

Cofoe 可孚

Cofoe Medical Technology Co., Ltd.*

可孚醫療科技股份有限公司

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

Stock Code : 1187

GLOBAL OFFERING



Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators,
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Other Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



* for identification purpose only

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain professional independent advice.



Cofoe Medical Technology Co., Ltd.*

可孚醫療科技股份有限公司

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

Global Offering

Number of Offer Shares under the Global Offering	: 27,000,000 H Shares
Number of Hong Kong Offer Shares	: 2,700,000 H Shares (subject to reallocation)
Number of International Offer Shares	: 24,300,000 H Shares (subject to reallocation)
Maximum Offer Price	: HK\$39.33 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: RMB1.00 per H Share
Stock code	: 1187

*Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators,
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers*



*Other Overall Coordinator, Joint Global Coordinator,
Joint Bookrunner and Joint Lead Manager*



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or before Monday, May 4, 2026 and in any event no later than 12:00 noon on Monday, May 4, 2026. If, for any reason, the Offer Price is not agreed by 12:00 noon on Monday, May 4, 2026 (Hong Kong time) between the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse. The Offer Price will be no more than HK\$39.33 per Offer Share. Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$39.33 for each Hong Kong Offer Share together with a brokerage fee of 1%, an SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and an AFRC transaction levy of 0.00015%.

The Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, where considered appropriate and with our consent, reduce the number of the Hong Kong Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of the Hong Kong Offer Shares will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at <http://www.cofoe.com.cn> as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day for lodging applications under the Hong Kong Public Offering. For details, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. See "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may only be offered and sold outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.cofoe.com.cn. If you require a printed copy of this prospectus, you may download and print from the websites above.

* for identification purpose only

IMPORTANT

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.cofoe.com.cn. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- (2) apply electronically through the HKSCC EIPO channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses stated above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the HKSCC EIPO channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

IMPORTANT

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
100	3,972.67	2,000	79,453.28	10,000	397,266.43	300,000	11,917,992.91
200	7,945.32	2,500	99,316.61	20,000	794,532.86	400,000	15,890,657.22
300	11,918.00	3,000	119,179.94	30,000	1,191,799.29	500,000	19,863,321.53
400	15,890.65	3,500	139,043.26	40,000	1,589,065.73	600,000	23,835,985.84
500	19,863.32	4,000	158,906.58	50,000	1,986,332.16	700,000	27,808,650.14
600	23,835.99	4,500	178,769.90	60,000	2,383,598.58	800,000	31,781,314.45
700	27,808.65	5,000	198,633.21	70,000	2,780,865.01	900,000	35,753,978.75
800	31,781.32	6,000	238,359.85	80,000	3,178,131.44	1,000,000	39,726,643.06
900	35,753.98	7,000	278,086.50	90,000	3,575,397.87	1,350,000 ⁽¹⁾	53,630,968.12
1,000	39,726.64	8,000	317,813.15	100,000	3,972,664.30		
1,500	59,589.96	9,000	357,539.79	200,000	7,945,328.61		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement on the website of our Company at www.cofoe.com.cn and the website of the Stock Exchange at www.hkexnews.hk.

Date⁽¹⁾

Hong Kong Public Offering commences 9:00 a.m. on Monday,
April 27, 2026

Latest time for completing electronic applications
via the **HK eIPO White Form** service through
the designated website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on Thursday,
April 30, 2026

Application lists of the Hong Kong Public
Offering open⁽³⁾ 11:45 a.m. on Thursday,
April 30, 2026

Latest time for (a) completing full payment of
HK eIPO White Form applications by effecting internet banking
transfer(s) or PPS payment transfer(s); or
(b) giving **electronic application**
instructions to HKSCC⁽⁴⁾ 12:00 noon on Thursday,
April 30, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to submit HKSCC EIPO applications on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public
Offering close⁽³⁾ 12:00 noon on Thursday,
April 30, 2026

Expected Price Determination Date⁽⁵⁾ no later than 12:00 noon on Monday,
May 4, 2026

Announcement of:

- the final Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocations of the Hong Kong Offer Shares

to be published on the website of our
Company at www.cofoe.com.cn⁽⁶⁾ and the website of the
Stock Exchange at www.hkexnews.hk no later than 11:00 p.m.
on Tuesday, May 5, 2026

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- from the "Allotment Results" page on the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a "search by ID" function from⁽⁷⁾ 11:00 p.m. on Tuesday, May 5, 2026 to 12:00 midnight on Monday, May 11, 2026
- the Stock Exchange's website at www.hkexnews.hk and our website at www.cofoe.com.cn⁽⁶⁾ which will provide links to the above mentioned websites of the H Share Registrar no later than 11:00 p.m. on Tuesday, May 5, 2026
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, May 6, 2026 to Monday, May 11, 2026 (excluding Saturday, Sunday and public holidays in Hong Kong)
- for those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, May 4, 2026

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering⁽⁸⁾⁽⁹⁾ on or before Tuesday, May 5, 2026

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable), or wholly/partially unsuccessful applications to be dispatched⁽¹⁰⁾ on or before Wednesday, May 6, 2026

Dealings in the H Shares on the Stock Exchange expected to commence at⁽⁹⁾ 9:00 a.m. on Wednesday, May 6, 2026

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application through the **HK eIPO White Form** service at the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the **HK eIPO White Form** service at the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions (collectively, “**Severe Weather Signal**”) in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, April 30, 2026, the application lists will not open or close on that day. For further details, see “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements”.
- (4) Applicants who apply via HKSCC EIPO channel shall contact their broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.
- (5) The Price Determination Date is expected to be no later than Monday, May 4, 2026. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinators (for themselves and on behalf of the other Underwriters) and us by 12:00 noon on Monday, May 4, 2026, the Global Offering will not proceed and will lapse.
- (6) Neither of the websites nor any of the information contained on the websites forms part of this prospectus.
- (7) The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult.
- (8) H Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.
- (9) Refund mechanism for surplus application monies paid by application via HKSCC EIPO channel is subject to the arrangement between applicants and their broker or custodian.

Applicants who have applied for Hong Kong Offer Shares through the HKSCC EIPO channel should refer to “How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies” for details.

Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC via HKSCC’s FINI system should refer to “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels” for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the designated bank account in the form of **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Further information is set out in “How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies”.

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, our Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully in full before you decide to invest in the Offer Shares.

OVERVIEW

Who We Are

We are a provider of home care medical devices in China. According to Frost & Sullivan, in terms of the 2024 domestic revenue, we ranked second among all home care medical devices providers in China, with a market share of 2.1%. The global home care medical devices industry is highly competitive, particularly the home rehabilitation aids, home respiratory support products, and home medical care supplies. According to Frost & Sullivan, the home rehabilitation aids industry and home medical care products industry in which we operate are highly competitive, each with over 300 market participants in China.

Committed to home care medical devices industry since our inception in 2007, we have been dedicated to bringing convenient solutions for consumers and patients looking for quality and advanced home care medical devices. Home care medical devices are medical equipment, consumables, and other products used by individuals in a home setting for disease prevention, health monitoring, rehabilitation therapy, health management, or daily health care. Home care medical devices mainly include home rehabilitation aids products, home health monitoring products, home medical care products, home respiratory support products, home emergency medical devices, rehabilitation therapy products, home cosmetic medical devices, and home sleep management devices. China’s home care medical devices segment amounted to RMB198.2 billion in 2024, