banking facilities was approximately RMB89.3 million.

Our Directors have confirmed that our bank borrowings contain standard terms, conditions and covenants that are customary for commercial bank borrowings in China. Our Directors also have confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2022, 2023, 2024, September 30, 2025 and January 31, 2026, our total lease liabilities amounted to RMB11.1 million, RMB8.3 million, RMB5.6 million, RMB2.8 million and RMB1.9 million, respectively.

Our lease liabilities are related to lease contracts for various buildings used in our operations, which typically have lease terms between 2 and 6 years. Our lease liabilities decreased by 24.7% from RMB11.1 million as of December 31, 2022 to RMB8.3 million as of December 31, 2023, and further decreased by 33.0% to RMB5.6 million as of December 31, 2024. Furthermore, our lease liabilities decreased by 49.4% from RMB5.6 million as of December 31, 2024 to RMB2.8 million as of September 30, 2025, as we settled certain rent payments. The incremental borrowing rates applied to lease liabilities range from 4.20% to 4.65% per annum, 4.20% to 4.65% per annum, 3.85% to 4.65% per annum, 3.85% to 4.65% per annum as of December 31, 2022, 2023, 2024 and September 30, 2025.

Save as disclosed above, as of January 31, 2026, we had no bank borrowings or other borrowings, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities.

Since January 31, 2026 and up to the date of this document, we have made repayment of interest-bearing bank loans of RMB10.0 million in February. Save for the repayment, there had not been any material change in our indebtedness.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023, 2024 and September 30, 2025, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

Our capital commitments during the Track Record Period were primarily related to the acquisition of property, plant and equipment. Our capital commitments as of December 31, 2022, 2023, 2024 and September 30, 2025 were RMB1.7 million, RMB1.4 million, RMB37.1 million and RMB17.0 million, respectively. The following table sets forth the details of our capital commitments as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Contracted, but not provided for: Construction of property, plant and equipment	1,661	1,359	37,061	17,037
Total	**1,661**	**1,359**	**37,061**	**17,037**

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily related to purchases of items of property, plant and equipment and intangible assets. Our capital expenditures in 2022, 2023, 2024 and the nine months ended September 30, 2025 were RMB8.5 million, RMB21.3 million, RMB27.2 million and RMB27.6 million, respectively. The following table sets forth the details of our capital expenditures for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
		(RMB in thousands)		
Purchases of items of property, plant and equipment	8,517	17,471	27,159	27,598
Purchases of items of intangible assets and right-of-use assets[(1)]	–	3,782	–	–
Total	**8,517**	**21,253**	**27,159**	**27,598**

Note:

(1) Intangible assets and right-to-use assets purchased in 2023 primarily include the installment payment for the patent rights purchased in 2020 and land use rights. Specifically, intangible assets are procured patents, which are not material to our products or manufacturing process.

We funded our capital expenditure requirements during the Track Record Period mainly from cash generated from operations and equity financing. We intend to fund our future capital expenditures and long-term investments with a combination of operating cashflow and [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 32 of the Accountants' Report in Appendix I to this Document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK

Our principal financial instruments mainly include cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the our financial instruments are credit risk and liquidity risk. Our board of directors review and agree policies for managing each of these risks. See Note 35 of the Accountants' Report in Appendix I to this Document.

DIVIDENDS AND DIVIDEND POLICY

No dividends were paid or declared by our Company during the Track Record Period. As advised by our PRC legal Advisor, according to the PRC Company Law, dividends may be paid only out of distributable profit and we may distribute after-tax profits after making up losses and appropriation of statutory reserves. Any future determination to pay dividends, as well as the amount will be made at the discretion of our Board of Directors which will be subject to the corporate shareholder approval processes and may be based on a number of factors, including but not limited to our future operations and earnings, capital requirements and surplus, cash flows and general financial condition, contractual restrictions, taxation and other factors from time to time that the Board of Directors may deem relevant, and will also be subject to our Articles of Association and constitutional documents, as well as applicable laws and regulations. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends.

DISTRIBUTABLE RESERVES

As of September 30, 2025, we had retained earnings of RMB227.9 million.

[**REDACTED**] EXPENSE

[**REDACTED**] expenses consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately HK$[**REDACTED**] in [**REDACTED**] and HK$[**REDACTED**] in [**REDACTED**]. Among of the total [**REDACTED**], approximately HK$[**REDACTED**] will be directly attributable to the [**REDACTED**], which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive income.

UNAUDITED [**REDACTED**] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this Document, there had been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end date of the periods reported in Appendix I to this Document, and there is no event since September 30, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025

The 2025 Preliminary Financial Information as set out in Appendix IIB to this Document has been agreed with the Reporting Accountants of our Company following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants. The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public

Accountants and consequently no opinion or assurance conclusion has been expressed by the Reporting Accountants on the 2025 Preliminary Financial Information. Since such preliminary financial information has not been audited by our Reporting Accountants or any other independent auditor, such financial information should not be relied upon to provide the same quality of information associated with information that has been subject to an audit by an independent auditor.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the midpoint of the stated range of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]) and the [**REDACTED**] is not exercised, we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**].

We intend to use the [**REDACTED**] we expect to receive from the [**REDACTED**] for the purposes and in the amounts set out below:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to expand our production capacity and enhance production efficiency, enabling us to meet the rapidly growing market demand. Specifically, our expansion plan encompasses (i) the construction of new production facilities for medical implants including suture anchor and meniscus repair systems and medical consumables for active equipment such as plasma electrode for plasma RF ablation equipment; (ii) the acquisition of advanced equipment, such as CNC longitudinal cutting machine tool, wire cutting machine, braiding machine, injection molding machine and grinding machine; and (iii) the automation of existing production facilities and the implementation of digital information systems to enhance the accuracy of production planning, strengthen quality control, facilitate transportation efficiency and optimize overall supply chain management.

  Specifically, we plan to acquire and construct new production facilities in addition to our existing ones. Such expansion will be funded by a mixture of our operating cashflow, bank borrowings and [**REDACTED**] from the [**REDACTED**]. The following table provides a detailed breakdown of the expansion plan:

Expected Production Timeline	Location	Lease or Acquisition	Budgeted Capacity	Latest Status	Total Capital Expenditure[(1)]
					(HK$ in million)
To commence in 2026	Beijing	Acquisition	2.0 million units per year	At the planning stage	[**REDACTED**]
To commence in 2026	Suzhou, Jiangsu	Acquisition	N/A[(2)]	Under construction	[**REDACTED**]

Notes:

(1) Total capital expenditure for our production facilities refer to the total amount of investments required.

(2) Jiangsu Production Plant is planned for manufacturing of raw materials and components for our medical implants and surgical equipment, and it would not directly contribute to budgeted capacity of finished products.

Regarding the capacity expansion initiatives, the following table sets forth a further breakdown of the [**REDACTED**] from the [**REDACTED**], including the purposes and amounts allocated:

Use of [REDACTED]	**Estimated Amount**
	(HK$ in million)
Construction of new production facilities	[**REDACTED**]
Acquisition of advanced equipment	[**REDACTED**]
Automation of production facilities	[**REDACTED**]

We plan to install new advanced equipment and automatic production lines in our new production facilities. These initiatives are expected to enhance the production capacity and production efficiency of our new production facilities.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our R&D efforts in line with our patient-oriented product strategy. We intend to leverage our four technology platforms to continuously upgrade our existing offerings while delivering sports medicine products that incorporate advanced technologies, thereby addressing unmet clinical needs and diversifying our product portfolio. Our R&D initiatives include both enhancements to our existing product portfolio and strategic expansions into emerging fields, underscoring our commitment to innovation in sports medicine. For medical implants, we are developing advanced all-suture and self-guided separable solutions, such as self-guided separable suture anchors and fiber-based all-suture buttons, to improve procedural efficiency and patient outcomes. In surgical equipment, our efforts focus on incorporating cordless designs and high-resolution cameras, which significantly enhance the accuracy and convenience of arthroscopic procedures. Looking ahead, we aim to develop the arthroscopic surgical robot to streamline operational efficiency. Additionally, we plan to innovate soft tissue repair scaffolds designed to promote natural tissue ingrowth and accelerated healing, further solidifying our position at the forefront of minimally invasive and regenerative technologies. Specifically, our plan includes the following:

  - ***R&D Team Expansion***. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our R&D team to facilitate our technological advancements and product development. In particular, we expect to (i) grow our R&D team by recruiting leading experts from the sports medicine device industry or the general medical device industry, as well as graduates from top universities specializing in biomedical engineering, material science, tissue engineering and AI, with an annual recruitment plan of approximately 16, 16 and 18 R&D personnel for 2026, 2027, and 2028, respectively; (ii) provide competitive remuneration to our existing R&D personnel to ensure team stability; and (iii) deliver comprehensive training programs to our R&D staff to enhance their interdisciplinary skills in areas such as material science, tissue engineering, AI technologies, and clinical application, fostering a collaborative environment for breakthrough developments and remaining at the forefront of technological advancements.
  - ***Research Materials and Equipment Procurement.*** Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to increase the procurement of certain materials necessary for our technological advancements and product development, such as advanced biomaterials and components for our surgical equipment and sports medicine systems, to fuel the development and testing of new products. Additionally, we plan to procure and install advanced research equipment, testing instruments and supporting infrastructure, thereby enabling efficient prototyping, validation and iteration of our products.

- ***Increasing Design Validation, Registration Tests and Clinical Trials.*** Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to invest in clinical validation, in line with our extensive pipeline and planned product portfolio expansion. In particular, we plan to invest in product validation, registration tests and clinical trials required for obtaining regulatory approvals from the NMPA and regulatory authorities in other jurisdictions. In addition, to facilitate these clinical validation efforts, we plan to engage third-party service providers, including CROs and SMOs, and collaborate with qualified hospitals to conduct efficient and compliant clinical trials, thereby accelerating the product development process.

• Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for commercialization, sales and marketing efforts to reinforce our leadership in China and establish our presence and brand image worldwide. This includes constructing global sales networks, establishing localized operations to adapt to and understand regional demand, participating in international academic conferences to enhance brand recognition, and other marketing efforts. Our plan includes the following:

  - ***Global Sales and Marketing Network.*** Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our sales and marketing team in China and overseas markets by engaging professionals with specialized backgrounds and deep industry expertise, as medical device sales demands in-depth knowledge of clinical applications and regulatory landscapes. Specifically, we expect to recruit local sales personnel in target markets who are familiar with local laws, regulations and market dynamics to build strong relationships with customers and facilitate seamless market entry, as well as well-versed in the features and applications of our products and medical knowledge and technologies that underlie our products. In addition, we intend to broaden our distributor network to deepen penetration in existing markets and expand into new ones, leveraging their established channels for efficient product distribution. To retain top talent and remain competitive against industry peers, we will provide ongoing training programs to enhance skills in global sales strategies and increase remuneration packages to ensure team stability. We are committed to strengthening our market presence in China through a multifaceted strategy that leverages our core strengths to drive deeper penetration and sustained growth. Our professional sales teams will play a pivotal role in this expansion, enabling us to further penetrate the domestic market by cultivating robust and trusted relationships with hospitals and physicians, thereby fostering long-term partnerships and increasing product adoption in key healthcare institutions. Complementing these efforts, our targeted branding initiatives will raise public awareness of sports medicine, educating stakeholders on its benefits while simultaneously enhancing the visibility and uptake of our innovative products. Furthermore, our extensive distributor network, working in tandem with our in-house sales team, will amplify our market recognition, ensuring broader geographic coverage and efficient distribution channels that capitalize on local insights and accelerate our competitive positioning. Additionally, we are strategically advancing our global expansion with a primary focus on key European markets, including France, Poland, Spain, and other countries where we have already secured product certifications and gained familiarity with local market dynamics, positioning us well to capitalize on growth opportunities in these geographical markets. To further solidify our presence, we plan to enhance brand establishment through targeted marketing and distribution initiatives, while pursuing additional medical device certifications to broaden our product offerings and compliance footprint.

The following table sets forth the number of sales personnel to be recruited in target overseas markets:

Expected Time (Year)	Target Markets	New Sales Personnel to be Recruited	Key Milestones
2026	Australia, Southeast Asia and Europe	4	We plan to achieve product launches in key markets such as Australia and India, while actively exploring new market opportunities in Eastern and Northern Europe.
2027	Europe and Latin America	6	We plan to achieve product launches in key markets such as Mexico and Brazil, and continue our expansion into untapped regions across Europe.
2028	Europe	8	We plan to continue our expansion into untapped European markets.

  - o ***Enhanced Marketing Efforts.*** Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to enhance our global marketing efforts, focusing on building brand visibility and staying attuned to market trends. Specifically, we plan to sponsor and attend various international academic conferences and industry exhibitions to not only elevate our market recognition among doctors, hospitals and other key stakeholders but also to engage effectively with these industry participants, gathering insights on emerging trends in sports medicine and identifying opportunities for collaboration and innovation.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and general corporate purposes.

If the [**REDACTED**] is set at the high-end of the [**REDACTED**] or the low-end of the [**REDACTED**], the [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] and HK$[**REDACTED**], respectively. To the extent our [**REDACTED**] from the [**REDACTED**] are either more or less than expected, we will increase or decrease the intended use of our [**REDACTED**] for the above purposes on a pro rata basis.

If the [**REDACTED**] is fully exercised, our Company will receive additional [**REDACTED**] of approximately HK$[**REDACTED**] for [**REDACTED**] Shares to be allotted and issued upon the full exercise of the [**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**], and after deducting the [**REDACTED**] payable by our Company. The additional amount raised will be applied to the above areas of use of [**REDACTED**] on a pro-rata basis.

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the [**REDACTED**] from the [**REDACTED**].

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF STAR SPORTS MEDICINE CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Star Sports Medicine Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [●] to [●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 September 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* 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.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 30 September 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.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended 30 September 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, 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 [IA-[●]] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[●]

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 ("HKSAs") 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
REVENUE	*5*	146,596	238,542	327,119	220,636	273,306
Cost of sales		(42,657)	(61,234)	(99,524)	(68,879)	(71,511)
Gross profit		103,939	177,308	227,595	151,757	201,795
Other income and gains	*5*	6,791	14,834	10,097	4,618	10,787
Selling and distribution expenses		(39,792)	(66,108)	(69,628)	(42,455)	(47,448)
Administrative expenses		(11,269)	(26,165)	(22,768)	(17,745)	(29,230)
Research and development expenses		(18,299)	(35,024)	(37,252)	(26,770)	(32,671)
Other expenses		(85)	(49)	(13)	(253)	(403)
(Impairment)/reversal of impairment of financial assets, net		(108)	12	(111)	22	(436)
Finance costs	*7*	(553)	(486)	(352)	(274)	(237)
PROFIT BEFORE TAX	*6*	40,624	64,322	107,568	68,900	102,157
Income tax expense	*10*	(282)	(7,210)	(12,179)	(8,020)	(12,285)
PROFIT FOR THE YEAR/PERIOD		40,342	57,112	95,389	60,880	89,872
Profit attributable to:						
Owners of the parent		40,342	57,112	95,389	60,880	89,872
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		40,342	57,112	95,389	60,880	89,872
Total comprehensive income attributable to:						
Owners of the parent		40,342	57,112	95,389	60,880	89,872
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)		0.88	1.23	2.06	1.31	1.94

For the details of pre-[**REDACTED**] investments, please refer to Note 27 to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 September
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	17,683	30,040	82,880	86,424
Right-of-use assets	*14*	10,621	10,652	8,114	5,357
Other intangible assets	*15*	2,080	1,782	1,484	1,260
Deferred tax assets	*26*	5,254	837	1,163	944
Prepayments, other receivables and other assets	*18*	1,604	2,823	1,333	1,004
Total non-current assets		**37,242**	**46,134**	**94,974**	**94,989**
CURRENT ASSETS					
Inventories	*16*	27,065	39,287	57,154	70,603
Trade and bills receivables	*17*	3,241	2,651	19,134	13,535
Prepayments, other receivables and other assets	*18*	6,535	6,836	12,011	14,425
Financial assets at fair value through profit or loss	*19*	–	–	–	251,393
Restricted bank deposits	*20*	–	–	–	10,261
Time deposits with an initial term of over three months	*20*	–	–	344,093	44,367
Cash and cash equivalents	*20*	272,840	356,370	89,968	179,757
Total current assets		**309,681**	**405,144**	**522,360**	**584,341**
TOTAL ASSETS		**346,923**	**451,278**	**617,334**	**679,330**
CURRENT LIABILITIES					
Trade payables	*21*	5,925	12,900	23,550	22,834
Other payables and accruals	*22*	34,779	40,173	77,780	42,450
Contract liabilities	*23*	7,397	9,198	10,487	4,325
Interest-bearing bank borrowings	*24*	–	–	–	500
Lease liabilities	*14*	3,037	3,276	3,716	2,822
Tax payable		–	1,306	1,617	7,556
Refund liabilities	*25*	4,518	3,672	10,083	11,550
Total current liabilities		**55,656**	**70,525**	**127,233**	**92,037**
NET CURRENT ASSETS		**254,025**	**334,619**	**395,127**	**492,304**
TOTAL ASSETS LESS CURRENT LIABILITIES		**291,267**	**380,753**	**490,101**	**587,293**

	Notes	As at 31 December			As at 30 September
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*24*	–	–	17,000	20,223
Lease liabilities	*14*	8,024	5,054	1,861	–
Deferred tax liabilities	*26*	–	–	–	7
Other payables and accruals	*22*	930	931	–	5,076
Total non-current liabilities		**8,954**	**5,985**	**18,861**	**25,306**
NET ASSETS		**282,313**	**374,768**	**471,240**	**561,987**
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital	*27*	45,923	–	–	–
Share capital	*27*	–	46,409	46,409	46,409
Reserves	*28*	236,390	328,359	424,831	515,578
Total equity		**282,313**	**374,768**	**471,240**	**561,987**

For the details of pre-[**REDACTED**] investments, please refer to Note 27 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Share award reserve*	Accumulated losses*	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	45,813	369,630	–	(181,805)	233,638
Profit for the year	–	–	–	40,342	40,342
Total comprehensive income for the year	–	–	–	40,342	40,342
Issue of paid-in capital	110	8,223	–	–	8,333
At 31 December 2022	**45,923**	**377,853**	**–**	**(141,463)**	**282,313**

	Attributable to owners of the parent					
	Paid-in capital/share capital	Capital reserve*	Share award reserve*	Statutory surplus reserve*	(Accumulated losses)/ retained profits*	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	45,923	377,853	–	–	(141,463)	282,313
Profit for the year	–	–	–	–	57,112	57,112
Total comprehensive income for the year	–	–	–	–	57,112	57,112
Issue of share capital	486	33,952	–	–	–	34,438
Recognition of equity-settled share award expense *(note 29)*	–	–	905	–	–	905
Appropriation to statutory surplus reserve	–	–	–	5,849	(5,849)	–
Conversion into a joint stock company *(note (i))*	–	(142,557)	–	–	142,557	–
At 31 December 2023	**46,409**	**269,248**	**905**	**5,849**	**52,357**	**374,768**

Note:

(i) On 28 February 2023, the Company was converted to a joint stock limited liability company, and a total of 46,409 thousand ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders based on the paid-in capital registered in their respective names as of that date. Besides, capital reserve of RMB142,557 thousand was used to offset the accumulated losses.

	Attributable to owners of the parent					
	Share capital	Capital reserve*	Share award reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	46,409	269,248	905	5,849	52,357	374,768
Profit for the year	–	–	–	–	95,389	95,389
Total comprehensive income for the year	–	–	–	–	95,389	95,389
Recognition of equity-settled share award expense *(note 29)*	–	–	1,083	–	–	1,083
Appropriation to statutory surplus reserve	–	–	–	9,670	(9,670)	–
At 31 December 2024	**46,409**	**269,248**	**1,988**	**15,519**	**138,076**	**471,240**

	Attributable to owners of the parent					
	Share capital	Capital reserve	Share award reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	46,409	269,248	905	5,849	52,357	374,768
Profit for the period *(unaudited)*	–	–	–	–	60,880	60,880
Total comprehensive income for the period *(unaudited)*	–	–	–	–	60,880	60,880
Recognition of equity-settled share award expense *(note 29) (unaudited)*	–	–	810	–	–	810
At 30 September 2024 (unaudited)	**46,409**	**269,248**	**1,715**	**5,849**	**113,237**	**436,458**

	Attributable to owners of the parent					
	Share capital	Capital reserve*	Share award reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	46,409	269,248	1,988	15,519	138,076	471,240
Profit for the period	–	–	–	–	89,872	89,872
Total comprehensive income for the period	–	–	–	–	89,872	89,872
Recognition of equity-settled share award expense *(note 29)*	–	–	875	–	–	875
At 30 September 2025	**46,409**	**269,248**	**2,863**	**15,519**	**227,948**	**561,987**

* These reserve accounts comprised the consolidated reserves of RMB236,390 thousand, RMB328,359 thousand, RMB424,831 thousand and RMB515,578 thousand in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		40,624	64,322	107,568	68,900	102,157
Adjustments for:						
Finance costs	*7*	553	486	352	274	237
Foreign exchange differences, net	*6*	(3,263)	(107)	(63)	240	401
Interest income	*5*	(1,641)	(4,734)	(5,568)	(3,154)	(4,846)
Depreciation of property, plant and equipment	*6*	4,153	9,430	10,030	7,502	8,032
Depreciation of right-of-use assets	*6*	2,704	3,142	3,615	2,648	2,757
Amortisation of intangible assets	*6*	298	298	298	224	224
Equity-settled share award expense	*6,29*	–	905	1,083	810	875
Impairment/(reversal of impairment) of trade and bills receivables	*6*	103	(17)	114	(20)	436
Impairment/(reversal of impairment) of other receivables	*6*	5	5	(3)	(2)	–
Impairment losses on inventories	*6*	414	1,053	1,923	1,346	1,499
Fair value gains on financial assets at fair value through profit or loss	*6*	–	(14)	–	–	(1,393)
Investment income from financial assets at fair value through profit or loss (the "FVTPL")	*5,6*	(1,447)	(70)	–	–	(72)
Loss on disposal of property, plant and equipment	*6*	–	31	13	13	–
		42,503	74,730	119,362	78,781	110,307
Decrease/(increase) in inventories		560	(18,446)	(24,574)	(17,452)	(16,877)
(Increase)/decrease in trade and bills receivables		(2,880)	607	(16,597)	664	5,164
(Increase)/decrease in prepayments, other receivables and other assets		(145)	490	(2,540)	(2,481)	(2,425)
Increase/(decrease) in trade payables		1,589	6,834	10,511	8,128	(950)
Increase/(decrease) in other payables and accruals, contract liabilities and refund liabilities		12,544	12,394	14,979	(1,724)	987
Increase in restricted bank deposits:		–	–	–	–	(10,261)
Cash generated from operations		54,171	76,609	101,141	65,916	85,945
Interest received	*5,6*	1,641	4,734	5,568	3,154	4,846
Income tax paid		–	(1,487)	(12,194)	(7,123)	(6,120)
Net cash flows from operating activities		55,812	79,856	94,515	61,947	84,671

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income on financial assets at FVTPL		1,546	84	–	–	72
Purchases of items of property, plant and equipment		(8,517)	(17,471)	(27,159)	(28,388)	(27,598)
Purchases of intangible assets and right-of-use assets		–	(3,782)	–	–	–
Proceeds from disposal of items of property, plant and equipment		–	1	–	–	–
Purchases of financial assets at FVTPL		(100,000)	(85,000)	–	–	(330,000)
Proceeds from disposal of financial assets at FVTPL		113,000	85,000	–	–	80,000
Proceeds from maturity of time deposits with an initial term of over three months		–	–	249,079	25,216	572,562
Purchases of time deposits with an initial term of over three months		–	–	(593,172)	(365,216)	(272,836)
Net cash flows from/(used in) investing activities		6,029	(21,168)	(371,252)	(368,388)	22,200
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares		135,907	36,666	–	–	–
New bank borrowings		–	–	17,000	–	3,723
Lease payments		(2,262)	(3,540)	(4,127)	(3,148)	(2,894)
Payments of [**REDACTED**] expenses in relation to the prior listing attempt		(283)	(8,532)	(2,740)	(2,682)	(2,284)
[**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash flows from/(used in) financing activities		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**195,203**	**83,282**	**(266,604)**	**(312,271)**	**89,956**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		74,268	272,840	356,370	356,370	89,968
Effect of exchange rate changes, net		3,369	248	202	(19)	(167)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 September
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	17,628	27,444	25,745	24,992
Right-of-use assets	*14*	10,465	7,831	5,182	2,715
Other intangible assets	*15*	2,080	1,782	1,484	1,260
Investments in subsidiaries	*1*	2,000	9,059	12,000	12,000
Deferred tax assets	*26*	5,181	631	517	–
Prepayments, other receivables and other assets	*18*	1,587	321	483	811
Total non-current assets		**38,941**	**47,068**	**45,411**	**41,778**
CURRENT ASSETS					
Inventories	*16*	25,652	38,556	55,129	69,293
Trade and bills receivables	*17*	3,241	2,651	19,134	13,535
Prepayments, other receivables and other assets	*18*	6,856	12,083	43,115	52,720
Financial assets at fair value through profit or loss	*19*	–	–	–	251,393
Restricted bank deposits	*20*	–	–	–	10,261
Time deposits with an initial term of over three months	*20*	–	–	344,093	44,367
Cash and cash equivalents	*20*	272,765	356,005	72,809	179,678
Total current assets		**308,514**	**409,295**	**534,280**	**621,247**
TOTAL ASSETS		**347,455**	**456,363**	**579,691**	**663,025**
CURRENT LIABILITIES					
Trade payables	*21*	6,388	16,819	30,517	34,569
Other payables and accruals	*22*	34,775	39,756	47,295	35,100
Contract liabilities	*23*	7,397	9,198	10,487	4,325
Lease liabilities	*14*	2,906	3,249	3,665	2,822
Tax payable		–	1,306	1,618	7,556
Refund liabilities	*25*	4,518	3,672	10,083	11,550
Total current liabilities		**55,984**	**74,000**	**103,665**	**95,922**
NET CURRENT ASSETS		**252,530**	**335,295**	**430,615**	**525,325**
TOTAL ASSETS LESS CURRENT LIABILITIES		**291,471**	**382,363**	**476,026**	**567,103**
NON-CURRENT LIABILITIES					
Lease liabilities	*14*	7,998	5,054	1,861	–
Deferred tax liabilities	*26*	–	–	–	7
Other payables and accruals	*22*	930	931	–	–
Total non-current liabilities		**8,928**	**5,985**	**1,861**	**7**
NET ASSETS		**282,543**	**376,378**	**474,165**	**567,096**
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital	*27*	45,923	–	–	–
Share capital	*27*	–	46,409	46,409	46,409
Reserves	*28*	236,620	329,969	427,756	520,687
Total equity		**282,543**	**376,378**	**474,165**	**567,096**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Star Sports Medicine Co., Ltd. (the "Company") was a limited liability company established in Beijing of the People's Republic of China (the "PRC") on 31 July 2017. The registered office of the Company is located at Room A018 and B018, Building 1, No. 25, Jinghai 2nd Street, Beijing Economic and Technological Development Area, Beijing.

On 28 February 2023, the Company was converted to a joint stock limited liability company, and a total of 46,409 thousand ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on that day.

During the Relevant Periods, the Group was principally engaged in the research and development and sales of innovative medical devices and equipment in the field of sports medicine. The product line covers medical implants, surgical equipment and associated medical consumables.

As at the date of this report, the Company had direct interests in the following subsidiaries and the particulars of which are set out below:

Name	*Note*	Place and date of registration and place of business	Nominal value of registered share capital	Percentage of equity attributable to the Company Direct	Principal activities
蘇州星悅智慧醫療科技有限公司 Suzhou Xingyue Smart Healthcare Technology Co., Ltd. ("Suzhou Tianxing")*	*a*	PRC/Mainland China 25 April 2023	RMB10,000,000	100%	Production and sale of sports medicine products
湖南天星博邁迪醫療器械有限公司 Hunan Tianxing Bomeidi Medical Devices Co., Ltd. ("Hunan Tianxing")*	*a*	PRC/Mainland China 7 June 2022	RMB2,000,000	100%	Production and sale of sports medicine products
天星香港醫療器械有限公司Star (HK) Medicine Co., Ltd. ("Star (HK)")	*a*	Hong Kong 7 February 2024	HKD10,000	100%	No substantial business operations

* 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.

Note:

a. No audited statutory financial statements have been prepared for these subsidiaries for the years ended 31 December 2022, 2023 and 2024.

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments, at cost	2,000	9,059	12,000	12,000

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

For ordinary shares issued to pre-[**REDACTED**] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[**REDACTED**] Investors in relation to the termination of the special rights (the "Special Rights") granted by the Company, including redemption rights, liquidation preferences and anti-dilution rights, which are void ab initio as described in note 27 to this report, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-[**REDACTED**] Investments as equity throughout the Relevant Periods. Further details of pre-[**REDACTED**] Investments are disclosed in note 27 to the Historical Financial Information.

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

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

2.2 Issued but not yet Effective IFRS Accounting Standards

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

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

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

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

3 No mandatory effective date yet determined but available for adoption

The application of IFRS 18 will have no impact on the consolidated statement of financial position of the Group, but will have impact on the presentation of the consolidated statement of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that the application of these new and revised IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 Material Accounting Policies

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

Categories	Annual rates
Machinery	9.50% to 19.00%
Tools	19.00% to 33.33%
Office equipment	19.00% to 31.67%
Leasehold improvements	Over the shorter of the lease terms and 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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

Intangible assets (other than goodwill)

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

Patents

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 20 years.

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Land use rights	30 years
Buildings	2 to 6 years
Motor vehicles	5 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 recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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

(c) Short-term leases 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 that is considered to be of low value.

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade 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.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated 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 recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

General approach

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

At 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 contractual payments are more than 30 days past due.

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

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

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

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

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

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

Simplified approach

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

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

A provision is recognised 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 recognised for a provision is the present value at the end of the 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.

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each 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 recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each 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 utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each 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 realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised 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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of sports medicine products

Revenue from the sale of sports medicine products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the medicine products.

Some contracts for the sale of medicine products provide customers with rights of return and volume rebates, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Other income

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

Contract liabilities

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

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group uses RMB as its 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 the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

Share-based payments

The Company operates a restricted share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by reference to the transaction prices of recent third-party investors or Market Approach-Comparable Companies Multiple Method, further details of which are given in note 29 to the Historical Financial Information.

The cost of equity-settled transactions is recognised 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 recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

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

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

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Company and these subsidiaries are required to contribute a certain percentage 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 has no further obligations beyond the contributions made.

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 capitalised as part of the cost of those assets. The capitalisation 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Determining the method to estimate variable consideration and assessing the constraint for the sale of medicine products

Certain contracts for the sale of medicine products include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of medicine products with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of medicine products with volume rebates, the Group determined that using a combination of the most likely amount method and the expected value method is appropriate. The selected method that better predicts the amount of variable consideration related to volume rebates is primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26 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.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

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 analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast 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 17 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 measurement of share-based payments

The Group has set up a restricted share scheme for the Group's employees. Also, restricted shares were granted to the Company's directors, the Group's employees. The fair values of the restricted shares are determined based on recent third-party investor transactions and considering the terms and conditions upon which the restricted shares were granted. Further details are included in note 29 to the Historical Financial Information.

Net realisable value of inventories

Net realisable 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 of the reporting period. The carrying amount of inventories is disclosed in note 16 to the Historical Financial Information.

Variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of medicine products with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the sale of sports medicine products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Mainland China	146,217	231,876	306,267	208,053	235,006
Other countries/regions	379	6,666	20,852	12,583	38,300
	146,596	238,542	327,119	220,636	273,306

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mainland China	31,761	45,006	93,409	93,634

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods and the nine months ended 30 September 2024 is set out below:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Customer A	N/A*	42,009	56,883	37,389	N/A*
Customer B	N/A*	34,870	49,202	22,696	N/A*
Customer C	N/A*	N/A*	N/A*	N/A*	52,891
Customer D	N/A*	N/A*	N/A*	N/A*	40,938

* Less than 10% of the Group's revenue during the Relevant Periods and the nine months ended 30 September 2024.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue from contracts with customers	146,596	238,542	327,119	220,636	273,306

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Types of goods					
Medical implants	116,977	186,516	249,987	167,222	212,108
Surgical equipment and associated medical consumables	29,598	51,919	76,986	53,279	60,980
Others	21	107	146	135	218
Total revenue from contracts with customers	146,596	238,542	327,119	220,636	273,306
Geographical markets					
Mainland China	146,217	231,876	306,267	208,053	235,006
Other countries/regions	379	6,666	20,852	12,583	38,300
	146,596	238,542	327,119	220,636	273,306

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Timing of revenue recognition					
Goods transferred at a point in time	146,596	238,542	327,119	220,636	273,306

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each reporting period:					
Sale of sports medicine products	10,813	7,397	7,041	7,041	8,445

(b) Performance obligations

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

Sale of sports medicine products

The performance obligation is satisfied upon delivery of sports medicine products, and payment is generally made in advance from the acceptance by the customers. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

As at 31 December 2022, 2023 and 2024 and 30 September 2025, no transaction price was allocated to the remaining performance obligations.

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Other income					
Bank interest income *(note 6)*	1,641	4,734	5,568	3,154	4,846
Government grants* *(note 6)*	434	9,791	3,612	610	4,413
Additional tax deduction for input VAT	–	–	790	790	–
Others	–	30	58	58	60
Total other income	2,075	14,555	10,028	4,612	9,319
Gains					
Gain on disposal of FVTPL *(note 6)*	1,447	70	–	–	72
Fair value gains on FVTPL *(note 6)*	–	14	–	–	1,393
Foreign exchange gain	3,263	107	63	–	–
Others	6	88	6	6	3
Total gains	4,716	279	69	6	1,468
Total other income and gains	6,791	14,834	10,097	4,618	10,787

* Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of inventories sold		42,243	60,181	97,601	67,533	70,012
Depreciation of property, plant and equipment*	*13*	4,153	9,430	10,030	7,502	8,032
Depreciation of right-of-use assets*	*14(a)*	2,704	3,142	3,615	2,648	2,757
Amortisation of intangible assets*	*15*	298	298	298	224	224
Research and development costs		18,299	35,024	37,252	26,770	32,671
Lease payments not included in the measurement of lease liabilities	*14(c)*	–	380	53	53	194
[**REDACTED**] expenses in relation to the prior listing attempt		–	6,468	3,253	3,214	1,705
[**REDACTED**]		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Employee benefit expense (including directors' and chief executives' remuneration *(note 8)*):						
Wages, salaries and allowances		38,752	61,964	74,702	44,317	52,372
Pension scheme contributions		2,365	4,361	5,391	3,939	4,650
Equity-settled share award expense**	*28*	–	905	1,083	810	875
Total		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Foreign exchange differences, net		(3,263)	(107)	(63)	240	401
Fair value gains on financial assets at fair value through profit or loss	*5*	–	(14)	–	–	(1,393)
Investment income on financial assets at FVTPL	*5*	(1,447)	(70)	–	–	(72)
Loss on disposal of items of property, plant and equipment, net		–	31	13	13	–
Bank interest income	*5*	(1,641)	(4,734)	(5,568)	(3,154)	(4,846)
Government grants	*5*	(434)	(9,791)	(3,612)	(610)	(4,413)
Impairment/(reversal of impairment) of trade receivables, net	*17*	103	(17)	114	(20)	436
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets	*18*	5	5	(3)	(2)	–
Write-down of inventories to net realisable value		414	1,053	1,923	1,346	1,499

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets for each of the Relevant Periods and the nine months ended 30 September 2024 are included in "cost of sales", "selling and distribution expenses", "administrative expenses" and "research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

** Equity-settled share award expenses for each of the Relevant Periods and the nine months ended 30 September 2024 are included in "selling and distribution expenses", "administrative expenses" and "research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

The Group

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on bank borrowings	–	–	60	–	381
Interest on other payables and accruals	83	68	44	33	98
Interest on lease liabilities *(note 14(c))*	470	418	308	241	139
Total interest expense	553	486	412	274	618
Less: Interest capitalised	–	–	(60)	–	(381)
Total	553	486	352	274	237

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

The remuneration of directors and the chief executive for the Relevant Periods and the nine months ended 30 September 2024 is set out below:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	–	332	400	300	300
Other emoluments:					
Wages, salaries and allowances	2,016	1,720	1,720	1,290	1,290
Performance related bonuses	857	200	650	–	–
Equity-settled share award expense	–	75	90	68	68
Pension scheme contributions	120	130	136	102	106
Other employee benefits	160	178	188	140	142
Total	3,153	2,635	3,184	1,900	1,906

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the nine months ended 30 September 2024 were as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Ms. Zhao Tian Jiao*	–	83	100	75	63
Ms. Chen Cui Ting*	–	83	100	75	63
Mr. Lyu Zhenlin**	–	83	100	75	75
Mr. Deng Yu**	–	83	100	75	75
Mr. Liu Bao Jie***	–	–	–	–	12
Mr. Wang Chun Fei***	–	–	–	–	12
Total	–	332	400	300	300

* Ms. Zhao Tian Jiao and Ms. Chen Cui Ting served as Independent Non-Executive Directors from 1 March 2023 to 18 August 2025.

** Mr. Lyu Zhenlin and Mr. Deng Yu have been serving as Independent Non-Executive Directors of the company since 1 March 2023.

*** Mr. Liu Bao Jie and Mr. Wang Chun Fei have been serving as Independent Non-Executive Directors since 18 August 2025.

(b) Directors and the chief executive

Year ended 31 December 2022

	Salaries, allowances and benefits in kind	Performance related bonuses	Share award expenses	Pension scheme contributions	Other employee benefits	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors and chief executive:						
Mr. Dong Wen Xing *(note (i))*	1,340	660	–	60	80	2,140
Mr. He Lu *(note (ii))*	676	197	–	60	80	1,013
Non-executive Directors:						
Ms. Zhang Di *(note (ii))*	–	–	–	–	–	–
Mr. Chang Xi *(note (ii))*	–	–	–	–	–	–
Mr. David Guowei Wang *(note (ii))*	–	–	–	–	–	–
Ms. Yi Lin *(note (ii))*	–	–	–	–	–	–
Mr. Zhou Quan *(note (ii))*	–	–	–	–	–	–
Total	2,016	857	–	120	160	3,153

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Share award expenses	Pension scheme contributions	Other employee benefits	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors and chief executive:						
Mr. Dong Wen Xing *(note (i))*	1,044	100	–	65	89	1,298
Mr. He Lu *(note (ii))*	676	100	75	65	89	1,005
Non-executive Directors:						
Ms. Zhang Di *(note (ii))*	–	–	–	–	–	–
Mr. Chang Xi *(note (ii))*	–	–	–	–	–	–
Mr. David Guowei Wang *(note (ii))*	–	–	–	–	–	–
Ms. Yi Lin *(note (ii))*	–	–	–	–	–	–
Mr. Zhou Quan *(note (ii))*	–	–	–	–	–	–
Total	1,720	200	75	130	178	2,303

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Share award expenses	Pension scheme contributions	Other employee benefits	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors and chief executive:						
Mr. Dong Wen Xing *(note (i))*	1,044	500	–	68	94	1,706
Mr. He Lu *(note (ii))*	676	150	90	68	94	1,078
Non-executive Directors:						
Ms. Zhang Di *(note (ii))*	–	–	–	–	–	–
Mr. Chang Xi *(note (ii))*	–	–	–	–	–	–
Mr. David Guowei Wang *(note (ii))*	–	–	–	–	–	–
Ms. Yi Lin *(note (ii))*	–	–	–	–	–	–
Mr. Zhou Quan *(note (ii))*	–	–	–	–	–	–
Total	1,720	650	90	136	188	2,784

Nine months ended 30 September 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Share award expenses	Pension scheme contributions	Other employee benefits	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors and chief executive:						
Mr. Dong Wen Xing *(note (i))*	783	–	–	51	70	904
Mr. He Lu *(note (ii))*	507	–	68	51	70	696
Non-executive Directors:						
Ms. Zhang Di *(note (ii))*	–	–	–	–	–	–
Mr. Chang Xi *(note (ii))*	–	–	–	–	–	–
Mr. David Guowei Wang *(note (ii))*	–	–	–	–	–	–
Ms. Yi Lin *(note (ii))*	–	–	–	–	–	–
Mr. Zhou Quan *(note (ii))*	–	–	–	–	–	–
Total	1,290	–	68	102	140	1,600

Nine months ended 30 September 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Share award expenses	Pension scheme contributions	Other employee benefits	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors and chief executive:						
Mr. Dong Wen Xing *(note (i))*	783	–	–	53	71	907
Mr. He Lu *(note (ii))*	507	–	68	53	71	699
Non-executive Directors:						
Ms. Zhang Di *(note (ii))*	–	–	–	–	–	–
Mr. Chang Xi *(note (ii))*	–	–	–	–	–	–
Mr. David Guowei Wang *(note (ii))*	–	–	–	–	–	–
Ms. Yi Lin *(note (ii))*	–	–	–	–	–	–
Mr. Zhou Quan *(note (ii))*	–	–	–	–	–	–
Total	1,290	–	68	106	142	1,606

Notes:

(i) Mr. Dong Wen Xing was appointed as a director with effect from June 2020, and as the chief executive officer of the Company with effect from March 2021.

(ii) Ms. Zhang Di, Mr. Chang Xi and Mr. Zhou Quan were appointed as directors of the Company with effect from June 2020. Mr. David Guowei Wang and Ms. Yi Lin were appointed as directors of the Company with effect from November 2021. Mr. He Lu was appointed as a director of the Company with effect from December 2021.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the nine months ended 30 September 2024 included two, two, two, two and two directors, respectively, details of whose remuneration are set out in note 8(b) above. Details of the remuneration for the remaining three, three, three, three and three highest paid employees who are neither a director nor chief executive of the Company during each of the Relevant Periods and the nine months ended 30 September 2024 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	1,116	2,254	2,538	1,905	1,909
Performance related bonuses	779	370	824	–	–
Equity-settled share award expense	–	302	361	270	270
Pension scheme contributions	97	179	203	152	157
Total	1,992	3,105	3,926	2,327	2,336

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
				(Unaudited)	
Nil to HK$1,000,000	3	1	–	2	2
HK$1,000,001 to HK$1,500,000	–	2	3	1	1
Total	3	3	3	3	3

10. INCOME TAX

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

Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, the Company and its subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on their respective taxable income.

The Company was accredited as a High and New Technology Enterprise ("HNTE") under the relevant tax rules and regulations in July 2020 and the certificate was extended in October 2023, and accordingly, was entitled to a reduced preferential CIT rate of 15% during the Relevant Periods. This qualification as a HNTE will be due in October 2026 and is subject to review by the relevant tax authority in the PRC for every three years.

Certain of the Group's PRC subsidiaries, qualified as "Small and Micro-sized Enterprises" and were entitled to preferential corporate income tax rate of 20% during the Relevant Periods. The Group's subsidiary, Suzhou Tianxing, was reclassified from a Small and Micro-sized Enterprise to a General VAT Taxpayer commencing in 2025.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the Relevant Periods and the nine months ended 30 September 2024.

The income tax expense of the Group for the Relevant Periods and the nine months ended 30 September 2024 is analysed as follows:

		Year ended 31 December			Nine months ended 30 September	
	Note	2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current – Mainland China Charge for the year/period		–	2,793	12,505	8,692	12,059
Deferred tax	*26*	282	4,417	(326)	(672)	226
Total		282	7,210	12,179	8,020	12,285

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

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before tax	40,624	64,322	107,568	68,900	102,157
Tax at the statutory tax rate (25%)	10,156	16,081	26,892	17,225	25,539
Effect of different tax rates	(4,090)	(6,406)	(10,837)	(6,447)	(10,140)
Expenses not deductible for tax	267	1,799	966	359	579
Additional deduction of research and development costs	(2,545)	(4,264)	(4,842)	(3,117)	(3,693)
Tax losses utilised from previous periods	(3,456)	–	–	–	–
Additional deduction for fixed assets	(50)	–	–	–	–
Tax charge at the Group's effective rate	282	7,210	12,179	8,020	12,285

11. DIVIDENDS

There was no dividend declared or paid by the Group during the Relevant Periods.

12. 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 the year/period attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares in issue during the Relevant Periods and the nine months ended 30 September 2024.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the nine months ended 30 September 2024.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	40,342	57,112	95,389	60,880	89,872

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	'000	*'000*	*'000*	*'000 (Unaudited)*	*'000*
Shares					
Weighted average number of ordinary shares outstanding during the year/period used in the basic earnings per share calculation	45,813*	46,369*	46,409	46,409	46,409

* The weighted average number of ordinary shares deemed outstanding before the Company converted to a joint stock company was determined assuming that the paid-in capital had been fully converted into ordinary share capital at the same conversion ratio on the date when the respective paid-in capital was contributed to the Company.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Machinery	Tools	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022						
As at 1 January 2022:						
Cost	3,696	6,454	7,070	618	–	17,838
Accumulated depreciation	(802)	(1,245)	(1,923)	(220)	–	(4,190)
Net carrying amount	2,894	5,209	5,147	398	–	13,648
As at 1 January 2022, net of accumulated depreciation	2,894	5,209	5,147	398	–	13,648
Additions	4,573	1,101	2,016	228	270	8,188
Depreciation provided during the year *(note 6)*	(1,228)	(647)	(2,065)	(213)	–	(4,153)
As at 31 December 2022, net of accumulated depreciation	6,239	5,663	5,098	413	270	17,683
As at 31 December 2022:						
Cost	8,269	7,555	9,086	846	270	26,026
Accumulated depreciation	(2,030)	(1,892)	(3,988)	(433)	–	(8,343)
Net carrying amount	6,239	5,663	5,098	413	270	17,683

	Leasehold improvements	Machinery	Tools	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
As at 1 January 2023:						
Cost	8,269	7,555	9,086	846	270	26,026
Accumulated depreciation	(2,030)	(1,892)	(3,988)	(433)	–	(8,343)
Net carrying amount	6,239	5,663	5,098	413	270	17,683
As at 1 January 2023, net of accumulated depreciation	6,239	5,663	5,098	413	270	17,683
Additions	8,724	5,023	6,235	1,277	559	21,818
Disposals	–	–	(30)	(1)	–	(31)
Depreciation provided during the year *(note 6)*	(4,395)	(984)	(3,624)	(427)	–	(9,430)
Transfer	–	–	270	–	(270)	–
As at 31 December 2023, net of accumulated depreciation	10,568	9,702	7,949	1,262	559	30,040
As at 31 December 2023:						
Cost	16,993	12,578	14,707	2,118	559	46,955
Accumulated depreciation	(6,425)	(2,876)	(6,758)	(856)	–	(16,915)
Net carrying amount	10,568	9,702	7,949	1,262	559	30,040

	Leasehold improvements	Machinery	Tools	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
As at 1 January 2024:						
Cost	16,993	12,578	14,707	2,118	559	46,955
Accumulated depreciation	(6,425)	(2,876)	(6,758)	(856)	–	(16,915)
Net carrying amount	10,568	9,702	7,949	1,262	559	30,040
As at 1 January 2024, net of accumulated depreciation	10,568	9,702	7,949	1,262	559	30,040
Additions	94	2,824	6,205	230	53,530	62,883
Disposals	–	–	(13)	–	–	(13)
Depreciation provided during the year *(note 6)*	(4,344)	(1,712)	(3,348)	(626)	–	(10,030)
As at 31 December 2024, net of accumulated depreciation	6,318	10,814	10,793	866	54,089	82,880
As at 31 December 2024:						
Cost	17,087	15,402	20,899	2,348	54,089	109,825
Accumulated depreciation	(10,769)	(4,588)	(10,106)	(1,482)	–	(26,945)
Net carrying amount	6,318	10,814	10,793	866	54,089	82,880

	Leasehold improvements	Machinery	Tools	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2025						
As at 1 January 2025:						
Cost	17,087	15,402	20,899	2,348	54,089	109,825
Accumulated depreciation	(10,769)	(4,588)	(10,106)	(1,482)	–	(26,945)
Net carrying amount	6,318	10,814	10,793	866	54,089	82,880
As at 1 January 2025, net of accumulated depreciation	6,318	10,814	10,793	866	54,089	82,880
Additions	–	2,707	2,704	183	5,982	11,576
Depreciation provided during the period *(note 6)*	(3,042)	(1,245)	(3,361)	(384)	–	(8,032)
As at 30 September 2025, net of accumulated depreciation	3,276	12,276	10,136	665	60,071	86,424
As at 30 September 2025:						
Cost	17,087	18,109	19,462	2,500	60,071	117,229
Accumulated depreciation	(13,811)	(5,833)	(9,326)	(1,835)	–	(30,805)
Net carrying amount	3,276	12,276	10,136	665	60,071	86,424

The Company

	Leasehold improvements	Machinery	Tools	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022						
As at 1 January 2022:						
Cost	3,696	6,454	7,070	618	–	17,838
Accumulated depreciation	(802)	(1,245)	(1,923)	(220)	–	(4,190)
Net carrying amount	2,894	5,209	5,147	398	–	13,648
As at 1 January 2022, net of accumulated depreciation	2,894	5,209	5,147	398	–	13,648
Additions	4,573	1,052	2,025	213	270	8,133
Disposals	(389)	–	–	–	–	(389)
Depreciation provided during the year	(839)	(647)	(2,065)	(213)	–	(3,764)
As at 31 December 2022, net of accumulated depreciation	6,239	5,614	5,107	398	270	17,628
As at 31 December 2022:						
Cost	7,880	7,506	9,095	831	270	25,582
Accumulated depreciation	(1,641)	(1,892)	(3,988)	(433)	–	(7,954)
Net carrying amount	6,239	5,614	5,107	398	270	17,628

	Leasehold improvements	Machinery	Tools	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
As at 1 January 2023:						
Cost	7,880	7,506	9,095	831	270	25,582
Accumulated depreciation	(1,641)	(1,892)	(3,988)	(433)	–	(7,954)
Net carrying amount	6,239	5,614	5,107	398	270	17,628
As at 1 January 2023, net of accumulated depreciation	6,239	5,614	5,107	398	270	17,628
Additions	8,023	3,073	6,435	1,266	–	18,797
Disposals	–	–	(30)	(5)	–	(35)
Depreciation provided during the year	(3,945)	(960)	(3,620)	(421)	–	(8,946)
Transfer	–	–	270	–	(270)	–
As at 31 December 2023, net of accumulated depreciation	10,317	7,727	8,162	1,238	–	27,444
As at 31 December 2023:						
Cost	15,903	10,579	15,770	2,092	–	44,344
Accumulated depreciation	(5,586)	(2,852)	(7,608)	(854)	–	(16,900)
Net carrying amount	10,317	7,727	8,162	1,238	–	27,444

	Leasehold improvements	Machinery	Tools	Office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
As at 1 January 2024:					
Cost	15,903	10,579	15,770	2,092	44,344
Accumulated depreciation	(5,586)	(2,852)	(7,608)	(854)	(16,900)
Net carrying amount	10,317	7,727	8,162	1,238	27,444
As at 1 January 2024, net of accumulated depreciation	10,317	7,727	8,162	1,238	27,444
Additions	28	1,723	5,776	235	7,762
Disposals	–	–	(128)	–	(128)
Depreciation provided during the year	(4,071)	(1,442)	(3,194)	(626)	(9,333)
As at 31 December 2024, net of accumulated depreciation	6,274	8,008	10,616	847	25,745
As at 31 December 2024:					
Cost	15,931	12,302	21,418	2,327	51,978
Accumulated depreciation	(9,657)	(4,294)	(10,802)	(1,480)	(26,233)
Net carrying amount	6,274	8,008	10,616	847	25,745

	Leasehold improvements	Machinery	Tools	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2025						
As at 1 January 2025:						
Cost	15,931	12,302	21,418	2,327	–	51,978
Accumulated depreciation	(9,657)	(4,294)	(10,802)	(1,480)	–	(26,233)
Net carrying amount	6,274	8,008	10,616	847	–	25,745
As at 1 January 2025, net of accumulated depreciation	6,274	8,008	10,616	847	–	25,745
Additions	–	2,105	2,652	183	2,030	6,970
Depreciation provided during the period	(3,011)	(1,004)	(3,326)	(382)	–	(7,723)
As at 30 September 2025, net of accumulated depreciation	3,263	9,109	9,942	648	2,030	24,992
As at 30 September 2025:						
Cost	15,931	14,407	19,929	2,479	2,030	54,776
Accumulated depreciation	(12,668)	(5,298)	(9,987)	(1,831)	–	(29,784)
Net carrying amount	3,263	9,109	9,942	648	2,030	24,992

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms between 2 and 6 years.

(a) Right-of-use assets

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

	Buildings	Motor vehicles	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
As at 1 January 2022	10,436	191	–	10,627
Additions	2,698	–	–	2,698
Depreciation charge *(note 6)*	(2,649)	(55)	–	(2,704)
As at 31 December 2022	10,485	136	–	10,621
31 December 2023				
As at 1 January 2023	10,485	136	–	10,621
Additions	391	–	2,782	3,173
Depreciation charge *(note 6)*	(3,066)	(69)	(7)	(3,142)
As at 31 December 2023	7,810	67	2,775	10,652
31 December 2024				
As at 1 January 2024	7,810	67	2,775	10,652
Additions	1,066	–	11	1,077
Depreciation charge *(note 6)*	(3,476)	(45)	(94)	(3,615)
As at 31 December 2024	5,400	22	2,692	8,114
30 September 2025				
As at 1 January 2025	5,400	22	2,692	8,114
Depreciation charge *(note 6)*	(2,665)	22	(70)	(2,757)
As at 30 September 2025	2,735	–	2,622	5,357

As at the end of each of the Relevant Periods, certain of the Group's land use rights with a net carrying amount of nil, nil, RMB2,692 thousand and RMB2,622 thousand were also pledged to secure certain interest-bearing bank borrowings (note 24 (i)).

(b) ***Lease liabilities***

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	10,155	11,061	8,330	5,577
Additions	2,698	391	1,066	–
Accretion of interest recognised during the year/period	470	418	308	139
Payments	(2,262)	(3,540)	(4,127)	(2,894)
Carrying amount at end of year/period	11,061	8,330	5,577	2,822
Analysed into:				
Current portion	3,037	3,276	3,716	2,822
Non-current portion	8,024	5,054	1,861	–

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

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

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities *(note 7)*	470	418	308	139
Depreciation charge of right-of-use assets *(note 6)*	2,704	3,142	3,615	2,757
Expense relating to short-term leases *(note 6)*	–	380	53	194
Total amount recognised in profit or loss	3,174	3,940	3,976	3,090

(d) The total cash outflow for leases is disclosed in note 30(c) to the Historical Financial Information.

The Company as a lessee

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

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

	Buildings	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2022			
As at 1 January 2022	10,437	191	10,628
Additions	2,491	–	2,491
Depreciation charge	(2,599)	(55)	(2,654)
As at 31 December 2022	10,329	136	10,465
31 December 2023			
As at 1 January 2023	10,329	136	10,465
Additions	391	–	391
Depreciation charge	(2,956)	(69)	(3,025)
As at 31 December 2023	7,764	67	7,831
31 December 2024			
As at 1 January 2024	7,764	67	7,831
Additions	586	–	586
Depreciation charge	(3,190)	(45)	(3,235)
As at 31 December 2024	5,160	22	5,182

	Buildings	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
30 September 2025			
As at 1 January 2025	5,160	22	5,182
Depreciation charge	(2,445)	(22)	(2,467)
As at 30 September 2025	2,715	–	2,715

(b) Lease liabilities

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	10,155	10,904	8,303	5,526
Additions	2,491	391	586	–
Accretion of interest recognised during the year/period	466	413	306	139
Payments	(2,208)	(3,405)	(3,669)	(2,843)
Carrying amount at end of year/period	10,904	8,303	5,526	2,822
Analysed into:				
Current portion	2,906	3,249	3,665	2,822
Non-current portion	7,998	5,054	1,861	–

15. OTHER INTANGIBLE ASSETS

The Group

	Patents
	RMB'000
31 December 2022	
As at 1 January 2022, net of accumulated amortisation	2,378
Amortisation provided during the year *(note 6)*	(298)
As at 31 December 2022	2,080
As at 31 December 2022:	
Cost	2,701
Accumulated amortisation	(621)
Net carrying amount	2,080
31 December 2023	
As at 1 January 2023	2,080
Amortisation provided during the year *(note 6)*	(298)
As at 31 December 2023	1,782
As at 31 December 2023:	
Cost	2,701
Accumulated amortisation	(919)
Net carrying amount	1,782
31 December 2024	
As at 1 January 2024	1,782
Amortisation provided during the year *(note 6)*	(298)
As at 31 December 2024	1,484
As at 31 December 2024:	
Cost	2,701
Accumulated amortisation	(1,217)
Net carrying amount	1,484

	Patents
	RMB'000
30 September 2025	
As at 1 January 2025, net of accumulated amortisation	1,484
Amortisation provided during the period *(note 6)*	(224)
As at 30 September 2025, net of accumulated amortisation	1,260
As at 30 September 2025:	
Cost	2,701
Accumulated amortisation	(1,441)
Net carrying amount	1,260

The Company

	Patents
	RMB'000
31 December 2022	
As at 1 January 2022, net of accumulated amortisation	2,378
Amortisation provided during the year	(298)
As at 31 December 2022, net of accumulated amortisation	2,080
As at 31 December 2022:	
Cost	2,701
Accumulated amortisation	(621)
Net carrying amount	2,080
31 December 2023	
As at 1 January 2023, net of accumulated amortisation	2,080
Amortisation provided during the year	(298)
As at 31 December 2023, net of accumulated amortisation	1,782
As at 31 December 2023:	
Cost	2,701
Accumulated amortisation	(919)
Net carrying amount	1,782
31 December 2024	
As at 1 January 2024, net of accumulated amortisation	1,782
Amortisation provided during the year	(298)
As at 31 December 2024, net of accumulated amortisation	1,484
As at 31 December 2024:	
Cost	2,701
Accumulated amortisation	(1,217)
Net carrying amount	1,484
30 September 2025	
As at 1 January 2025, net of accumulated amortisation	1,484
Amortisation provided during the period	(224)
As at 30 September 2025, net of accumulated amortisation	1,260
As at 30 September 2025:	
Cost	2,701
Accumulated amortisation	(1,441)
Net carrying amount	1,260

16. INVENTORIES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	5,902	12,842	18,717	22,637
Work in progress	4,977	5,693	7,201	10,897
Semi-finished goods	6,028	6,198	8,947	11,364
Finished goods	10,598	14,188	21,424	23,153
Materials consigned for processing	291	738	1,717	4,921
Goods in transit	278	866	1,899	1,034
	28,074	40,525	59,905	74,006
Less: Provision for inventories	(1,009)	(1,238)	(2,751)	(3,403)
Total	27,065	39,287	57,154	70,603

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	5,376	12,752	17,875	23,134
Work in progress	4,822	5,693	7,119	10,614
Semi-finished goods	6,033	6,293	8,158	10,560
Finished goods	9,852	13,452	21,126	22,963
Materials consigned for processing	291	738	1,703	4,450
Goods in transit	287	866	1,899	975
	26,661	39,794	57,880	72,696
Less: Provision for inventories	(1,009)	(1,238)	(2,751)	(3,403)
Total	25,652	38,556	55,129	69,293

17. TRADE AND BILLS RECEIVABLES

The Group and the Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	3,364	2,757	5,177	14,191
Impairment	(123)	(106)	(220)	(656)
	3,241	2,651	4,957	13,535
Bills receivable:				
Measured at fair value through other comprehensive income	–	–	14,177	–
	3,241	2,651	19,134	13,535

The Group's trading terms with its customers are mainly payment in advance, except for some overseas customers. The payment terms generally range from 30 to 90 days.

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the transaction dates and net of loss allowance, is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	3,241	2,651	19,134	13,535

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	20	123	106	220
Impairment losses, net *(note 6)*	103	(17)	114	436
At end of year/period	123	106	220	656

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

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
Expected loss rate	3.66%	3.84%	4.25%	4.62%
Gross carrying amount (RMB'000)	3,364	2,757	5,177	14,191
Expected credit losses (RMB'000)	123	106	220	656

The credit risk of bills receivable of financial assets at fair value through other comprehensive income is remote.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Prepayments	4,133	3,569	3,325	3,374
Right-of-return assets	1,279	883	3,012	3,014
Deductible value-added tax	244	914	3,798	4,785
Tax recoverable	372	–	10	41
Deferred [**REDACTED**] expenses in relation to the prior listing attempt	283	1,141	1,355	–
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other receivables	231	339	515	631
Impairment allowance	(7)	(10)	(4)	(6)
Total current assets	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Non-current assets				
Prepayments for property, plant and equipment	1,384	2,541	943	603
Deposits	227	291	402	411
Impairment loss allowance	(7)	(9)	(12)	(10)
Total non-current assets	1,604	2,823	1,333	1,004

The movements in provision for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	9	14	19	16
Impairment losses, net *(note 6)*	5	5	(3)	–
At the end of the year/period	14	19	16	16

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Prepayments	3,754	3,261	2,994	3,118
Right-of-return assets	1,279	883	3,012	3,014
Deductible value-added tax	244	622	1,266	669
Tax recoverable	372	–	–	–
Deferred [**REDACTED**] expenses in relation to the prior listing attempt	283	1,141	1,356	–
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Amounts due from subsidiaries	700	5,857	34,123	42,742
Other receivables	231	329	364	597
Impairment allowance	(7)	(10)	–	(6)
Total current assets	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Non-current assets				
Prepayments for property, plant and equipment	1,384	56	150	469
Deposits	209	273	343	352
Impairment loss allowance	(6)	(8)	(10)	(10)
Total non-current assets	1,587	321	483	811

Most of the above assets are neither past due nor impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default. During the Relevant Periods, the expected credit loss rate for other receivables was assessed by the Group and the Company to be minimal. Where applicable, an impairment analysis is performed at each reporting date by applying a loss rate approach with reference to the historical loss record of the Group.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	–	–	251,393

The financial assets at fair value through profit or loss above were wealth management products and structured deposits issued by commercial banks. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest and they were held for trading.

20. CASH AND BANK BALANCES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	272,840	356,370	434,061	234,385
Less: Restricted bank deposits	–	–	–	(10,261)
Time deposits with an initial term of over three months	–	–	(344,093)	(44,367)
Cash and cash equivalents	272,840	356,370	89,968	179,757

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	272,765	356,005	416,902	234,306
Less: Restricted bank deposits	–	–	–	(10,261)
Time deposits with an initial term of over three months	–	–	(344,093)	(44,367)
Cash and cash equivalents	272,765	356,005	72,809	179,678

At as 31 December 2022, 2023, 2024, and 30 September 2025, the cash and bank balances of the Group denominated in RMB amounted to RMB255,877 thousand, RMB342,648 thousand, RMB419,968 thousand and RMB220,018 thousand, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

On 24 October 2025, all restricted bank deposits were fully released.

21. TRADE PAYABLES

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

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	5,874	12,639	23,187	22,264
1 to 2 years	11	210	287	272
2 to 3 years	38	11	31	228
Over 3 years	2	40	45	70
	5,925	12,900	23,550	22,834

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	6,337	15,945	30,154	34,026
1 to 2 years	11	823	287	245
2 to 3 years	38	11	31	228
Over 3 years	2	40	45	70
	6,388	16,819	30,517	34,569

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

22. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Other payables*	13,546	17,068	20,206	22,176
Payroll and welfare payables	12,756	14,776	19,380	7,419
Other tax payables	6,420	7,379	4,699	4,210
Payable for purchase of property, plant and equipment	420	754	30,070	7,086
Long-term liabilities due within one year	933	–	976	1,000
Deferred income	–	–	1,167	–
Other current liabilities	704	196	1,282	559
Total current liabilities	34,779	40,173	77,780	42,450
Non-current liabilities				
Long-term liabilities	930	931	–	5,076

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Other payables*	13,962	17,674	20,203	22,176
Payroll and welfare payables	12,756	14,727	19,052	7,173
Other tax payables	6,420	7,159	4,605	4,192
Payable for purchase of property, plant and equipment	–	–	10	–
Long-term liabilities due within one year	933	–	976	1,000
Deferred income	–	–	1,167	–
Other current liabilities	704	196	1,282	559
Total current liabilities	34,775	39,756	47,295	35,100
Non-current liabilities				
Long-term liabilities	930	931	–	–

* Other payables in current liabilities are non-interest-bearing and have an average term of three months.

23. CONTRACT LIABILITIES

The Group and the Company

Contract liabilities include short-term advances received from customers to deliver sports medicine products.

Details of contract liabilities are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received	5,413	4,840	9,857	4,303
Sales rebates*	1,984	4,358	630	22
	7,397	9,198	10,487	4,325

The decrease in contract liabilities from 31 December 2024 to 30 September 2025 was mainly due to the settlement of short-term advances received following the delivery of goods.

* Sales rebates represent the accrued rebate amounts, which are usually settled in the form of inventories.

24. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December 2024			As at 30 September 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	–	–	–	LPR-90BP	2025	500
Total – current			–			500
Non-current						
Bank loans – secured	LPR-90BP	2028	17,000	LPR-90BP	2028	20,223
Total – non-current			17,000			20,223
Total			17,000			20,723

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Within one year or on demand	–	–	–	500
In the second year	–	–	2,000	3,500
In the third year	–	–	8,000	10,000
Beyond three years	–	–	7,000	6,723
	–	–	17,000	20,723

Note:

(i) The Group's borrowings were obtained to finance the construction of the plant of Suzhou Tianxing. Interest incurred on these borrowings has been capitalised as part of construction in progress (note 13). The borrowings are secured by the Group's land use rights (note 14) and guaranteed by the Company as the guarantor.

25. REFUND LIABILITIES

The Group and the Company

The Company recognises refund liabilities for expected returns of sports medical products, representing the estimated cost of goods likely to be returned under the Company's return policy. This estimate is determined based on historical return patterns and incorporates management's assessment of anticipated future developments that may affect return rates.

Details of refund liabilities are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Refund liabilities	4,518	3,672	10,083	11,550

The changes in refund liabilities during the reporting period were primarily due to a reassessment of historical return data and adjustments to the return policy.

26. DEFERRED TAX

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

Deferred tax liabilities

The Group

	Right-of-use assets	Depreciation and amortisation	Right-of-return assets	Fair value gains on FVTPL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	1,594	–	180	–	1,774
Deferred tax charged to profit or loss during the year	16	50	12	–	78
Gross deferred tax liabilities as at 31 December 2022 and 1 January 2023	1,610	50	192	–	1,852
Deferred tax (credited)/charged to profit or loss during the year	(423)	710	(60)	–	227
Gross deferred tax liabilities as at 31 December 2023 and 1 January 2024	1,187	760	132	–	2,079
Deferred tax (credited)/charged to profit or loss during the year	(369)	573	320	–	524
Gross deferred tax liabilities as at 31 December 2024 and 1 January 2025	818	1,333	452	–	2,603
Deferred tax (credited)/charged to profit or loss during the period	(408)	412	–	209	213
Gross deferred tax liabilities as at 30 September 2025	410	1,745	452	209	2,816

The Company

	Right-of-use assets	Depreciation and amortisation	Right-of-return assets	Fair value gains on FVTPL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	1,594	–	180	–	1,774
Deferred tax (credited)/charged to profit or loss during the year	(25)	50	12	–	37
Gross deferred tax liabilities as at 31 December 2022 and 1 January 2023	1,569	50	192	–	1,811
Deferred tax (credited)/charged to profit or loss during the year	(394)	710	(60)	–	256
Gross deferred tax liabilities as at 31 December 2023 and 1 January 2024	1,175	760	132	–	2,067
Deferred tax (credited)/charged to profit or loss during the year	(398)	573	320	–	495
Gross deferred tax liabilities as at 31 December 2024 and 1 January 2025	777	1,333	452	–	2,562
Deferred tax (credited)/charged to profit or loss during the period	(370)	412	–	209	251
Gross deferred tax liabilities as at 30 September 2025	407	1,745	452	209	2,813

Deferred tax assets

The Group

	Unrealised profit at consolidation	Provision for impairment	Losses available for offsetting against future taxable profit	Lease liabilities	Accrued expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	–	176	4,462	1,523	1,149	7,310
Deferred tax credited/(charged) to profit or loss during the year	4	(4)	(197)	152	(159)	(204)
Gross deferred tax assets at as 31 December 2022 and 1 January 2023	4	172	4,265	1,675	990	7,106
Deferred tax credited/(charged) to profit or loss during the year	81	33	(4,110)	(428)	234	(4,190)
Gross deferred tax assets as at 31 December 2023 and 1 January 2024	85	205	155	1,247	1,224	2,916
Deferred tax credited/(charged) to profit or loss during the year	(28)	243	471	(416)	580	850
Gross deferred tax assets as at 31 December 2024 and 1 January 2025	57	448	626	831	1,804	3,766
Deferred tax credited/(charged) to profit or loss during the period	192	163	71	(408)	(31)	(13)
Gross deferred tax assets as at 30 September 2025	249	611	697	423	1,773	3,753

The Company

	Provision for impairment	Losses available for offsetting against future taxable profit	Lease liabilities	Accrued expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	176	4,462	1,523	1,149	7,310
Deferred tax credited/(charged) to profit or loss during the year	(4)	(267)	112	(159)	(318)
Gross deferred tax assets as at 31 December 2022 and 1 January 2023	172	4,195	1,635	990	6,992
Deferred tax credited/(charged) to profit or loss during the year	32	(4,195)	(388)	257	(4,294)
Gross deferred tax assets as at 31 December 2023 and 1 January 2024	204	–	1,247	1,247	2,698
Deferred tax credited/(charged) to profit or loss during the year	243	–	(419)	557	381
Gross deferred tax assets as at 31 December 2024 and 1 January 2025	447	–	828	1,804	3,079
Deferred tax credited/(charged) to profit or loss during the period	163	–	(405)	(31)	(273)
Gross deferred tax assets as at 30 September 2025	610	–	423	1,773	2,806

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

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets	7,106	2,916	3,766	3,753
Gross deferred tax liabilities	1,852	2,079	2,603	2,816
Set-off with gross deferred tax assets/deferred tax liabilities	(1,852)	(2,079)	(2,603)	(2,809)
Net deferred tax assets recognised in the consolidated statement of financial position	5,254	837	1,163	944
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–	7

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets	6,992	2,698	3,079	2,806
Gross deferred tax liabilities	1,811	2,067	2,562	2,813
Set-off with gross deferred tax assets/deferred tax liabilities	(1,811)	(2,067)	(2,562)	(2,806)
Net deferred tax assets recognised in the consolidated statement of financial position	5,181	631	517	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–	7

The Group has tax losses arising in Mainland China of RMB28,245 thousand, RMB1,408 thousand, RMB4,173 thousand and RMB4,647 thousand during the Relevant Periods that will expire in five years for offsetting against future taxable profits.

27. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid	45,923	46,409	46,409	46,409

A summary of movements in the Company's issued paid-in capital/share capital during the Relevant Periods is as follows:

	Paid-in capital
	RMB'000
As at 1 January 2022	45,813
Addition *(Note (a))*	110
As at 31 December 2022 and 1 January 2023	45,923
Addition *(Note(b))*	486
Conversion to a joint stock company *(Note (c))*	(46,409)
As at 31 December 2023	–

	Number of shares in issue	Share capital
	'000	*RMB'000*
As at 1 January 2023	–	–
Conversion to a joint stock company *(Note (c))*	46,409	46,409
As at 31 December 2023, 1 January 2024, 31 December 2024 and 30 September 2025	46,409	46,409

Notes:

(a) During the year ended 31 December 2022, the Company received capital contributions of RMB8,333 thousand from the investors. The capital contributions increased the paid-in capital and capital reserve by RMB110 thousand and RMB8,223 thousand, respectively.

(b) During the year ended 31 December 2023, the Company received capital contributions of RMB34,438 thousand from the investors. The capital contributions increased the paid-in capital and capital reserve by RMB486 thousand and RMB33,952 thousand, respectively.

(c) On 28 February 2023, the Company was resolved to be converted to a joint stock limited liability company, and a total of 46,409,494 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on that day.

Prior to and during the Relevant Periods, various pre-[**REDACTED**] Investors (collectively, the "Pre-[**REDACTED**] Investors") entered into respective shareholders' agreements with the Company and certain shareholders of the Company, to subscribe ordinary shares directly from the Company or acquire ordinary shares from these shareholders, for a total consideration of approximately RMB600 million (collectively, the "Pre-[**REDACTED**] Investments"), of which the Pre-[**REDACTED**] Investors contributed RMB338 million by 31 December 2022 and RMB262 million in 2023. Pursuant to the shareholders' agreements, these Pre-[**REDACTED**] Investors were granted by the Company with Special Rights on their Pre-[**REDACTED**] Investments.

There was no exercise of redemption rights and liquidation preference rights granted by the Company throughout the Relevant Periods.

On 30 January 2023, the Company and all Pre-[**REDACTED**] investors entered into a supplemental agreement, pursuant to which the "Redemption Rights" provisions under the original shareholders' agreement were confirmed to be void ab initio. Subsequently, on 22 August 2023, the parties further executed a second supplemental agreement, pursuant to which all remaining special rights (including "Anti-dilution Rights" and "Liquidation Preferences") under the original shareholders agreement were irrevocably terminated and deemed void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-[**REDACTED**] Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-[**REDACTED**] Investors been accounted for as financial liabilities measured at present value of the redemption amount (being amount to be distributed to the Pre-[**REDACTED**] Investors in the event of the liquidation of the Company) prior to entering into the supplemental agreements, the redemption financial liabilities, total current liabilities, net current liabilities and net liabilities would have been:

	As at 31 December
	2022
	RMB'000
Redemption financial liabilities	406,000
Total current liabilities	461,656
Net current liabilities	151,975
Net liabilities	123,687

As stipulated in the shareholders' agreement, the amount of redemption of financial liabilities is fixed at any given time in the event of the liquidation of the Company, there are no finance costs associated with the redemption financial liabilities charged in the consolidated statement of profit or loss during the Relevant Periods. As the Company entered into supplemental agreements with all pre-[**REDACTED**] investors in 2023, under which the redemption rights, anti-dilution rights, and liquidation preferences were irrevocably terminated and deemed void ab initio, there was no impact from redemption financial liabilities in 2023.

28. RESERVES

The Group

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

Capital reserve

Capital reserve represents capital contributions from, net of distributions to, shareholders.

Share award reserve

The share award reserve of the Group represents the share award compensation reserve due to equity-settled share award expense transactions, details of which were set out in note 29 to the Historical Financial Information.

Statutory surplus reserve

In accordance with the Company Law of the PRC the companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to approval from the relevant PRC authorities, the statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory surplus reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

The Company

	Capital reserve	Share award reserve	Statutory surplus reserve	(Accumulated losses)/retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	369,630	–	–	(181,805)	187,825
Profit for the year	–	–	–	40,572	40,572
Issue of paid-in capital	8,223	–	–	–	8,223
As at 31 December 2022	377,853	–	–	(141,233)	236,620
As at 1 January 2023	377,853	–	–	(141,233)	236,620
Profit for the year	–	–	–	58,492	58,492
Issue of share capital	33,952	–	–	–	33,952
Recognition of equity-settled share award expense *(note 29)*	–	905	–	–	905
Appropriation to statutory surplus reserve	–	–	5,849	(5,849)	–
Conversion to a joint stock company	(142,557)	–	–	142,557	–
As at 31 December 2023	269,248	905	5,849	53,967	329,969
As at 1 January 2024	269,248	905	5,849	53,967	329,969
Profit for the year	–	–	–	96,704	96,704
Recognition of equity-settled share award expense *(note 29)*	–	1,083	–	–	1,083
Appropriation to statutory surplus reserve	–	–	9,670	(9,670)	–
As at 31 December 2024	269,248	1,988	15,519	141,001	427,756
As at 1 January 2025	269,248	1,988	15,519	141,001	427,756
Profit for the period	–	–	–	92,056	92,056
Recognition of equity-settled share award expense *(note 29)*	–	875	–	–	875
As at 30 September 2025	269,248	2,863	15,519	233,057	520,687

29. SHARE AWARD EXPENSE

(a) Tianjin Yunkang Technology Center (Limited Partnership) ("Tianjin Yunkang") restricted share incentive plan 2023

On 28 February 2023, the Company's board of directors and the partners of Tianjin Yunkang approved the restricted share incentive plan, implemented through the employee stock ownership platform, Tianjin Yunkang. According to the plan, the platform granted restricted shares, corresponding to RMB129 thousand in registered capital of the platform, to 7 employees and the weighted average exercise price is RMB9.29. The agreements with these 7 employees stipulated a service period of 4 years for these employees.

The Company determined the fair value to be RMB 42.70 per RMB1 registered capital unit of the platform on the grant date, based on recent third-party investor transactions and considering the terms and conditions upon which the restricted shares were granted. The aggregate fair value of the restricted shares granted on the grant date was RMB5,517 thousand, with a difference of RMB4,317 thousand from the exercise price of RMB1,200 thousand. This difference, being the share award expense, is recognised over the 4-year service period stipulated in the agreements with these 7 employees as the vesting period. During the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024 and 2025, share award expense of RMB905 thousand, RMB1,083 thousand, RMB810 thousand and RMB807 thousand were recognised respectively.

(b) Tianjin Yunkang Technology Center (Limited Partnership) ("Tianjin Yunkang") restricted share incentive plan 2025

On 30 May 2025, the Company's board of directors and the partners of Tianjin Yunkang approved a restricted share incentive plan, implemented through the employee stock ownership platform, Tianjin Yunkang. On 14 July 2025, the grantees entered into the Tianjin Yunkang shares grant agreement with the Company, Tianjin Yunkang and Tianjin Bokang (as the general partner of Tianjin Yunkang). According to the plan, the platform granted restricted shares, corresponding to RMB22 thousand in registered capital of the platform, to 2 employees and the weighted average exercise price is RMB9.29. The agreements with these 2 employees stipulated a service period of 4 years for these employees.

On 12 September 2025, the Company's board of directors and the partners of Tianjin Yunkang approved a restricted share incentive plan, implemented through the employee stock ownership platform, Tianjin Yunkang. According to the plan, the platform granted restricted shares, corresponding to RMB17 thousand in registered capital of the platform, to 2 employees and the weighted average exercise price is RMB9.29. The agreements with these 2 employees stipulated a service period of 4 years for these employees.

The Company determined the fair value to be RMB87.88 per RMB1 registered capital unit of the platform on the grant date, based on the Market Approach-Comparable Companies Multiple Method taking into the terms and conditions upon which the awarded shares were granted. The total fair value of the restricted shares granted during the period was RMB3,046 thousand. During the nine months ended 30 September 2025, share award expense of RMB68 thousand were recognised.

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,698 thousand, RMB3,173 thousand, RMB1,077 thousand and nil, respectively, in respect of lease arrangements for buildings and leasehold land.

During the nine months ended 30 September 2025, the Group derecognised bills receivable totalling RMB14,177 thousand through endorsement and transfer to suppliers in settlement of trade payables. Endorsed bills receivable accepted by banks in the Chinese Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB14,177 thousand. The Derecognised Bills had a maturity of six months at 30 September 2025. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised 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 Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank borrowings
	RMB'000	*RMB'000*
As at 1 January 2022	10,155	–
New leases	2,698	–
Changes from financing cash flows	(2,262)	–
Interest expense	470	–
As at 31 December 2022 and 1 January 2023	11,061	–
New leases	391	–
Changes from financing cash flows	(3,540)	–
Interest expense	418	–
As at 31 December 2023 and 1 January 2024	8,330	–
New leases	1,066	–
Changes from financing cash flows	(4,127)	17,000
Interest expense	308	–
As at 31 December 2024 and 1 January 2025	5,577	17,000

	Lease liabilities	Interest-bearing bank borrowings
	RMB'000	*RMB'000*
New leases	–	–
Changes from financing cash flows	(2,894)	3,723
Interest expense	139	–
As at 30 September 2025	2,822	20,723

(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within operating activities	–	380	53	194
Within financing activities	2,262	3,540	4,127	2,894
	2,262	3,920	4,180	3,088

31. COMMITMENTS

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Construction of property, plant and equipment	1,661	1,359	37,061	17,037

32. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name	Relationship
普瑞純證醫療科技(廣州)有限公司 Pure Medical Technology (Guangzhou) Co., Ltd. ("Pure Medical")	Other entities in which the Company's director (Mr. Zhou Quan) serves

(b) Transactions with a related party

The Group had the following transactions with related parties during the Relevant Periods and the nine months ended 30 September 2024:

The Group

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Purchases of services:					
Pure Medical	–	270	12	12	2

The purchases of services include receiving registration services for sports medicine products from Pure Medical. The purchases from the Pure Medical were made according to the published prices and conditions offered by the Group to its major customers.

(c) Outstanding balances with a related party:

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for services:				
Pure Medical	–	17	5	3

The outstanding balance with Pure Medical is trade related in nature, representing fees paid for the engagement of this related party to draft the materials required for the registration and clinical evaluation of the Company's research and development products based on product data provided by the Company.

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

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Short-term employee benefits	4,996	4,285	4,440	2,887	2,956
Pension scheme contributions	223	260	282	206	230
Equity-settled share award expense	–	528	631	473	473
Total compensation paid to key management personnel	5,219	5,073	5,353	3,566	3,659

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

33. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income:				
Bills receivable	–	–	14,177	–
Financial assets at amortised cost:				
Trade receivables	3,241	2,651	4,957	13,535
Financial assets included in prepayments, other receivables and other assets	444	611	901	1,026
Cash and cash equivalents	272,840	356,370	89,968	179,757
Restricted bank deposits	–	–	–	10,261
Time deposits with an initial term of over three months	–	–	344,093	44,367
Financial assets at fair value through profit or loss:				
Financial assets at fair value through profit or loss	–	–	–	251,393
	276,525	359,632	454,096	500,339

Financial liabilities

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost:				
Trade payables	5,925	12,900	23,550	22,834
Financial liabilities included in other payables and accruals	14,899	17,822	51,252	30,262
Other non-current liabilities	930	931	–	5,076
Interest-bearing bank borrowings	–	–	17,000	20,723
	21,754	31,653	91,802	78,895

For the details of pre-[**REDACTED**] investments, please refer to note 27 to the Historical Financial Information.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The fair values of the non-current portion of financial asset included in prepayments, other receivables and other assets, and the non-current portion of financial liabilities included in 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. The changes in fair value as a result of the Group's own non-performance risk for financial assets included in non-current prepayments, other receivables and other assets and interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant. The following methods and assumptions were used to estimate the fair values:

For the fair value of the financial assets at fair value through profit or loss. The method used by the management to determine the fair value is based on the type of product. For regular investment planning, management calculates the fair value of these investments using the discounted future cash flow method. For products redeemable on demand, fair value is calculated by aggregating the principal amount and interest accrued from the last income distribution date to the valuation date. For the structured deposits, fair value is derived using the Monte Carlo simulation method.

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 30 September 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	251,393	–	251,393

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivable measured at fair value through other comprehensive income	–	14,177	–	14,177

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The Group regularly reviews and monitors the floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank borrowings and cash and cash equivalents are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

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 before tax through the impact on floating rate borrowings.

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax
		RMB'000
As at 30 September 2025		
RMB	100	(207)
RMB	(100)	207
As at 31 December 2024		
RMB	100	(170)
RMB	(100)	170
As at 31 December 2022 and 2023		
RMB	100	–
RMB	(100)	–

Foreign currency risk

The Group mainly operates in Mainland China with most of the Group's monetary assets, liabilities and transactions principally denominated in RMB and United States dollar ("USD"). The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group's profit before tax in response to reasonably possible changes in the USD exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods with all other variables held constant.

	Changes in exchange rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
As at 30 September 2025		
If the RMB weakens against the USD	5	1,024
If the RMB strengthens against the USD	(5)	(1,024)
As at 31 December 2024		

	Changes in exchange rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
If the RMB weakens against the USD	5	911
If the RMB strengthens against the USD	(5)	(911)
As at 31 December 2023		
If the RMB weakens against the USD	5	723
If the RMB strengthens against the USD	(5)	(723)
As at 31 December 2022		
If the RMB weakens against the USD	5	850
If the RMB strengthens against the USD	(5)	(850)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	3,364	3,364
Financial assets included in prepayments, other receivables and other assets					
– Normal**	458	–	–	–	458
Cash and cash equivalents					
– Not yet past due	272,840	–	–	–	272,840
	273,298	–	–	3,364	276,662

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	2,757	2,757
Financial assets included in prepayments, other receivables and other assets					
– Normal**	630	–	–	–	630
Cash and cash equivalents					
– Not yet past due	356,370	–	–	–	356,370
	357,000	–	–	2,757	359,757

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	5,177	5,177

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets					
– Normal**	917	–	–	–	917
Time deposits with an initial term of over three months	344,093	–	–	–	344,093
Cash and cash equivalents					
– Not yet past due	89,968	–	–	–	89,968
	434,978	–	–	5,177	440,155

As at 30 September 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	14,191	14,191
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,042	–	–	–	1,042
Restricted bank deposits	10,261	–	–	–	10,261
Time deposits with an initial term of over three months	44,367	–	–	–	44,367
Cash and cash equivalents					
– Not yet past due	179,757	–	–	–	179,757
	235,427	–	–	14,191	249,618

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the Historical Financial Information.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the Historical Financial Information.

Liquidity risk

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

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

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

	As at 31 December 2022		
	Within 1 year or on demand	1 year to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	3,474	8,467	11,941
Trade payables	5,925	–	5,925
Financial liabilities included in other payables and accruals	14,966	1,000	15,966
	24,365	9,467	33,832

	As at 31 December 2023		
	Within 1 year or on demand	1 year to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	3,576	5,234	8,810
Trade payables	12,900	–	12,900
Financial liabilities included in other payables and accruals	17,822	1,000	18,822
	34,298	6,234	40,532

	As at 31 December 2024			
	Within 1 year or on demand	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	3,841	1,931	–	5,772
Trade payables	23,550	–	–	23,550
Financial liabilities included in other payables and accruals	51,276	–	–	51,276
Interest-bearing bank borrowings	465	17,752	–	18,217
	79,132	19,683	–	98,815

	As at 30 September 2025			
	Within 1 year or on demand	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	2,878	–	–	2,878
Trade payables	22,834	–	–	22,834
Financial liabilities included in other payables and accruals	30,262	–	–	30,262
Interest-bearing bank borrowings	1,063	21,040	–	22,103
Other non-current liabilities	–	5,348	–	5,348
	57,037	26,388	–	83,425

Capital management

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	64,610	76,510	146,094	117,343
Total assets	346,923	451,278	617,334	679,330
Debt-to-asset ratio	18.62%	16.95%	23.67%	17.27%

36. EVENTS AFTER THE RELEVANT PERIODS

As at the date of this report, no significant events have occurred in respect of any period subsequent to 30 September 2025.

37. 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 30 September 2025.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

APPENDIX IIB UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025

The following is the preliminary financial information of our Group as at and for the year ended December 31, 2025 (the "2025 Preliminary Financial Information"), together with comparative financial information as at and for the year ended December 31, 2024 and management's discussion and analysis of our Group's financial position and results of operations. The 2025 Preliminary Financial Information has been prepared based on the consolidated financial statements of the Group prepared in accordance with IFRS Accounting Standards. The 2025 Preliminary Financial Information was not audited. Investors should bear in mind that the 2025 Preliminary Financial Information in this appendix may be subject to adjustments.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	**2025**	**2024**
		RMB'000	*RMB'000*
REVENUE	*3*	402,751	327,119
Cost of sales		(104,132)	(99,524)
Gross profit		298,619	227,595
Other income and gains	*3*	22,728	10,097
Selling and distribution expenses		(80,570)	(69,628)
Administrative expenses		(36,706)	(22,768)
Research and development expenses		(47,503)	(37,252)
Other expenses		(415)	(13)
Impairment of impairment of financial assets, net		(1,642)	(111)
Finance costs		(343)	(352)
PROFIT BEFORE TAX	*4*	154,168	107,568
Income tax expense	*5*	(17,198)	(12,179)
PROFIT FOR THE YEAR		136,970	95,389
Profit attributable to:			
Owners of the parent		136,970	95,389
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		136,970	95,389
Total comprehensive income attributable to:			
Owners of the parent		136,970	95,389
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)		2.95	2.06

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2025	As at 31 December 2024
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		85,900	82,880
Right-of-use assets		4,500	8,114
Other intangible assets		1,186	1,484
Deferred tax assets		1,939	1,163
Certificate of deposit with a maturity exceeding one year		10,149	–
Prepayments, other receivables and other assets		786	1,333
Total non-current assets		**104,460**	**94,974**
CURRENT ASSETS			
Inventories		64,476	57,154
Trade and bills receivables	*8*	40,981	19,134
Prepayments, other receivables and other assets		14,384	12,011
Financial assets at fair value through profit or loss (the "FVTPL")		422,934	–
Time deposits with original maturities of over three months and due within one year		–	344,093
Cash and cash equivalents		116,846	89,968
Total current assets		**659,621**	**522,360**
TOTAL ASSETS		**764,081**	**617,334**
CURRENT LIABILITIES			
Trade payables	*9*	27,765	23,550
Other payables and accruals		66,586	77,780
Contract liabilities		4,222	10,487
Interest-bearing bank borrowings		12,000	–
Lease liabilities		1,901	3,716
Tax payable		5,976	1,617
Refund liabilities		12,370	10,083
Total current liabilities		**130,820**	**127,233**
NET CURRENT ASSETS		**528,801**	**395,127**
TOTAL ASSETS LESS CURRENT LIABILITIES		**633,261**	**490,101**
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		18,723	17,000
Lease liabilities		–	1,861
Other payables and accruals		5,121	–
Total non-current liabilities		**23,844**	**18,861**
NET ASSETS		**609,417**	**471,240**
EQUITY			
Equity attributable to owners of the parent			
Share capital		46,409	46,409
Reserves		563,008	424,831
Total equity		**609,417**	**471,240**

NOTES TO THE PRELIMINARY FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This 2025 Preliminary Financial Information has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of results for the financial year.

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board. They have been prepared under the historical cost convention except for financial assets at FVTPL which have been measured at fair value. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The 2025 Preliminary Financial Information does not include all of the information required for a complete set of financial statements prepared in accordance with the IFRS Accounting Standards.

2. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the consolidated financial statements for the year ended 31 December 2025. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

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

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

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

3 No mandatory effective date yet determined but available for adoption

The application of IFRS 18 will have no impact on the consolidated statement of financial position of the Group, but will have impact on the presentation of the consolidated statement of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers	402,751	327,119

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Types of goods		
Medical implants	310,375	249,987
Surgical equipment and associated medical consumables	92,020	76,986
Others	356	146
Total revenue from contracts with customers	402,751	327,119
Geographical markets		
Chinese mainland	332,485	306,267
Other countries/regions	70,266	20,852
	402,751	327,119

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each reporting period:		
Sale of sports medicine products	8,445	7,041

(b) Performance obligations

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

Sale of sports medicine products.

The performance obligation is satisfied upon delivery of sports medicine products, and payment is generally made in advance from the acceptance by the customers. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

As at 31 December 2024 and 2025, no transaction price was allocated to the remaining performance obligations.

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Other income		
Bank interest income *(note 4)*	5,381	5,568
Government grants* *(note 4)*	14,617	3,612
Additional tax deduction for input VAT	–	790
Others	60	58
Total other income	20,058	10,028
Gains		
Investment income on financial assets at FVTPL *(note 4)*	1,600	–
Fair value gains on financial assets at FVTPL *(note 4)*	1,064	–
Foreign exchange gain, net	–	63
Others	6	6
Total gains	2,670	69
Total other income and gains	22,728	10,097

* Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

4. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Cost of inventories sold	100,828	97,601
Depreciation of property, plant and equipment*	10,934	10,030
Depreciation of right-of-use assets*	3,614	3,615
Amortisation of intangible assets*	298	298
Research and development costs	47,503	37,252
Lease payments not included in the measurement of lease liabilities	211	53
[**REDACTED**] expenses in relation to the prior listing attempt	1,705	3,253
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Employee benefit expense (including directors' and chief executives' remuneration):		
Wages, salaries and allowances	81,948	74,702
Pension scheme contributions	6,345	5,391
Equity-settled share award expenses**	1,207	1,083
Total	89,500	81,176
Foreign exchange differences, net	411	(63)
Fair value gains on financial assets at FVTPL	(1,064)	–
Investment income on financial assets at FVTPL	(1,600)	–
Loss on disposal of items of property, plant and equipment, net	–	13
Bank interest income	(5,381)	(5,568)
Government grants	(14,617)	(3,612)
Impairment of trade receivables, net	1,644	114
Reversal of impairment of financial assets included in prepayments, other receivables and other assets	(2)	(3)
Write-down of inventories to net realisable value	3,304	1,923

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets are included in "cost of sales", "selling and distribution expenses", "administrative expenses" and "research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

** Equity-settled share award expenses are included in "selling and distribution expenses", "administrative expenses" and "research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

5. INCOME TAX EXPENSE

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

Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, the Company and its subsidiaries which operate in Chinese mainland are subject to income tax at a rate of 25% on their respective taxable income.

The Company was accredited as a High and New Technology Enterprise ("HNTE") under the relevant tax rules and regulations in July 2020 and the certificate was extended in October 2023, and accordingly, was entitled to a reduced preferential CIT rate of 15% during the reporting periods. This qualification as a HNTE will be due in October 2026 and is subject to review by the relevant tax authority in the PRC for every three years.

Certain of the Group's PRC subsidiaries, qualified as "Small and Micro-sized Enterprises" and were entitled to preferential corporate income tax rate of 20% during the reporting periods. The Group's subsidiary, Suzhou Xingyue Smart Healthcare Technology Co., Ltd. ("Suzhou Tianxing"), was reclassified from a Small and Micro-sized Enterprise to a General VAT Taxpayer commencing in 2025.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the year.

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Current – Chinese mainland charge for the year	17,974	12,505
Deferred tax	(776)	(326)
Total	17,198	12,179

6. DIVIDENDS

There was no dividend declared or paid by the Group during the year (2024: Nil).

7. 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 the year attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	136,970	95,389

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	46,409	46,409

8. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	*RMB'000*
Trade receivables	42,845	5,177
Impairment	(1,864)	(220)
	40,981	4,957
Bills receivable:		
Measured at fair value through other comprehensive income	–	14,177
	40,981	19,134

The Group's trading terms with its customers are mainly payment in advance, except for some overseas customers. The payment terms generally range from 30 to 90 days.

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the transaction dates and net of loss allowance, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	*RMB'000*
Within 1 year	40,981	19,134

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

	As at 31 December	
	2025	2024
	RMB'000	*RMB'000*
At beginning of year	220	106
Impairment losses, net	1,644	114
At end of year	1,864	220

9. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the reporting periods, based on the invoice date, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	*RMB'000*
Within 1 year	27,067	23,187
1 to 2 years	371	287
2 to 3 years	261	31
Over 3 years	66	45
Total	27,765	23,550

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

10. EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, no significant events have occurred in respect of any period subsequent to 31 December 2025.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION AND MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Business Review and Outlook

We are a China-based medical device company specializing in clinical sports medicine solutions. According to CIC, we are the fourth largest sports medicine device provider, representing a market share of approximately 6.5% in China's sports medicine implants and instruments market, and the largest domestic sports medicine device provider in China, in terms of sales revenue in 2024.

We offer holistic solutions for the treatment of injuries to soft tissues of rotator cuffs, ligaments and meniscus at shoulders, knees, hips, feet/ankles, elbows, and hands/wrist, as well as for the rehabilitation and prevention of sports-related injuries, leveraging our self-developed medical implants, active equipment, associated medical consumables and surgical instruments. Our sports medicine product matrix mainly comprises 62 products spanning medical implants, active equipment and associated medical consumables, as well as surgical instruments, as of the Latest Practicable Date, providing clinical sports medicine solutions. Leveraging our technological capabilities, we obtained, on average, over seven medical device certificates for our products every year during the Track Record Period.

We have achieved deep market penetration in China during the Track Record Period: the number of hospitals that had adopted our products increased from over 1,000 as of December 31, 2022 to over 3,000 as of December 31, 2024, among which over 1,000 were Class III hospitals. As of September 30, 2025, we had cumulatively sold over 1.8 million units of our products, with revenue of RMB146.6 million, RMB238.5 million, RMB327.1 million, RMB220.6 million and RMB273.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Our net profit increased from RMB40.3 million in 2022 to RMB57.1 million in 2023 and further to RMB95.4 million in 2024, and grew from RMB60.9 million in the nine months ended September 30, 2024 to RMB89.9 million in the nine months ended September 30, 2025, representing a growth of 47.6%. Since initiating our global commercial expansion, we have successfully secured, in aggregate, over 200 regulatory approvals and registration certificates for medical devices across over 50 countries and regions in Europe, Southeast Asia, the Middle East and Latin America, covering all of our products. Our overseas revenue experienced significant growth from RMB0.4 million in 2022 to RMB6.7 million in 2023 and RMB20.9 million in 2024, and grew significantly from RMB12.6 million in the nine months ended September 30, 2024 to RMB38.3 million in the nine months ended September 30, 2025, representing a growth of 204.4%.

Going forward, we plan to implement the following strategies, which we believe, will strengthen our core competitive strengths and enable us to capture rising business opportunities:

- Develop full-cycle treatment and rehabilitation solutions, and build multidimensional technological capabilities spanning biomaterials to intelligence technologies;
- Expand our production capacity and improve quality control to better satisfy market needs;
- Amplify our market presence in the domestic market and become one of the leading brands worldwide, further expanding our brand recognition;
- Pursue vertical integration and supply chain upgrade through strategic investment and acquisitions;
- Recruit and develop talent in sports medicine and rehabilitation medicine.

Since December 31, 2025 and up to the date of this document, we have maintained stable business operation and development and, to the best of our Directors' knowledge, there has been no material adverse change in the financial or trading position or document of our Group.

DISCUSSION OF CERTAIN KEY ITEMS OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

Revenue

Our revenue increased by 23.1% from RMB327.1 million in 2024 to RMB402.8 million in 2025, driven largely by a 24.6% increase in sales volume of our medical implants, surgical equipment and associated medical consumables.

Our revenue from medical implants increased by 24.2% from RMB167.2 million in 2024 to RMB212.1 million in 2025, primarily due to the increased sales of our suture anchors and meniscus repair systems, driven by the increasing market acceptance of our bioabsorbable implants and enhanced market recognition of our products.

Our revenue from surgical equipment and associated medical consumables increased by 19.6% from RMB77.0 million in 2024 to RMB92.1 million in 2025, primarily attributable to the increased sales of our surgical equipment, driven by the enhanced market recognition of our brand and our continued expansion into the overseas markets.

Cost of sales

Our cost of sales remained relatively stable at RMB99.5 million in 2024 and RMB104.1 million in 2025, driven by our expanded workforce in line with our business growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 31.2% from RMB227.6 million in 2024 to RMB298.6 million in 2025. Gross profit margin increased from 69.6% in 2024 to 74.1% in 2025.

Other Income and Gains

Our other income and gains increased by 125.1% from RMB10.1 million in 2024 to RMB22.7 million in 2025, primarily due to (i) an increase in government grants supporting our R&D efforts and business growth, and (ii) an increase in fair value gains in FVPTL.

Income Tax Expense

Our income tax expense increased by 41.0% from RMB12.2 million in 2024 to RMB17.2 million in 2025, primarily due to an increase in operating profit during this period.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 43.6% from RMB95.4 million in 2024 to RMB137.0 million in 2025.

DISCUSSION OF CERTAIN KEY ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,	
	2025	2024
	(RMB in thousands)	
Non-current assets		
Property, plant and equipment	85,900	82,880
Right-of-use assets	4,500	8,114
Other intangible assets	1,186	1,484
Deferred tax assets	1,939	1,163
Certificate of deposit with a maturity exceeding one year	10,149	–
Prepayments, other receivables and other assets	786	1,333
Total non-current assets	**104,460**	**94,974**
Current assets		
Inventories	64,476	57,154
Trade and bills receivables	40,981	19,134
Prepayments, other receivables and other assets	14,384	12,011
Financial assets at fair value through profit or loss	422,934	–
Time deposits with an initial term of over three months	–	344,093
Cash and cash equivalents	116,846	89,968
Total current assets	**659,621**	**522,360**
Current liabilities		
Trade payables	27,765	23,550
Other payables and accruals	66,586	77,780
Contract liabilities	4,222	10,487
Interest-bearing bank and other borrowings	12,000	–
Lease liabilities	1,901	3,716
Tax payable	5,976	1,617
Refund liabilities	12,370	10,083
Total current liabilities	**130,820**	**127,233**
Net current assets	**528,801**	**395,127**
Non-current liabilities		
Interest-bearing bank borrowings	18,723	17,000
Lease liabilities	–	1,861
Other payables and accruals	5,121	–
Total non-current liabilities	**23,844**	**18,861**
Net assets	**609,417**	**471,240**

Our net current assets increased by 33.8% from RMB395.1 million in 2024 to RMB528.8 million in 2025, primarily due to (i) an increase in FVPTL of RMB422.9 million, and (ii) an increase in cash and cash equivalents of RMB26.9 million driven by our continued business growth, partially offset by (i) a decrease in time deposits with an initial term of over three months of RMB344.1 million and (ii) an increase in interest-bearing bank and other borrowings of RMB12.0 million.

We believe we can make better use of our cash by making appropriate investments in wealth management products of low-to-medium risk, which generate income without interfering with our business operation or capital expenditures. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment, the expected benefit and potential loss of the investment, our cash flow position and future working capital needs based on operational requirements. We have adopted a comprehensive set of internal policies and guidelines to manage our investments. Our Board exercises oversight over our investment activities through regular review and approval of significant investment decisions. Pursuant to our investment management policies, investments exceeding specified thresholds are subject to prior Board approval, while investments below such thresholds may be approved by the relevant management departments within their authorized limits. Our investment department is responsible for organizing project evaluations, conducting feasibility analyses, overseeing project implementation and maintaining investment records. Our finance department is responsible for performing economic and financial analyses, arranging payment of investment funds, conducting financial supervision and carrying out post-investment evaluations. Our internal audit department conducts periodic audits and inspections to ensure compliance with internal policies and the accuracy of accounting treatment. Our management, including our investment, finance and internal auditing departments, has extensive experience in managing the financial aspects of an enterprise's operations. Upon [**REDACTED**], we intend to continue making investments strictly in accordance with our internal control policies. To the extent that any such investment constitutes a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the applicable requirements thereunder, including the relevant announcement, reporting and/or shareholders' approval requirements, as appropriate.

Inventories

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,	
	2025	2024
	(RMB in thousands)	
Raw materials	24,320	18,717
Work in progress	6,466	7,201
Semi-finished goods	11,887	8,947
Finished goods	18,980	21,424
Materials consigned for processing	3,529	1,717
Goods in transit	3,991	1,899
	69,173	59,905
Less: Provision for inventories	(4,697)	(2,751)
Total	**64,476**	**57,154**

Our inventories increased by 12.8% from RMB57.2 million as of December 31, 2024 to RMB64.5 million as of December 31, 2025. Our inventories increased steadily during the Year, primarily due to an increase in the procurement of raw materials in anticipation of the expanded production to meet the growing market demand, as well as an increase in semi-finished goods resulting from our production expansion.

Trade and bills Receivables

Our trade and bills receivables represented the outstanding receivables from our customers during our ordinary course of business. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,	
	2025	2024
	(RMB in thousands)	
Trade receivables	42,845	5,177
Bills receivables	–	14,177
Less: Impairment	(1,864)	(220)
Total	**40,981**	**19,134**

Our trade and bills receivables increased by 114.2% from RMB19.1 million as of December 31, 2024 to RMB41.0 million as of December 31, 2025, primarily due to an increase in trade receivables, driven by our continued business growth, particularly our expansion in overseas markets.

As of December 31, 2025, all of our trade and bills receivables were aged within one year.

The following table sets forth the turnover days of our trade and bills receivables for the periods indicated:

	Year ended December 31,	
	2025	2024
	(days)	
Trade and bills receivables turnover days[(1)]	28	12

Note:

(1) Trade and bills receivables turnover days for a year equal the average of opening and closing balance of trade receivables for the relevant year divided by revenue for the relevant year and multiplied by the number of days in the relevant year, which is 365 days for each year.

Our trade and bills receivables turnover days were increased from 12 days in 2024 to 28 days in 2025. We granted credit terms to certain distributors overseas or as required by applicable domestic regulations in relation to the sales of medical devices. These relatively short turnover periods reflect our tight credit terms with these distributors. We typically provide a credit term from 30 to 90 days for these distributors.

We have assessed the recoverability of our outstanding trade receivables balances, and our Directors are of the view that there are no recoverability issues and that sufficient provisions have been made for the following reasons: (i) our customers primarily comprise industry-leading enterprises and state-owned enterprises, which generally possess strong financial strength and

demonstrate good credit histories with low default rates; (ii) we maintain stable and long-term relationships with these customers, fostering mutual trust and consistent payment behaviors over time; (iii) we have implemented internal control measures to manage risks associated with trade receivables, including regular credit assessments, aging analyses and proactive follow-up procedures; and (iv) the trade receivables arise primarily due to customers' standard settlement and funding cycles, which are predictable and aligned with their operational norms, further mitigating any potential recoverability concerns.

Our Directors have assessed and made sufficient provision for our trade and bills receivables and do not believe there is any material impairment or recoverability issue for our trade and bills receivables during the Year and up to the Latest Practicable Date.

Trade Payables

Our trade payables were primarily related to the procurement of raw materials. Our trade payables remained relatively stable at RMB23.6 million as of December 31, 2024 and RMB27.8 million as of December 31, 2025.

The following table sets forth an aging analysis of the trade payables based on the invoice dates as of the dates indicated:

	As of December 31,	
	2025	2024
	(RMB in thousands)	
Within one year	27,067	23,187
Over one year	698	363
Total	**27,765**	**23,550**

INDEBTEDNESS

During the year, our indebtedness mainly consisted of (i) interest-bearing bank borrowings and (ii) lease liabilities. As of December 31, 2024 and 2025, we had a total indebtedness of RMB22.6 million and RMB32.6 million, respectively.

The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,	
	2025	2024
	(RMB in thousands)	
Current		
Interest-bearing bank borrowings and other borrowings	12,000	–
Lease liabilities	1,901	3,716
Non-Current		
Interest-bearing bank borrowings and other borrowings	18,723	17,000
Lease liabilities	–	1,861
Total	**32,624**	**22,577**

Working Capital

We have historically funded our cash requirements principally from cash generated from operations and equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2024, we had cash and cash equivalents of RMB90.0 million and time deposits of RMB344.1 million. As of December 31, 2025, we had cash and cash equivalents of RMB116.8 million and Financial assets at FVTPL of RMB422.9 million. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow and the estimated net [**REDACTED**] received from the [**REDACTED**].

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and our time deposits, and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Document.

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,	
	2025	2024
Gross profit margin (%)[(1)]	74.1	69.6
Net profit margin (%)[(2)]	34.0	29.2
Current ratio (times)[(3)]	5.0	4.1
Quick ratio (times)[(4)]	4.5	3.7

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals net profit for the year divided by revenue for the year and multiplied by 100%.

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

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

DISCLOSURE ABOUT MARKET RISK

See Note 35 to the Accountants' Report in Appendix I to this document for the details of the risks to which we are exposed.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet [**REDACTED**] on the Stock Exchange during the year ended December 31, 2025, the Corporate Governance Code set forth in Appendix C1 to the Listing Rules was not applicable to us during such period under review. After the [**REDACTED**], we will comply with all the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

The unaudited financial information in respect of our consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the 2025 Preliminary Financial Information above has been agreed by the Reporting Accountants to the amounts set out in our consolidated financial statements for the year ended December 31, 2025, following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcement of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Reporting Accountants on the 2025 Preliminary Financial Information.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES

Since we were not yet [**REDACTED**] on the Stock Exchange during the year ended December 31, 2025, this disclosure requirement is not applicable to us.

PRC LAWS AND REGULATIONS RELATING TO TAXATION

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was last amended on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was last amended on December 18, 2018 and came into effect on January 1, 2019, for individual income including interest, dividend and bonus, shall pay individual income tax with applicable proportional tax rate of 20%. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得税若干政策問題的通知》) promulgated by the Ministry of Finance and the SAT on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

In accordance with the EIT Law, which was amended on December 29, 2018 and became effective on the same date, and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), which was amended on December 6, 2024 and became effective on January 20, 2025, a non-resident enterprise is generally subject to EIT at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares overseas), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold EIT at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) (Guo Shui Han [2009] No. 394), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit EIT at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rate may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》), which came in to effect on

December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrange mentor transactions which will bring any direct or indirect benefits under this Agreement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law documents, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax agreements or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

TAXATION ON SHARE TRANSFER

Individual Investor

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) and its implementation provisions, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. On December 31, 2009, the MOF, the SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) (Cai Shui [2009] No. 167), which became effective on December 31, 2009, states that individuals' income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) (Cai Shui [2010] No. 70) jointly issued by the above three departments on November 10, 2010). According to the Announcement about the Catalogue of Preferential IIT Policies with Continued Effect (《財政部、國家税務總局關於繼續有效的個人所得税優惠政策目錄的公告》) (MOF SAT Announcement [2018] No. 177), promulgated on 29 December 2018, the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation will remain effective. As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to EIT at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

In accordance with the Stamp Duty Law of the PRC (《中華人民共和國印花税法》) which came into effect on 1 July 2022, (i) entities and individuals that conclude taxable certificates, or conduct securities transactions within the territory of the PRC shall be taxpayers of stamp duty, and shall pay the PRC stamp duty; (ii) entities and individuals who are located outside the territory of the PRC and conclude taxable certificates that are to be used within the territory of the PRC shall pay the PRC stamp duty.

MAJOR TAXES ON THE COMPANY IN PRC

Enterprise Income Tax

In accordance with the *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得税法》) which was promulgated by the Standing Committee of the National People's Congress on March 16, 2007, and was latest amended on December 29, 2018, with the latest revision effective on the same date and the Implementation Regulations for the *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得税法實施條例》) which was promulgated by the State Council on December 6, 2007, and was latest amended on December 6, 2024, with the latest revision effective on January 20, 2025, a uniform income tax rate of 25% will be applied to resident enterprises and non-resident enterprises that have established institutions and premises in China. Besides enterprises established within the PRC, enterprises established in accordance with the laws of other judicial districts whose "de facto management bodies" are within the PRC are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their income derived from both inside and outside the PRC. Corporate income tax for key advanced and new technology enterprises supported by PRC shall be at a reduced tax rate of 15%.

In accordance with the *Administrative Measures on Accreditation of High-tech Enterprises* (《高新技術企業認定管理辦法》) which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on April 14, 2008 and amended on January 29, 2016 and came into effect on January 1, 2016, high-tech enterprises referred to in these Measures shall mean resident enterprises registered in China (excluding Hong Kong, Macau and Taiwan) which are continuously engaging in research and development and technology commercialization within the realm of the Regions of Advanced Technologies Strongly Supported by PRC, forming the core independent intellectual property of the enterprise, and carrying out business activities on such basis, which accredited pursuant to these Measures may declare and claim tax incentives pursuant to the *Enterprise Income Tax Law* (《中華人民共和國企業所得税法》) and its Implementation Regulations, the Administrative Law of the People's Republic of China on the Levying and Collection of Taxes, the *Implementation Regulations for the Law of the People's Republic of China on Administration of Tax Collection* (《中華人民共和國税收徵收管理法實施細則》) etc. Upon obtaining the qualification as a high-tech enterprise, the enterprise shall complete tax reduction and exemption formalities with the tax authorities in charge and the qualifications of an accredited high-tech enterprise shall be valid for three years from the date of issuance of the certificate.

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (財政部、税務總局關於進一步支持小微企業和個體工商戶發展有關税費政策的公告), the taxable income of a small low-profit enterprise shall be calculated at the reduced rate of 25%, and the policy of payment of enterprise income tax at the rate of 20% shall continue to be implemented until December 31, 2027.

Value-added Tax

In accordance with the Provisional Regulations of the *People's Republic of China on Value-added Tax* (《中華人民共和國增值税暫行條例》) which was promulgated by the State Council on December 13, 1993, and was latest amended on November 19, 2017, with the latest revision effective on the same date, the Detailed Rules for the *Implementation Rules for the Provisional Regulations the People's Republic of China on Value-added Tax* (《中華人民共和國增值税暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993, and was latest effective on November 1, 2011, In accordance with the *Decisions on Abolishing the PRC Provisional Regulations on Business Tax and Amending the PRC Provisional Regulations on Value-Added Tax* (《國務院關於廢止<中華人民共和國營業税暫行條例>和修改<中華人民共和國增值税暫行條例>的決定》) which was promulgated by the State Council and effective on November 19, 2017 and the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (財政部、國家税務總局關於調整增值税税率的通知) which was promulgated by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 and came into effect on May 1, 2018, entities and individuals selling goods, services and intangible assets in the People's Republic of China are VAT taxpayers and shall pay value-added tax. Taxpayers selling services and intangible assets are subject to a tax rate of 6%, except in particular circumstances. If a taxpayer is engaged in sale subject to VAT at the previously applicable rate of 17%, the tax rate is reduced to 16%. In accordance with the *Announcement on Policies for Deepening the VAT Reform* (《關於深化增值税改革有關政策的公告》) which was issued by the Ministry of Finance, State Taxation Administration and General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019. If a general VAT taxpayer is engaged in a VAT taxable sale or imports goods at the previously applicable rate of 16%, the tax rate is reduced to 13%.

Urban Maintenance and Construction Tax

In accordance with *Urban Maintenance and Construction Tax Law of People's Republic of China* (《中華人民共和國城市維護建設税法》) which was promulgated by Standing Committee of National Peoples Congress on August 11, 2020 and came effect on September 1, 2021 and the *Notice of the State Council on Harmonizing the Urban Maintenance and Construction Tax and Educational Surcharges for Chinese and Foreign-funded Enterprises and Individuals* (《國務院關於統一內外資企業和個人城市維護建設税和教育費附加制度的通知》) which was promulgated by the State Council on October 18, 2010 and latest effective on December 1, 2010, entities and individuals which are subject to consumption tax, VAT and business tax shall pay urban maintenance and construction tax. The tax rate is 7% for a taxpayer who is domiciled in a downtown area, and 5% for a taxpayer who is domiciled in a county or town, and 1% for a taxpayer who is domiciled outside a downtown area, county or town.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The *Foreign Exchange Control Regulations of the People's Republic of China* (《中華人民共和國外匯管理條例》), promulgated by the State Council on January 29, 1996, and latest amended on August 5, 2008, with the latest revision effective on the same date, is a fundamental legal basis for foreign exchange supervision and regulation by relevant authorities in PRC, according to which, RMB may be freely converted into other currencies for current account items (such as foreign exchange transactions in relation to commodity, trade and service, and dividend distribution), based on real and lawful transactions; but capital account items (such as share capital transfer, direct investment, securities investment, derivatives or loan) unless it is approved by the relevant foreign exchange administration department and it has completed the pre-registration with the relevant foreign exchange administration department.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) announced by the State Administration of Foreign Exchange on 1 February 2005 and amended on 26 December 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. The domestic company shall, within fifteen working days upon the end of its overseas public offering, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials.

In accordance with the *Circular of SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment* (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (hereinafter referred to as "Circular 59") was promulgated by SAFE on November 19, 2012, became effective on December 17, 2012, and was further amended on May 4, 2015, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. Circular 59 also simplifies the capital verification and confirmation formalities for foreign invested enterprises ("FIEs"); the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from Chinese party and further improve the administration on exchange settlement of FIEs.

The *Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises* (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (hereinafter referred to as "Circular 19") was promulgated by SAFE on March 30, 2015, came into effect on June 1, 2015 partially repealed on December 30, 2019 and partially amended by the *Notice of the State Administration of Foreign Exchange of Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account* (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) promulgated by SAFE on June 9, 2016 and superseded the Notice on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (hereinafter referred to as "Circular 142") from the effective date. Circular 19 specifies that foreign exchange settlement by foreign-invested enterprise is subject to supervision under foreign exchange settlement policies, and cancels certain foreign exchange restrictions under Circular 142. However, Circular 19 restates that the use of capital of foreign invested enterprises should follow the principle of truthfulness and self-use within the business scope of a enterprise.

In accordance with the *Notice from the State Administration of Foreign Exchange on Reforming and Regulating the Policies of Administration of Foreign Exchange Settlement for Capital Items* (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (hereinafter referred to as "Circular 16") which was promulgated by the State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same date, an enterprise registered in China may, at its sole discretion, convert its foreign debts in a foreign currency to RMB. Circular 16 provides a unified standard for foreign exchange under capital items (including but not limited to foreign currency capital and foreign debt) which may be convertible at the sole discretion of the enterprise. Such standard is applicable to all enterprises registered in the PRC. In addition, Circular 16 restates that, unless otherwise specified, an enterprise shall not directly or indirectly use RMB funds obtained as a result of conversion of foreign currency funds, for purposes outside the business scope, or for investments wealth management other than securities investment or capital protected products of banks in China. Moreover, except within the business scope, RMB funds obtained as a result of conversion shall not be used as loans to non-related companies; save for investment in a real estate enterprise, RMB funds obtained as a result of conversion shall not be used for construction or purchase of real estate which will not be used by the enterprise.

According to *Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment* (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知) released by the State Administration of Foreign Exchange on October 23, 2019 and Notice by the State Administration of Foreign Exchange of Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation (國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知), except for foreign-invested enterprises engaged in investment business, non-investment foreign-invested enterprises are also permitted to make domestic equity investments with their capital funds in accordance with the laws provided that such investments do not violate the *Special Administrative Measures (Negative List) for Foreign Investment Access* (外商投資准入特別管理措施(負面清單)) and the target investment projects are genuine and in compliance with laws. According to the *Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business* (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知), issued by the State Administration of Foreign Exchange on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall follow the principle of prudential business development to manage and control relevant business risks, and conduct post spot checking on the facilitation of payment for the income under capital accounts in accordance with relevant requirements.

According to the Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996. Under such regulations, RMB is generally freely convertible to foreign currencies for current account transactions (such as trade and service-related foreign exchange transactions and dividend payments), but not for capital account transactions (such as capital transfer, direct investment, securities investment, derivative products or loans), except where a prior approval from the SAFE and/or its competent local counterparts is obtained.

According to the Decision of the State Council on Canceling and Adjusting A Batch of Items Requiring Administrative Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, SAFE and its branches canceled the review and approval on the foreign exchange settlement for the repatriation of funds raised abroad under the overseas listed foreign capital stock account.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after the completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of State Administration of Foreign Exchange on Reforming and Standardizing Capital Account Foreign Exchange Settlement Administration Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by SAFE on June 9, 2016, it has been specified clearly in the relevant policies that, for the capital account foreign exchange income subject to voluntary foreign exchange settlement (including the repatriation of the proceeds from overseas listing), the domestic institutions may conduct the foreign exchange settlement at the banks according to their operation needs. The proportion of the capital account foreign exchange income subject to voluntary foreign exchange settlement was tentatively set as 100%, provided that SAFE may adjust the aforesaid proportion according to the international payment balance status in good time.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (hereinafter referred to as the "Constitution") and is made up of statutes, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (hereinafter referred to as the "Legislation Law"), the NPC and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will come into effect after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office and the subordinate institutions with administrative functions directly administered by the State Council may formulate departmental rules and regulations within the permissions of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee of the NPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to laws other than the above mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

THE PRC JUDICIAL SYSTEM

Under the Constitution, the Law of Organization of the People's Court of the PRC (《中華人民共和國人民法院組織法》) and the Law of Organization of the People's Procuratorate of the PRC (2018 Revision) (《中華人民共和國人民檢察院組織法》(2018修訂)), the people's courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels. The people's procuratorates of the PRC are divided into the Supreme People's Procuratorate, the local people's procuratorates at all levels, Military Procuratorates and other special people's procuratorates. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts shall become final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "PRC Civil Procedure Law") adopted on April 9, 1991 and amended three times on October 28, 2007, August 31, 2012 and June 27, 2017 and September 1, 2023 respectively, prescribes the conditions for instituting a civil action, the jurisdiction of the people's court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such choice shall not in any circumstances contravene the regulations of differential jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people's court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his property is not within the territory of the People's Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, a party may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people's court, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or would not be in social and public interest.

THE PRC COMPANY LAW AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company incorporated in the PRC seeking a list on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") is mainly subject to the following laws and regulations of the PRC:

The Company Law was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December 29, 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively. The latest revised Company Law came into effect on July 1, 2024.

According to the Guidelines on the Application of Regulatory Rules — No. 1 for Overseas Offering and Listing (《監管規則適用指引—境外發行上市類第1號》) which was promulgated by the CSRC on February 17, 2023, and came into effect on March 31, 2023, the domestic companies that directly offer and list securities in overseas markets, shall formulate their articles of association in line with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (hereinafter referred to as the "PRC Guidelines on AoA") promulgated by the CSRC on March 16, 2006 and latest amended on March 28, 2025, to standardize corporate governance.

Set out below is a summary of the major provisions of the Company Law and the PRC Guidelines on AoA which are applicable to the Company.

General

"A joint stock limited company" means is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with the laws and regulations, social morality and business ethics, be honest and faithful and accept the supervision of the government and the general public. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A company may be established by promotion or subscription. A company shall have a minimum of one but no more than 200 people as its promoters, over half of which must have a domicile within the PRC.

The board of directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority. A company established in accordance with the law shall be issued a business license by the company registration authority. The date of issuance of the company's business license is the date of establishment of the company.

Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company.

If the company fails to be established, the legal consequences incurred shall be undertaken by the shareholders at the time of the establishment of the company. If there are two or more shareholders at the time of the establishment, they shall enjoy the claims and assume the debts jointly and severally. If a shareholder at the time of the establishment of the company engages in the civil activities in its own name for the purpose of establishing the company, the third party has the right to request the company or such shareholder to assume the civil liability incurred. Where a shareholder at the time of the establishment of a company causes any damage to any other person due to fulfilling the duties for the establishment of the company, the company or the shareholder who is not at fault may, after making compensations, claim the compensation from the shareholder who is at fault.

Registered Shares

Shares in a company take the form of share certificates. Share certificates are certificates issued by the company evidencing the shares held by the shareholders. The shares issued by a company shall be registered shares.

A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items: (I) name and domicile of each shareholder; (II) class and number of shares subscribed for by each shareholder; (III) serial number of shares if the shares are issued in paper form; and (IV) date for each shareholder to obtain shares.

Increase in Share Capital

In the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders.

When a company launches a list of new shares under the permission of the securities regulatory authority of the State Council, it must publish a document for the new shares and financial and accounting reports, and prepare the share subscription form. After payment in full for the new shares issued, a company must change its registration with a company registration authority and make an announcement accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (1) To prepare a balance sheet and a property list. (2) A company makes a resolution at shareholders' general meeting to reduce its registered capital. (3) A company shall inform its creditors within 10 days and publish an announcement in newspapers within 30 days after the approval of resolution of reducing registered capital. (4) The creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice. (5) When a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

Repurchase of Shares

Pursuant to the Company Law, a company may not repurchase its own shares other than for the following purposes: (1) reducing its registered capital; (2) merging with other companies which hold its shares; (3) granting shares to its employees as incentives or for employee stock ownership plan; (4) acquiring its shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger and division; (5) utilizing the shares for conversion of listed corporate bonds which are convertible into shares; and (6) where it is necessary for the listed company to safeguard the value of the company and the interests of its shareholders.

The acquisition by a company of its own shares on the grounds set out in item (1) to (2) above shall be approved by way of a resolution of a shareholders' general meeting; the acquisition by a company of its own shares in circumstances as set out in items (3), (5) and (6) above maybe approved by way of a resolution at a board meeting with two-third or more of the directors present in accordance with the provisions of the company's articles of association or the authorization of the shareholders' general meeting.

Following the acquisition by a company of its own shares in accordance with these requirements, such shares shall be canceled within 10 days from the date of the acquisition under the circumstance in item (1); such shares shall be transferred or canceled within six months under the circumstances in items (2) or (4); the total shares held by the Company shall not exceed 10% of the total shares issued by the Company and such shares shall be transferred or canceled within three years under the circumstances in items (3), (5) or (6).

A listed company shall perform its information disclosure obligations in accordance with the provisions of the PRC Securities Law when acquiring its own shares. The acquisition by a listed company of its own shares in circumstances as set out in items (3), (5) and (6) of this article shall be conducted through open centralized trading.

Transfer of Shares

The shares held by a shareholder of a joint stock limited company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the articles of association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the articles of association. The share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council.

The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

The shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Shareholders

Under the Company Law, the rights of shareholders include the rights: (1) to receive dividends and other forms of distribution in accordance with the proportion of shares held or as stipulated in the articles of association; (2) to attend or appoint a proxy to attend shareholders' meetings and exercise voting rights; (3) to make suggestions or inquiries regarding the company's operations; (4) to transfer, donate, or pledge shares in accordance with laws, administrative regulations, and the articles of association; (5) to review and copy the articles of association, register of shareholders, records of shareholders' meetings, resolutions of the board of directors, resolutions of the board of supervisors, and financial accounting reports; (6) shareholders who individually or collectively hold more than three percent of the company's shares for at least 180 consecutive days have the right to review the company's accounting books and vouchers; (7) in the event of the company's dissolution or liquidation, to participate in the distribution of the company's remaining assets in proportion to the shares held; (8) any shareholder who objects to a shareholders' meeting resolution regarding company merger or division has the right to request the company to repurchase its shares; and (9) other rights granted by laws, administrative regulations, and the articles of association.

The obligations of shareholders include: (1) to comply with laws, administrative regulations and the articles of association; (2) to pay for the shares subscription and the method of contribution; (3) may not damage the interests of the company or of other shareholders by abusing its rights; (4) not to abuse the independent legal status of the company and the limited liability of shareholders to evade debts or harm the interests of the company's creditors; and (5) other obligations that shall be undertaken as stipulated by laws, administrative regulations, and the articles of association.

Shareholders' General Meetings

The shareholders' meeting of a joint-stock limited company is composed of all the shareholders. The shareholders' meeting is the company's authority and exercises the following powers: (1) to elect and replace directors and supervisors, and to determine matters relating to the remuneration of directors and supervisors; (2) to deliberate and approve the report of the board of directors; (3) to deliberate and approve the report of the board of supervisors; (4) to deliberate and approve the company's profit distribution plan and loss compensation plan; (5) to make resolutions on the increase or decrease of the company's registered capital; (6) to make resolutions on the issuance of corporate bonds; (7) to make resolutions on the company's merger, division, dissolution, liquidation, or change of corporate form; (8) to amend the articles of association; and (9) other powers stipulated in the articles of association.

In addition, the PRC Guidelines on AoA stipulate that the powers of the shareholders' meeting also include: (1) to make resolutions on the engagement or dismissal of the accounting firm undertaking the company's audit business; (2) to deliberate and approve the guarantee matters stipulated in Article 47 of the Guidelines for the Articles of Association of Listed Companies; (3) to deliberate on matters concerning the purchase or sale of significant assets exceeding 30% of the company's most recently audited total assets within one year; (4) to deliberate and approve changes in the use of raised funds; (5) to deliberate on equity incentive plans and employee share ownership plans; and (6) to deliberate on other matters that should be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, or the articles of association.

A shareholders' general meeting is required to be held once a year. An extraordinary general meeting is required to be held within two months upon the occurrence of any of the following: (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number specified in the articles of association; (2) the total outstanding losses of the company amounted to one-third of the company's total paid-in share capital; (3) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an extraordinary general meeting; (4) the board deems necessary; (5) the board of supervisors so proposes; or (6) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be summoned by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director recommended by half or more of the directors shall preside over the meeting.

Where the board of directors is incapable of performing or is not performing its duties, the board of supervisors shall summon and preside over the shareholders' general meeting in a timely manner. If the board of supervisors fails to summon and preside over the shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may summon and preside over the shareholders' general meeting on their own initiative.

A notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days prior to the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders may appoint proxies to attend the shareholders' meeting. The proxy shall submit to the company a power of attorney from the shareholder and exercise the voting rights within the scope of the authorization. The Company Law does not contain any specific provisions regarding the number of shareholders required to constitute a quorum for a shareholders' meeting.

Each shareholder attending the shareholders' meeting has one voting right for each share held, except for shareholders of preference shares. Shares held by the company in its own name do not have voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, in each case of which must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board of Directors

A joint stock limited company shall establish a board of directors. However, a joint stock limited company with a smaller scale or fewer shareholders may, instead of establishing a board of directors, appoint a single director to exercise the powers of the board of directors as stipulated in the Company Law.

For joint stock limited companies that establish a board of directors, the number of members shall be three or more, and the members may include representatives of the company's employees. In a joint stock limited company with more than 300 employees, unless it has established a board of supervisors with employee representatives in accordance with the law, the board of directors shall include employee representatives.

The term of office for directors shall be stipulated in the articles of association, but each term shall not exceed three years. A director whose term has expired may be re-elected for consecutive terms.

The board of directors shall convene at least two meetings per year, and all directors and supervisors shall be notified at least 10 days before each meeting.

The board of directors may exercise its powers: (1) to convene shareholders' general meetings; (2) to implement the resolutions passed by the shareholders at the shareholders' general meetings; (3) to decide on the company's operational plans and investment proposals; (4) to formulate the company's profit distribution proposals and loss recovery proposals; (5) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds; (6) to formulate proposals for the merger, division or dissolution of the company or change of corporate form; (7) to decide on the setup of the company's internal management organs; (8) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations; (9) to formulate the company's basic management system; and (10) to exercise any other authority stipulated in the articles of association or granted by the shareholders' meeting.

In addition, the PRC Guidelines on AoA stipulate that the powers of the board of directors also include: (1) within the scope of authorization by the shareholders' meeting, to decide on matters such as the company's external investments, acquisition and sale of assets, asset mortgage, external guarantees, entrusted financial management, related-party transactions, and external donations; (2) to formulate plans for significant acquisitions by the company, and for the company to acquire its own shares; (3) to draft the plan for amending the articles of association; (4) to manage the company's information disclosure matters; (5) to submit proposals to the shareholders' meeting for the engagement or replacement of the accounting firm that audits the company; and (6) to hear work reports from the company's manager and to inspect the work of the manager.

A board of directors meeting shall be held only if more than half of the directors are in attendance. Resolutions made by the board of directors must be passed by a majority of the directors. The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization.

The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, article of association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the Company Law, the following person may not serve as a director in a company: (1) having no capacity for civil conduct or having limited capacity for civil conduct. (2) having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence. (3) serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation. (4) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or (5) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

According to the PRC Guidelines on AoA, the board of directors shall appoint one chairman, who shall be elected by a majority of all the directors. The chairman shall exercise the following powers (including but not limited to: (1) to preside over the shareholders' meeting and to convene and chair the board of directors meetings. (2) to urge and inspect the implementation of the resolutions of the board of directors. (3) other powers granted by the board of directors.

Directors owe a duty of loyalty to the company and shall take measures to avoid conflicts between their personal interests and the interests of the company. They must not use their position to seek improper benefits. Directors also owe a duty of care to the company and shall exercise their duties in the best interests of the company, with the reasonable care that a manager would normally be expected to exercise.

Audit Committee/Supervisor/Board of Supervisors

A joint stock limited company may establish an audit committee composed of directors within its board of directors in accordance with the provisions of its articles of association, to exercise the powers of the board of supervisors as stipulated in the Company Law, without setting up a board of supervisors or supervisors. The audit committee shall consist of three or more members, with a majority of the members not holding any position in the company other than that of a director, and they must not have any relationship with the company that could affect their independent and objective judgment. Employee representatives on the board of directors may serve as members of the audit committee.

Unless the audit committee is established to exercise the powers of the board of supervisors, or in the case of a joint stock limited company with a smaller scale or fewer shareholders, which may appoint a single supervisor to exercise the powers of the board of supervisors as stipulated in the Company Law, otherwise, a joint-stock limited company shall establish a board of supervisors. The board of supervisors shall consist of three or more members, including representatives of shareholders and an appropriate proportion of employee representatives, with the proportion of employee representatives not being less than one-third, the specific proportion to be stipulated in the articles of association. Employee representatives on the board of supervisors shall be elected democratically by the company's employees through a workers' representative congress, workers' congress, or other forms. Company directors or senior management may not concurrently serve as supervisors.

The board of supervisors may exercise the following powers: (1) to review the company's financial position; (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or resolutions of the shareholders' general meetings; (3) when the acts of a director or a senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts; (4) to propose the convening of extraordinary shareholders' general meetings and to summon and preside over shareholders' general meetings when the board fails to perform the duty of summoning and presiding over shareholders' general meetings under the Company Law; (5) to submit proposals to the shareholders' general meetings; (6) to bring law suits against directors and senior management personnel pursuant to the relevant provisions of the Company Law; and (7) to exercise any other authority stipulated in the articles of association.

Supervisors shall comply with laws, administrative regulations, and the articles of association, and owe a duty of loyalty to the company. They shall take measures to avoid conflicts between their personal interests and the interests of the company and must not use their position to seek improper benefits. Supervisors also owe a duty of care to the company and shall exercise their duties in the best interests of the company, with the reasonable care that a manager would normally be expected to exercise.

Manager and Senior Management

A joint stock company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors.

Under the relevant requirements of the PRC Guidelines on AoA, the manager shall exercise the following powers: (1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors, and report work to the board of directors; (2) to arrange for the implementation of the company's annual operation plans and investment proposals; (3) to formulate proposals for the establishment of the company's internal management organs; (4) to formulate the fundamental management system of the company; (5) to formulate the company's specific rules and regulations; (6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company; (7) to appoint or dismiss management personnel (other than those shall be appointed or dismissed by the board of directors); and (8) to exercise any other authority granted by the board of directors.

According to the Company Law, senior management personnel refer to the company's manager, deputy manager, chief financial officer, the secretary of the board of directors of a listed company, and other personnel as stipulated in the articles of association. Senior management personnel owe a duty of loyalty to the company and shall take measures to avoid conflicts between their personal interests and the interests of the company. They must not use their position to seek improper benefits. Senior management personnel also owe a duty of care to the company and shall exercise their duties in the best interests of the company, with the reasonable care that a manager would normally be expected to exercise.

According to the PRC Guidelines on AoA, the articles of association of the company are binding on the company's manager and other management personnel. Senior management personnel shall faithfully perform their duties and safeguard the best interests of the company and all shareholders. If senior management personnel fail to faithfully perform their duties or breach their duty of good faith, causing damage to the interests of the company and public shareholders, they shall be held legally liable for compensation.

Finance and Accounting

Under the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each accounting year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the regulations of the financial departments under the State Council.

The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings must announce its financial and accounting reports.

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding paragraph. After having accrued statutory reserve from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting.

A joint stock limited company shall distribute profits in proportion to the shares held by the shareholders, unless otherwise stipulated in the articles of association of the company.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company. The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Auditors

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors or the board of supervisors conducts a vote on the dismissal of the accounting firm.

The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of data.

Pursuant to the PRC Guidelines on AoA, the company engages an accounting firm that complies with the provisions of the Securities Law to carry out audit of accounting statements, verification of net assets and other related advisory services for a period of one year, which is renewable.

Profit Distribution

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Dissolution and Liquidation

Under the Company Law, a company shall be dissolved for any of the following reasons: (1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (2) the shareholders have resolved at a shareholders' general meeting to dissolve the company; (3) the company shall be dissolved by reason of its merger or division; (4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or (5) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (1) or (2) above, and the company has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for setting up a liquidation committee with designated relevant personnel to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation: (1) to sort out the company's assets and to prepare a balance sheet and an inventory of assets; (2) to notify the company's creditors or publish announcements; (3) to deal with any outstanding business related to the liquidation; (4) to pay any overdue tax together with any tax arising during the liquidation process; (5) to settle the company's claims and liabilities; (6) to handle the company's remaining assets after its debts have been paid off; and (7) to represent the company in any civil procedures.

The remaining property of the company, after respectively paying the liquidation expenses, wages of employees, social insurance contributions, and statutory compensation, paying the taxes owed, and repaying the company's debts, shall be distributed in proportion to the shares held by the shareholders. During the liquidation period, the company continues to exist but shall not engage in any business activities unrelated to the liquidation. The company's property shall not be distributed to the shareholders before it is liquidated in accordance with the provisions of the preceding paragraph.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

THE SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities- related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and CSRC and reformed CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993, provide the application and approval procedures for listing of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the "PRC Securities Law"), which was amended by the Standing Committee of the NPC on December 28, 2019 and came into effect on March 1, 2020, provide a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

OVERSEAS LISTING

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on 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》) (the "Overseas Listing Trial Measures") together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "Overseas Listing Regulations"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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》) (the "Provision on Confidentiality"). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS RELATED TO THE "FULL CIRCULATION" OF H SHARE

On November 14, 2019, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》(the "Guidelines for the 'Full Circulation'"), which were amended in August 10, 2023. According to the Guidelines for the "Full Circulation", "Full circulation" means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Under the premise of complying with relevant laws and regulations, as well as policies on state-owned asset management, foreign investment, and industry supervision, shareholders of domestic unlisted shares may independently negotiate to determine the number and proportion of shares to be circulated and may entrust the H-share company to file with the CSRC. Domestic joint-stock limited companies that have not yet been listed may also file for "Full Circulation" with the CSRC when they conduct their initial public offering and listing overseas. Applications for Full Circulation must be lawful, compliant, fair, and just, fully safeguarding the shareholders' rights to be informed and to participate, and fulfilling the necessary internal decision-making and external approval procedures. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China. Shareholders of domestic unlisted shares may reduce or increase their holdings of the company's shares circulating on the Hong Kong Stock Exchange in accordance with relevant business rules. The H-share company shall report the relevant situation to the CSRC within 15 days after the completion of the transfer registration of the shares involved in the application by China Securities Depository and Clearing Corporation.

According to the Overseas Listing Trial Measures, where a domestic enterprise directly issues and lists securities overseas, shareholders holding its domestic unlisted shares who apply to convert their domestic unlisted shares into overseas listed shares for circulation on an overseas trading venue shall comply with the relevant regulations of the China Securities Regulatory Commission (CSRC) and shall entrust the domestic enterprise to file with the CSRC. Domestic unlisted shares refer to shares that have been issued by a domestic enterprise but have not been listed or traded on a domestic trading venue. Domestic unlisted shares shall be centrally registered and custodied by domestic securities depository and clearing institutions. The registration and settlement arrangements for overseas listed shares shall be governed by the regulations of the overseas listing place.

On December 31, 2019, the China Securities Depository and Clearing Corporation Limited (the "CSDC") and Shenzhen Stock Exchange (the "SZSE") jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) (the "Measures for Implementation"). The businesses of cross-border conversion registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation" business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited and SZSE.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000, and Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which promulgated on December 26, 2020. In accordance with these arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the 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》), or the 2019 Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The 2006 Arrangement was superseded upon the effectiveness of the 2019 Arrangement on January 29, 2024.

This appendix contains a summary of the main provisions of the company's articles of association adopted by our company on August 18, 2025, and will come into effect upon the [**REDACTED**] on the Hong Kong Stock Exchange. The main purpose of this Appendix is to provide potential [**REDACTED**] with an overview of the Articles of Association of the Company, and therefore it may not contain all the information that is important for potential [**REDACTED**].

SHARES AND REGISTERED CAPITAL

The company's shares are in the form of stocks. The stocks issued by the company are denominated in Renminbi.

The Company shall issue shares under the principles of openness, fairness and impartiality and shares of the same class shall rank pari passu.

Shares of the same class in the same issue shall be issued at the same price and on same conditions. The same price shall be paid for each share subscribed for by a subscriber.

Increase of Capital

The Company may, based on its operating and development needs, increase its capital in the following ways pursuant to the provisions of laws, regulations, and the securities regulatory rules of the place where the company's stocks are [**REDACTED**], and subject to the resolutions separately passed at the general meetings: (1) by [**REDACTED**] of shares. (2) by [**REDACTED**] of shares. (3) by allotting bonus shares to its existing shareholders. (4) by converting common reserve fund into share capital. (5) by any other means which is stipulated by law and administrative regulations, and approved by the CSRC, the regulatory authorities of the place where the company's stocks are [**REDACTED**], and other relevant regulatory bodies.

Reduction of Capital

The company may reduce its registered capital. When reducing its registered capital, the company shall follow the procedures stipulated in the Company Law and other relevant provisions, as well as the procedures specified in the Articles of Association.

When the company needs to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

Within 10 days from the date the shareholders' meeting makes a resolution to reduce the registered capital, the company shall notify its creditors and announce the reduction in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Creditors who receive the notification have the right to request the company to settle its debts or provide corresponding guarantees within 30 days from the date of receipt of the notification. Creditors who do not receive the notification have the right to make such requests within 45 days from the date of the announcement.

Repurchase of Shares

Company may not repurchase its own shares other than for the following purposes: (1) reducing its registered capital; (2) merging with other companies which hold its shares; (3) granting shares to its employees as incentives or for employee stock ownership plan; (4) acquiring its shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger and division; (5) utilizing the shares for conversion of listed corporate bonds which are convertible into shares; (6) where it is necessary for the Company to safeguard the value of the Company and the interests of its shareholders and (7) other circumstances permitted by laws, administrative regulations, and the regulatory rules of the stock exchange where the Company's shares are [**REDACTED**].

The company may acquire its own shares through public centralized trading methods, or through other methods recognized by laws, administrative regulations, the CSRC, and the regulatory authorities of the place where the company's stocks are [**REDACTED**].

Where the Company acquires its own shares due to the circumstances stipulated in items (3), (5), and (6) above, it shall do so through public centralized trading methods.

Where the Company acquires its own shares due to the circumstances stipulated in items (1) and (2) above, it shall obtain a resolution from the shareholders' meeting; where the company acquires its own shares due to the circumstances stipulated in items (3), (5), and (6) above, it may, in accordance with the provisions of the Articles of Association or the authorization of the shareholders' meeting, obtain a resolution from a board of directors meeting attended by more than two-thirds of the directors.

After the Company acquires its own shares, if it is due to the circumstance in item (1), the acquired shares shall be cancelled within 10 days from the date of acquisition; if it is due to the circumstances in items (2) and (4), the shares shall be transferred or cancelled within six months; if it is due to the circumstances in items (3), (5), and (6), the total number of shares held by the company shall not exceed 10% of the total number of issued shares of the company, and the shares shall be transferred or cancelled within three years.

TRANSFER OF SHARES

The Company's shares may be transferred in accordance with the law.

All transfers of H-shares shall be made by a written instrument of transfer in the usual or common form or in any other form acceptable to the board of directors (including the standard form of transfer or transfer form from time to time stipulated by the Hong Kong Stock Exchange); and such instrument of transfer may only be executed by manual signature or by affixing the Company's valid seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house or its agent as defined from time to time by the relevant regulations in force under the laws of Hong Kong, China, the instrument of transfer may be executed either by manual signature or by mechanical print. All instruments of transfer shall be kept at the Company's registered office or at such other place as the board of directors may from time to time designate.

Shares issued by the Company prior to its [**REDACTED**] of shares shall not be transferred within one year from the date on which the Company's shares are [**REDACTED**] on a stock exchange.

Directors, supervisors, and senior management personnel of the Company shall report to the Company the shares of the Company they hold and any changes in such shares. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the Company. The shares they hold in the Company shall not be transferred within one year from the date on which the Company's shares are [**REDACTED**]. Within six months after the above-mentioned personnel leave their posts, they shall not transfer the shares they hold in the Company.

If the securities regulatory rules of the place where the Company's shares are [**REDACTED**] have other provisions on the transfer restrictions, such provisions shall be followed.

If shares are pledged during the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right during the restricted transfer period.

If the securities regulatory authority of the place where the Company's shares are [**REDACTED**] has other provisions on the transfer restrictions of overseas-[**REDACTED**] shares, such provisions shall prevail.

If a shareholder holding more than 5% of the Company's shares, or a director or senior management personnel, sells the Company's shares or other equity-like securities within six months after purchase, or buys them back within six months after sale, the profits derived therefrom shall belong to the Company, and the Company's board of directors shall recover such profits. However, this does not apply to a securities firm that holds more than 5% of the shares due to the purchase of remaining shares after a firm commitment underwriting, and other circumstances as stipulated by the CSRC and the securities regulatory authority of the place where the Company's shares are [**REDACTED**].

The shares or other equity-like securities referred to in the preceding paragraph, held by directors, senior management personnel, and natural person shareholders, include those held by their spouses, parents, and children, as well as those held through other people's accounts.

If the board of directors fails to act in accordance with the aforementioned provisions, shareholders have the right to demand that the board take action within 30 days. If the board does not act within the specified period, shareholders have the right to bring a lawsuit in the name of the Company against the relevant parties in the people's court.

If the board of directors fails to act in accordance with the aforementioned provisions, the directors who are responsible shall bear joint liability in accordance with the law.

REGISTER OF MEMBERS

The Company shall establish a register of members based on the certificates provided by the securities depository and clearing institution. The register of members is conclusive evidence of a member's shareholding in the Company. The Company may, in accordance with the understandings or agreements reached between the securities regulatory agency under the State Council and the overseas securities regulatory authorities, keep the register of foreign members of the overseas-[**REDACTED**] shares outside the PRC and entrust an overseas agent to manage it.

The original register of H-share members shall be kept in Hong Kong. The Company shall keep a copy of the register of foreign members of the overseas-[**REDACTED**] shares at its registered office. The entrusted overseas agent shall at all times ensure the consistency between the original and the copy of the register of foreign members of the overseas-[**REDACTED**] shares. In the event of any inconsistency between the original and the copy of the register of foreign members of the overseas-[**REDACTED**] shares, the original shall prevail. The register of members kept in Hong Kong shall be available for inspection by members. The Company may suspend the registration of members in accordance with terms equivalent to those of section 632 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Members shall enjoy rights and assume obligations according to the types of shares they hold. Members holding shares of the same category shall enjoy equal rights and assume the same obligations.

The shareholders of the Company shall enjoy the following rights: (1) to receive dividends and other forms of profit distribution in proportion to the shares they hold; (2) to request, call, chair, attend or appoint a proxy to attend the shareholders' meeting and exercise the corresponding voting rights in accordance with the law; (3) to supervise the Company's operations and to make suggestions or inquiries; (4) to transfer, donate, or pledge the shares they hold in accordance with laws, administrative regulations, and the Articles of Association; (5) to review and copy the Articles of Association, register of shareholders, records of shareholders' meetings, resolutions of the board of directors, resolutions of the board of supervisors and financial accounting reports. Shareholders who meet the requirements may review the company's accounting books and vouchers; (6) to participate in the distribution of the company's remaining assets in proportion to the shares they hold when the Company is terminated or liquidated; (7) shareholders who object to the shareholders' meeting resolutions on Company mergers or divisions may request the Company to repurchase their shares; and (8) other rights as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's shares are [**REDACTED**], or the Articles of Association.

If the content to be reviewed and copied involves the Company's trade secrets, insider information, and personal privacy of relevant personnel, the Company may refuse to provide it.

The shareholders of the Company shall undertake the following obligations: (1) to comply with laws, administrative regulations, and the Articles of Association; (2) to pay for the shares subscribed and the method of contribution; (3) except as otherwise provided by laws and regulations, not to withdraw their capital contributions; (4) not to abuse their shareholder rights to harm the interests of the Company or other shareholders; (5) not to abuse the independent legal status of the Company and the limited liability of shareholders to harm the interests of the Company's creditors; and (6) other obligations that shall be undertaken as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], and the Articles of Association.

If a shareholder of the Company abuses his or her shareholder rights and causes losses to the Company or other shareholders, he or she shall bear compensation liability in accordance with the law. If a shareholder of the Company abuses the independent legal status of the Company and the limited liability of shareholders to evade debts and seriously harm the interests of the Company's creditors, he or she shall bear joint liability for the Company's debts.

RESTRICTIONS ON THE RIGHTS OF CONTROLLING SHAREHOLDERS

The controlling shareholders and actual controllers of the Company shall not use their related-party relationships to harm the interests of the Company. In the event of a violation of the provisions that causes losses to the Company, they shall bear liability for compensation.

If the controlling shareholders or actual controllers of the Company instruct directors or senior management personnel to engage in acts that harm the interests of the Company or shareholders, they shall bear joint liability with such directors or senior management personnel.

The controlling shareholders and actual controllers of the Company owe a duty of good faith to the Company and the public shareholders of the Company. Controlling shareholders shall strictly exercise their rights as contributors in accordance with the law. Controlling shareholders shall not use profit distribution, asset restructuring, external investment, fund occupation, loan guarantees, or other means to harm the lawful rights and interests of the Company and public shareholders, nor shall they use their controlling position to harm the interests of the Company and public shareholders.

SHAREHOLDERS' MEETING

General Provisions on the Shareholders' Meeting

The shareholders' meeting is the Company's authority and exercises the following powers in accordance with the law: (1) to elect and replace directors and supervisors, and to determine matters relating to the remuneration of directors and the board of supervisors; (2) to deliberate and approve the report of the board of directors and supervisors; (3) to deliberate and approve the Company's profit distribution plan and loss compensation plan; (4) to make resolutions on the increase or decrease of the Company's registered capital; (5) to make resolutions on the issuance of corporate bonds; (6) to make resolutions on the Company's merger, division, dissolution, liquidation, or change of corporate form; (7) to amend the Articles of Association; (8) to make resolutions on the engagement or dismissal of the accounting firm undertaking the Company's audit business; (9) to deliberate and approve the guarantee matters stipulated in Article 47 of the Articles of Association; (10) to deliberate on matters concerning the purchase or sale of significant assets exceeding 30% of the Company's most recently audited total assets within one year; (11) to deliberate and approve changes in the use of raised funds; (12) to deliberate on equity incentive plans and employee share ownership plans; and (13) to deliberate on other matters that should be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], or the Articles of Association.

The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

The following external guarantee activities of the Company must be reviewed and approved by the shareholders' meeting: (1) any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries exceeds 50% of the Company's most recently audited net assets; (2) any guarantee provided after the total amount of external guarantees of the Company exceeds 30% of the Company's most recently audited total assets; (3) guarantees where the amount of guarantees provided by the Company within one year exceeds 30% of the Company's most recently audited total assets; (4) guarantees provided for guarantee objects with a debt-to-asset ratio exceeding 70%; (5) guarantees where the amount of a single guarantee exceeds 10% of the Company's most recently audited net assets; (6) guarantees provided for shareholders, actual controllers, and their related parties; and (7) other guarantees that need to be submitted to the shareholders' meeting for review as stipulated by laws, regulations, normative documents, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], or the Articles of Association.

The shareholders' meeting is divided into the annual shareholders' meeting and the extraordinary shareholders' meeting. The annual shareholders' meeting shall be held once a year and shall be convened within six months after the end of the previous financial year.

In case of any of the following circumstances, the Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of the relevant event: (1) the number of directors is less than the number stipulated by the Company Law or two-thirds of the number specified in the Articles of Association; (2) the Company's unrecovered losses reach one-third of the total share capital; (3) a shareholder or shareholders holding individually or collectively more than 10% of the company's shares make a request; (4) the board of directors deems it necessary; (5) the board of supervisors propose to convene a meeting; and (6) other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], or the Articles of Association.

Convening of the Shareholders' Meeting

The board of directors shall convene the shareholders' meeting within the prescribed time limit.

With the consent of more than half of all the independent non-executive directors, independent non-executive directors have the right to propose to the board of directors to convene an extraordinary shareholders' meeting. In response to a proposal from independent non-executive directors to convene an extraordinary shareholders' meeting, the board of directors shall provide a written feedback indicating agreement or disagreement to convene the extraordinary shareholders' meeting within 10 days of receiving the proposal, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], and the Articles of Association.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution; if the board of directors disagrees to convene an extraordinary shareholders' meeting, it shall state the reasons and make an announcement.

The board of supervisors' proposal to the board of directors to convene an extraordinary shareholders' meeting shall be made in writing. The board of directors shall provide a written feedback indicating agreement or disagreement to convene the extraordinary shareholders' meeting within 10 days of receiving the proposal, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], and the Articles of Association.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the board of supervisors.

If the board of directors disagrees to convene an extraordinary shareholders' meeting, or fails to provide feedback within 10 days of receiving the proposal, it shall be deemed that the board of directors is unable or unwilling to perform its duty to convene the shareholders' meeting. In such case, the board of supervisors may convene and chair the meeting on its own.

A shareholder or shareholders holding individually or collectively more than 10% of the Company's shares who request the board of directors to convene an extraordinary shareholders' meeting shall make the request in writing to the board of directors. The board of directors shall provide a written feedback indicating agreement or disagreement to convene the extraordinary shareholders' meeting within 10 days of receiving the request, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], and t the Articles of Association.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors disagrees to convene an extraordinary shareholders' meeting, or fails to provide feedback within 10 days of receiving the request, a shareholder or shareholders holding individually or collectively more than 10% of the Company's shares may propose to the board of supervisors to convene an extraordinary shareholders' meeting in writing.

If the board of supervisors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days of receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of supervisors fails to issue a notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the board of supervisors is not convening and chairing the shareholders' meeting. In such case, a shareholder or shareholders holding individually or collectively more than 10% of the company's shares for more than 90 consecutive days may convene and chair the meeting on their own.

If the board of supervisors or a shareholder decides to convene the shareholders' meeting on its own, it shall notify the board of directors in writing. The proportion of shares held by the convening shareholder shall not be less than 10% before the announcement of the resolution of the shareholders' meeting.

Proposals for the Shareholders' Meeting

When the Company convenes a shareholders' meeting, the board of directors, the board of supervisors, and a shareholder or shareholders holding individually or collectively more than 1% of the Company's shares have the right to submit proposals to the Company. A shareholder or shareholders holding individually or collectively more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, announce the content of the temporary proposal, and submit the temporary proposal to the shareholders' meeting for deliberation, provided that the temporary proposal does not violate the provisions of laws, administrative regulations, or the Articles of Association, or fall outside the scope of the powers of the shareholders' meeting.

Except as provided in the preceding paragraph, after the convener has issued the notice of the shareholders' meeting, it shall not amend the proposals already listed in the notice of the shareholders' meeting or add new proposals. The shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the shareholders' meeting or do not comply with the Articles of Association.

Notice of the Shareholders' Meeting

The convener shall notify each shareholder of the annual shareholders' meeting by announcement at least 21 days before the meeting and of the extraordinary shareholders' meeting by announcement at least 15 days before the meeting. The above-mentioned periods shall not include the day of the meeting. If there are other provisions in laws, regulations, and by the securities regulatory authorities of the place where the Company's shares are [**REDACTED**], those provisions shall prevail.

Convening of the Shareholders' Meeting

All shareholders or their proxies registered on the record date are entitled to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], and the Articles of Association (unless they have waived their voting rights for specific matters, such as if the shareholder has a significant interest in the transaction or arrangement under consideration).

Shareholders may attend the shareholders' meeting in person or by proxy. Each shareholder is entitled to appoint one proxy, who does not have to be a shareholder of the Company. If a shareholder is a recognized clearing house (or its agent) as defined from time to time by the relevant ordinances of Hong Kong, the shareholder may authorize its corporate representative or one or more persons it deems appropriate to act as its proxy at any shareholders' meeting.

A natural person shareholder attending the meeting in person must present their identity card or other valid identification or proof; a proxy attending on behalf of a shareholder must present their valid identity card and a power of attorney from the shareholder.

A corporate shareholder must be represented by its legal representative or a proxy authorized by the legal representative. The legal representative attending the meeting must present their identity card and valid proof of their status as a legal representative; a proxy attending the meeting must present their identity card and a written power of attorney or representative appointment form issued by the legal representative of the corporate shareholder. If a corporate shareholder has appointed a representative to attend any meeting, it is considered as attending in person, except if the shareholder is a recognized clearing house (or its agent) as defined from time to time by the relevant ordinances of Hong Kong.

If a shareholder is a recognized clearing house (or its agent) as defined from time to time by the relevant ordinances of Hong Kong, the shareholder may authorize its corporate representative or one or more persons it deems appropriate to act as its representative at any shareholders' meeting; however, if more than one person is authorized, the power of attorney or letter of authorization must specify the number and type of shares involved for each such person, and the authorization must be signed by an authorized person of the recognized clearing house. A person so authorized may represent the recognized clearing house (or its agent) at the meeting (without the need to present share certificates, notarized authorizations, and/or further evidence of formal authorization) and exercise the same statutory rights as other shareholders, including the right to speak and vote, as if the person were an individual shareholder of the Company.

Resolutions of the Shareholders' Meeting

Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be passed by a majority of the voting rights held by the shareholders present at the meeting. A special resolution of the shareholders' meeting shall be passed by not less than two-thirds of the voting rights held by the shareholders present at the meeting.

The following matters shall be passed by an ordinary resolution of the shareholders' meeting: (1) the work report of the board of directors and the board of supervisors; (2) the profit distribution plan and loss compensation plan proposed by the board of directors; (3) the appointment and removal of members of the board of directors and the board of supervisors together with their remuneration and payment methods; (4) the engagement and dismissal of the accounting firm providing regular audit services for the Company, and the determination of its remuneration; (5) the Company's annual report and (6) other matters not required to be passed by a special resolution under laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], or the Articles of Association.

The following matters shall be passed by a special resolution of the shareholders' meeting: (1) the increase or decrease of the company's registered capital; (2) the division, spin-off, merger, dissolution, and liquidation of the Company; (3) the amendment of the Articles of Association and its appendices; (4) the purchase or sale of significant assets by the Company within one year, or the provision of guarantees to others, exceeding 30% of the Company's most recently audited total assets; (5) equity incentive plans and employee stock ownership plans; and (6) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], or the Articles of Association, and other matters that the shareholders' meeting deems by ordinary resolution to have a significant impact on the Company and require passage by a special resolution.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term of office.

The term of office of a director shall be three years. A director may be re-elected for consecutive terms upon the expiration of his or her term. The term of office of a director shall be calculated from the date of his or her assumption of office and shall end upon the expiration of the term of office of the current board of directors. If a director's term of office expires and a replacement director has not been elected in a timely manner, the outgoing director shall continue to perform the duties of a director in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], and the Articles of Association until the newly elected director assumes office.

A director may concurrently hold the position of senior management personnel.

The Board of Directors

The Company shall establish a board of directors, which shall consist of eleven directors, including at least three independent non-executive directors, who shall not be less than one-third of the total number of directors of the company. At least one of the independent non-executive directors must possess the appropriate accounting or related financial management expertise, or appropriate professional qualifications, as stipulated by the securities exchange where the Company's shares are [**REDACTED**]. With respect to the system of independent non-executive directors, matters not provided for in the Articles of Association shall be handled in accordance with the relevant provisions of applicable laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are [**REDACTED**].

The board of directors shall exercise the following powers: (1) to convene the shareholders' meeting and report to the shareholders' meeting; (2) to implement the resolutions of the shareholders' meeting; (3) to determine the Company's business plans and investment programs; (4) to formulate the Company's profit distribution plan and loss compensation plan; (5) to formulate plans for the Company's increase or decrease of registered capital, issuance of bonds or other securities, and listing or voluntary delisting; (6) to draft plans for significant acquisitions by the Company, the Company's acquisition of its own shares, and the Company's merger, division,

dissolution, or change of corporate form; (7) within the scope of authorization by the shareholders' meeting, to decide on matters such as the Company's external investments, acquisition and sale of assets, asset mortgage, external guarantees, entrusted financial management, related-party transactions, and external donations; (8) to determine the establishment of the Company's internal management institutions; (9) to decide on the appointment or dismissal of the Company's general manager, board secretary, and other senior management personnel, and to determine their remuneration and matters of rewards and punishments; to decide on the appointment or dismissal of the Company's deputy general managers, chief financial officer, and other senior management personnel based on the nomination of the general manager, and to determine their remuneration and matters of rewards and punishments; (10) to formulate the Company's basic management systems; (11) to draft plans for the amendment of these articles of association; (12) to manage the Company's information disclosure matters; (13) to submit proposals to the shareholders' meeting for the engagement or replacement of the accounting firm that audits the Company; (14) to hear work reports from the Company's general manager and to inspect the work of the general manager; (15) to deliberate and approve transactions (including but not limited to disclosable transactions and connected transactions) that are required to be decided by the board of directors in accordance with the securities regulatory rules of the place where the Company's shares are [**REDACTED**]; and (16) other powers granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], or the Articles of Association.

Matters exceeding the scope of authorization by the shareholders' meeting shall be submitted to the shareholders' meeting for deliberation.

No meeting of the board of directors may be held unless more than half of the directors are present. Except as otherwise provided in t the Articles of Association, when the board of directors makes a resolution, it shall require the affirmative votes of more than half of all the directors.

For the voting on a resolution of the board of directors, each director shall have one vote.

CHAIRMAN OF THE BOARD

The Chairman of the Board shall exercise the following powers: (1) to preside over the shareholders' meeting and to convene and chair meetings of the board of directors; (2) to urge and inspect the implementation of the resolutions of the board of directors; (3) to sign securities issued by the Company, important documents of the board of directors, and other documents that should be signed by the Chairman of the Board; (4) to propose candidates for the position of General Manager for discussion and voting at board meetings; (5) in the event of extraordinary natural disasters or other force majeure emergencies, to exercise special disposal rights over the Company's affairs in accordance with the law and in the best interests of the Company, and to report to the board of directors and the shareholders' meeting afterwards; and (6) other powers granted by the board of directors.

GENERAL MANAGER

The General Manager is accountable to the board of directors and shall exercise the following powers: (1) to be in charge of the Company's production and business management, implement the resolutions of the board of directors, and report work to the board of directors; (2) to implement the Company's annual business plan and investment program; (3) to draft plans for the establishment of the Company's internal management institutions; (4) to draft the Company's basic management systems; (5) to formulate the Company's specific regulations; (6) to propose to the board of directors the appointment or dismissal of the Company's deputy general managers, chief financial officer, and other senior management personnel; (7) to decide on the appointment or dismissal of managers other than those who should be appointed or dismissed by the board of directors; and (8) other powers granted by the Articles of Association or the board of directors.

The General Manager shall attend the board of directors meetings.

SECRETARY OF THE BOARD OF DIRECTORS

The Company shall appoint a secretary of the board of directors, who shall be responsible for the preparation of the shareholders' meeting and board of directors meetings, the custody of documents, and the management of the Company's shareholders' information, as well as handling matters related to information disclosure.

The secretary of the board of directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

THE BOARD OF SUPERVISORS

The Board of Supervisors consists of three Supervisors, including one employee representative Supervisor and one chairman. The chairman of the Board of Supervisors shall be elected by two third of all Supervisors.

The Board of Supervisors shall be composed of Shareholder representatives and an appropriate proportion of company employee representatives. The number of employee representatives shall be no less than one third of all Supervisors. Employee representatives on the Board of Supervisors shall be democratically elected by employees through the employee representative congress, the employee congress, or any other means.

The Board of Supervisors shall exercise the following functions and powers:

i. to review and give written opinions on the periodic reports of the Company prepared by the Board of Directors;

ii. to examine the Company's financial matters;

iii. to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;

iv. to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;

v. to propose the convening of extraordinary general meetings; to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings in accordance with the Company Law;

vi. to submit proposals to the general meetings;

vii. to file lawsuits against directors and senior management on behalf of the Company in accordance with the Company Law; and

viii. in case of any queries or any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company.

The Supervisors may attend the meetings of the Board of Directors, query or provide suggestions on the resolution matters of the Board meeting.

BORROWING POWERS

the Articles of Association do not contain any specific provisions regarding the manner in which directors exercise borrowing powers or the manner in which such powers are granted. However, the board of directors has the authority to formulate proposals for the issuance of corporate bonds and the listing of shares, which must be approved by the shareholders by a special resolution at the shareholders' general meeting.

FINANCIAL ACCOUNTING SYSTEM

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, and the provisions of relevant state departments.

The Company's financial year shall be the calendar year, that is, from January 1 to December 31 of the Gregorian calendar. The Company shall prepare the annual financial accounting report within four months from the end of each financial year and prepare the interim results or financial data within two months from the end of the first half of each financial year, which shall be subject to review and verification in accordance with the law.

If there are other provisions in laws, administrative regulations, departmental rules, normative documents, the securities regulatory authorities of the place where the Company's shares are [**REDACTED**], and the Hong Kong Listing Rules regarding the preparation and publication of the aforementioned financial accounting reports, results, or financial information, such provisions shall prevail.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The company shall be dissolved for any of the following reasons: (1) the expiration of the business term stipulated in the Articles of Association or the occurrence of other dissolution events specified in the Articles of Association; (2) a resolution of the shareholders' meeting to dissolve the Company; (3) the need for dissolution due to the Company's merger or division; (4) the Company is legally revoked of its business license, ordered to close, or revoked; and (5) the Company encounters severe difficulties in its management and operation, and its continued existence would cause significant losses to the shareholders' interests. If such issues cannot be resolved through other means, a shareholder holding more than 10% of the voting rights in the Company may request the people's court to dissolve the Company.

If the Company encounters any of the dissolution events specified in the preceding paragraph, it shall display the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

If the Company is dissolved due to the reasons specified in items (1), (2), (4), and (5) above, liquidation shall be carried out. The directors are the obligors for the Company's liquidation and shall form a liquidation group to commence liquidation within 15 days from the occurrence of the dissolution event. The liquidation group shall be composed of directors, unless otherwise stipulated in these articles of association or another person is elected by the shareholders' meeting. If the obligor for liquidation fails to perform the liquidation obligation in a timely manner and causes losses to the company or creditors, they shall bear liability for compensation.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in a newspaper or through the National Enterprise Credit Information Publicity System within 60 days, as well as in the manner required by the securities exchange where the Company's shares are [**REDACTED**]. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notification, or within 45 days from the date of the announcement if they have not received the notification.

After sorting out the Company's property, preparing the balance sheet, and inventory of assets, if the liquidation group finds that the Company's property is insufficient to repay the debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court. Upon the completion of the company's liquidation, the liquidation group 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 the cancellation of the Company registration.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company shall amend its articles of association in any of the following circumstances: (1) after amendments to the Company Law or relevant laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are [**REDACTED**], the provisions of the Articles of Association conflict with the amended laws and administrative regulations; (2) changes in the Company's situation are inconsistent with the matters recorded in the Articles of Association; (3) the shareholders' meeting decides to amend the Articles of Association.

Matters of amendment to the Articles of Association passed by the shareholders' meeting that require approval by the competent authority shall be submitted for approval; those involving changes to the Company registration shall be handled in accordance with the law for change registration.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company, Beijing Tianxing Bomaidi Medical Co., Ltd. (北京天星博邁迪醫療器械有限公司), in the PRC on July 31, 2017. On March 8, 2023, our Company was converted into a joint stock limited company under the laws of the PRC and renamed as Star Sports Medicine Co., Ltd. (北京天星醫療股份有限公司). As of the Latest Practicable Date, the registered capital of the Company was RMB46,409,494.

Our principal place of business in Hong Kong is at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 29, 2025. Mr. Dong Wenxing and Mr. He Lu has been appointed as the Authorized Representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in "Regulatory Overview" in this document and Appendix V to this document, respectively.

2. Changes in Share Capital

On July 31, 2017, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB63,636,300.

There has been no change in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in Share Capital of our Subsidiaries

The following subsidiaries have been incorporated within two years immediately preceding the date of this document:

On February 7, 2024, Star (HK) Medicine Co., Limited (天星香港醫療器械有限公司) ("**Star (HK)**") was established in Hong Kong as our wholly-owned subsidiary with the registered capital of HK$10,000.

Save as disclosed above, there has been no changes in the share capital of our subsidiaries during the two years immediately preceding the date of this Document. For details of our subsidiaries, please see "History, Development and Corporate Structure — Our Subsidiaries".

4. Resolutions of our Shareholders

On August 18, 2025, the following resolutions of our Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the [**REDACTED**] — Conditions of the [**REDACTED**]" and pursuant to the terms set out therein:

(a) the [**REDACTED**] by the Company of H Shares with a nominal value of RMB1.0 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H shares to be [**REDACTED**] shall be no more than 25% of the total issued share capital of our Company as [**REDACTED**] by the [**REDACTED**];

(c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange; and

(d) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**].

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) the [**REDACTED**]; and

(b) the [**REDACTED**]

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks, which we consider to be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
1. . . .	ExtraLock	PRC	Our Company	10	42180810	2030.07.20
2. . . .	FastLock	PRC	Our Company	10	42175284	2030.07.20
3. . . .	FixTree	PRC	Our Company	10	42162473	2030.10.27
4. . . .	Starsportmed	PRC	Our Company	10	53148791	2031.08.20
5. . . .	Y Fix	PRC	Our Company	10	54736465	2031.11.06
6. . . .	天星医疗	PRC	Our Company	10	55025944	2031.11.13
7. . . .	Biosteo Rapide Family	PRC	Our Company	10	59293632	2032.03.27
8. . . .	TAR	PRC	Our Company	10	62860519	2032.08.20
9. . . .	小Y生	PRC	Our Company	10	55051596	2032.09.27
10. . .	Accurfix	PRC	Our Company	10	67564718	2033.04.20
11. . .	M-Fix	PRC	Our Company	10	67532996	2033.04.20
12. . .	S-R	PRC	Our Company	10	69105162	2033.07.20
13. . .	GraFix	PRC	Our Company	10	69110321	2033.09.13

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
14. . .	Ultra GraFix	PRC	Our Company	10	72981500	2034.01.27
15. . .		PRC	Our Company	10	69110767	2034.02.13
16. . .	FixoScrew	PRC	Our Company	10	76255765	2034.07.13
17. . .	DispoFlow	PRC	Our Company	10	75668237	2034.06.20
18. . .	星数康	PRC	Our Company	10	75090367	2034.05.06
19. . .	ExpanStar	PRC	Our Company	10	74780369	2034.04.06
20. . .	Bio-Grafix	PRC	Our Company	10	74228394	2034.03.20
21. . .	Ultra Bio-Grafix	PRC	Our Company	10	74224711	2034.03.13

Copyrights

As at the Latest Practicable Date, we had registered the following software copyrights, which we consider to be material to our business:

No.	Copyright	Place of Application	Copyright Owner	Registration Number	Registration Date (yyyy.mm.dd)
1. . . .	Radiofrequency Ablation System Software (RF System V1.0) (射頻消融系統軟件)	PRC	Our Company	2020SR1752483	2020.12.07
2. . . .	Endoscopic Surgical Shaver Control System (SV100 v1.0) (內窺鏡手術刨削器控制系統[簡稱:SV100] V1.0)	PRC	Our Company	2020SR1753500	2020.12.07
3. . . .	High-Definition Camera System Control Software V1.0 (高清攝像系統控制軟件 V1.0)	PRC	Our Company	2023SR0835793	2023.07.17
4. . . .	-Intelligent Rehabilitation Mirror APP Software V1.0 (天星智能康復鏡APP軟件[簡稱:智能康復鏡]V1.0)	PRC	Our Company	2023SR1416226	2023.11.10

No.	Copyright	Place of Application	Copyright Owner	Registration Number	Registration Date (yyyy.mm.dd)
5. . . .	Anterior Cruciate Ligament Reconstruction Surgery Navigation Positioning System Software V1.0 (天星前交叉韌帶重建手術導航定位系統軟件[簡稱:ACL]V1.0)	PRC	Our Company	2023SR1423329	2023.11.14
6. . . .	Rehabilitation host application software V1.0.0.0 (康復主機應用軟件V1.0.0.0)	PRC	Our Company	2025SR1297780	2025.07.18
7. . . .	Rehabilitation Management System Software V1.0.0.0 (康復管理系統軟件V1.0.0.0)	PRC	Our Company	2025SR1350781	2025.07.18
8. . . .	4K Endoscopic Camera Button Processing Software (4K內窺鏡攝像頭按鍵處理軟件V1.0)	PRC	Our Company	2023SR0279788	2023.02.24

As at the Latest Practicable Date, we had registered the following artistic work copyright which we consider to be material to our business:

No.	Copyright	Place of Application	Registered Owner	Registration Number	Registration Date (yyyy.mm.dd)
1. . . .	STAR	PRC	Our Company	國作登字-2023-F-00121886	2023.06.20

Note:

(1) As of the Latest Practicable Date, the disclosed software copyright and artistic work copyright have not been officially published, and therefore, the expiration dates are not applicable.

Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which were developed by us and we consider to be or may be material to our business:

No.	Patent Name	Patentee	Place of Registration	Patent Number	Authorization Date (yyyy.mm.dd)	Expiration Date (yyyy.mm.dd)
1. . . .	ACL Reconstruction Fixation Device (膝關節交叉韌帶修復固定裝置)	Our Company	PRC	ZL202210701645.2	2022.08.30	2042.06.21

No.	Patent Name	Patentee	Place of Registration	Patent Number	Authorization Date (yyyy.mm.dd)	Expiration Date (yyyy.mm.dd)
2.	Rapid Tissue Suturing Implant and Preparation Method (一種快速組織縫合植入物及其制備方法)	Our Company	PRC	ZL202210631855.9	2022.09.27	2042.06.07
3.	Plasma Medical Device Control Circuit and Equipment (用於生成等離子的醫用設備控制電路及等離子醫用設備)	Our Company	PRC	ZL202010399331.2	2021.04.27	2040.05.12
4.	Bioabsorbable Interface Screw and Preparation Method (一種可吸收界面螺釘及其制備方法)	Our Company	PRC	ZL201910591168.7	2021.10.22	2039.07.02
5.	Shoulder Acromioclavicular Joint Repair Device (一種肩鎖關節修復裝置)	Our Company	PRC	ZL202110779644.5	2022.04.22	2041.07.09
6.	Biodegradable Joint Balloon Composition and Preparation Method (一種用於可降解關節球囊的組合物及其應用、一種可降解關節球囊及其制備方法)	Our Company	PRC	ZL202211123650.6	2023.01.06	2042.09.15
7.	All-Suture Anchor and Implantation Device (一種全縫線錨釘及植入設備)	Our Company	PRC	ZL202210034576.4	2022.12.30	2042.01.13
8.	PWM Signal Output Circuit and Method (一種用於輸出PWM信號的電路及方法)	Our Company	PRC	ZL202211502908.3	2023.03.24	2042.11.29
9.	Plasma Surgical Electrode (等離子體手術電極)	Our Company	PRC	ZL202310572901.7	2023.12.26	2043.05.22
10.	Meniscal Suture Device (半月板縫合器)	Our Company	PRC	ZL202410955089.0	2024.09.24	2044.07.17
11.	Universal Adapter and Shaver Device (一種萬用轉換接頭及刨刀裝置)	Our Company	PRC	ZL201811526863.7	2024.09.03	2038.12.13
12.	Meniscal Suture Device (一種半月板縫合器)	Our Company	PRC	ZL201811443430.5	2024.08.20	2038.11.29
13.	Orthopedic Surgical Navigation and Registration System and Robot (一種骨科手術導航定位配準方法及系統、手術機器人)	Our Company	PRC	ZL202410725135.8	2024.08.09	2044.06.06
14.	Adjustable Flexible Loop Plate Fixation Device (一種可調節全柔性袢板固定裝置)	Our Company	PRC	ZL202410355015.3	2024.06.25	2044.03.27
15.	Joint Ligament All-Suture Repair Assembly (一種關節韌帶全縫線修復組件)	Our Company	PRC	ZL202410371523.0	2024.06.25	2044.03.29
16.	Arthroscopic Shaver (一種關節刨削器)	Our Company	PRC	ZL202010337577.7	2024.05.17	2040.04.24

No.	Patent Name	Patentee	Place of Registration	Patent Number	Authorization Date (yyyy.mm.dd)	Expiration Date (yyyy.mm.dd)
17.	All-Suture Anchor and Tensioning Kit (一種全縫線錨釘及錨釘牽拉成型套裝)	Our Company	PRC	ZL202110108680.9	2024.05.03	2041.01.27
18.	Bone Tunnel Position Planning Method and System (一種骨道位置規劃方法及系統、計算機設備)	Our Company	PRC	ZL202410649360.8	2024.10.22	2044.05.24
19.	Bioactive Scaffold for Ligament Repair with PRP and BMSCs (一種用於修復韌帶損傷的同時負載PRP和BMSCs的生物支架及其成型方法)	Our Company	PRC	ZL202411364343.6	2025.01.24	2044.09.29
20.	All-Suture External Anchor and Manufacturing Method (全縫線外排錨釘的製作方法及全縫線外排錨釘)	Our Company	PRC	ZL202411388016.4	2025.02.07	2044.10.08
21.	Rehabilitation Training Evaluation Method, Device, and System (一種康復訓練的評估方法、裝置、電子設備及存儲介質)	Our Company	PRC	ZL202411804945.9	2025.03.04	2044.12.10
22.	Suture Anchor Storage Module and Modular Implantation System (帶線錨釘儲存模塊及分離式模塊化帶線錨釘植入系統)	Our Company	PRC	ZL202510000617.1	2025.04.04	2045.01.02
23.	Modular Suture Anchor Implantation System (分離式模塊化帶線錨釘植入系統)	Our Company	PRC	ZL202411774707.8	2025.05.30	2044.12.05
24.	Sports Rehabilitation Management System and Device (運動康復管理系統、方法、存儲介質和電子設備)	Our Company	PRC	ZL202411479465.X	2025.06.27	2044.10.23
25	Posture recognition methods, devices, systems, equipment, media, products, and rehabilitation mirrors (姿態識別方法、裝置、系統、設備、介質、產品和康復鏡)	Our Company	PRC	ZL202411324478.X	2025.08.01	2044.09.23
26	All Suture Anchor and Anchor Pulling-and-Forming Kit (全縫線錨釘及錨釘牽拉成型套裝)	Our Company	EU (effective in France, Italy, Spain, Germany, the United Kingdom, Poland, and Portugal)	4056125	2021.12.27	2041.12.27

Domain Name

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	Registered Owner	Registration Number	Expiry Date (yyyy.mm.dd)
1. . .	starsportmed.com	Our Company	京ICP備19051455號-1	2028.07.31
2. . .	aistarmed.com	Our Company	京ICP備19051455號-2	2028.04.26

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' service contracts and appointment letters

(a) Executive Directors

Each of our executive Directors [has entered into] a service contract with us pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the date of their appointments.

(b) Non-executive Director and Independent Non-executive Directors

Each of the non-executive Director and Independent Non-executive Directors [has entered into] an appointment letter with our Company. The initial term for their appointment letters shall be three years from the date of their appointments or until the third annual general meeting of the Company since the [**REDACTED**], whichever ends earlier (subject always to re-election as and when required under the Memorandum and Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

Details of our Company's remuneration policy is described in section headed "Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Senior Management."

2. Remuneration of Our Directors

Save as disclosed in "Directors, Supervisors and Senior Management" and "Appendix I — Accountants' Report — Notes to The Historical Financial Information — Directors' and Chief Executives' emoluments", for the three years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, none of our Directors received other remunerations of benefits in kind from us.

3. Disclosure of Interests of Directors and Chief Executive of our Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] are not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is 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 recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Interests in our Company

Name	Position	Nature of interest[1]	Number of H Shares held before completion of the [REDACTED]	Approximate percentage of shareholding in the total issued Shares immediately after the [REDACTED][2]
Mr. Dong Wenxing (董文興)[2][3]	Chairman of the Board, executive Director and general manager	Beneficial interest Interest in controlled corporation	[**REDACTED**]% [**REDACTED**]%	[**REDACTED**]% [**REDACTED**]%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of [**REDACTED**] H Shares to be converted from Unlisted Shares in issue and [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (assuming that the [**REDACTED**] are not exercised).

(3) As of the Latest Practicable Date, Mr. Dong, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang are directly interested in 33.14%, 1.88%, 2.36% and 4.09% of the issued share capital of our Company, respectively. The general partner of each of Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang is Tianjin Bokang, which is held as to 99% by Mr. Dong. As such, Mr. Dong, Tianjin Bokang, Tianjin Jikang, Tianjin Puhe and Tianjin Yunkang are able to collectively control the voting rights in approximately 41.47% of the issued share capital of our Company.

Save as disclosed above, none of the Directors or the chief executive of the Company will, immediately following completion of the [**REDACTED**], has any interests and/or short positions in the Shares, underlying Shares and debentures of our Company's associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is 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 recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

4. Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, see the section headed "Substantial Shareholders."

(b) Interests of substantial shareholders of other members of our Group

As of the Latest Practicable Date, our Directors are not aware of any persons (other than our Directors or chief executive) will, immediately following the completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

5. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or any of the parties listed in "— E. Other Information — 5. Consents and Qualification of Experts" below is:

  (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

  (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] Agreement and the [**REDACTED**] Agreement, none of the parties listed in "— E. Other Information — 5. Qualification of Experts" below:

  (i) is interested legally or beneficially in any shares in any member of our Group; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of the Directors or the experts named in the paragraph headed "Other Information — Consents of Experts" in this section 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; and

(d) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this Document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], [**REDACTED**]. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

Each of the Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the Joint Sponsors will receive a fee of approximately HK$5.5 million to act as the sponsors of our Company in connection with the proposed [**REDACTED**] on the Hong Kong Stock Exchange.

4. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

5. Consents and Qualification of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this Document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CCB International Capital Limited	A licensed corporation under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants Registered Public Interest Entity Auditor
Zhong Lun Law Firm	Legal Advisor to our Company as to PRC laws
China Insights Industry Consultancy Limited	Industry consultant

Save as disclosed in this Document, as of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Promoter

The promoters of our Company comprised all of the 19 then shareholders of our Company as at March 8, 2023 before our conversion into a joint stock limited liability company. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

7. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

8. 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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Compliance Adviser

Our Company has appointed Red Sun Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

10. No Material Adverse Change

The Directors confirm that there has been no material change in our financial or trading position since September 30, 2025, the end of the period reported on the Accountants' Report included in Appendix I to this document.

11. Miscellaneous

(a) Save as disclosed in this Document, within the two years immediately preceding the date of this document:

  (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise; and

  (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this document:

  (i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

  (ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) there are no arrangements under which future dividends are waived or agreed to be waived;

(iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(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.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(i) the written consents referred to under the paragraph headed "Statutory and General Information — D. Other Information — 4. Consents and Qualifications of Experts" in Appendix V to this document; and

(ii) copies of the material contracts referred to in the paragraph headed "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in Appendix V to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.starsportmed.com** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the Accountants' Report of our Group from Ernst & Young, the text of which is set out in Appendix I to this document;

(iii) the audited consolidated financial statements of our Group for the three years ended December 31, 2024 [and the nine months ended September 30, 2025];

(iv) the report on the unaudited [**REDACTED**] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;

(v) the service contracts referred to in "Statutory and General Information — C. Further Information about our Directors, Supervisors and Senior Management — 1. Particulars of Directors' service contracts and appointment letters" in Appendix V to this document;

(vi) the material contracts referred to in "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in Appendix V to this document;

(vii) the written consents referred to under the paragraph headed "Statutory and General Information — D. Other Information — 5. Consents and Qualifications of Experts" in Appendix V to this document;

(viii) the PRC legal opinions issued by Zhong Lun Law Firm, our legal adviser on PRC law, in respect of certain aspects of our Group;

(ix) the PRC Company Law, the PRC Securities Law, the Trial Measures, together with their respective unofficial English translations; and

(x) the industry report issued by China Insights Consultancy, the summary of which is set forth in the section headed "Industry Overview" in this document.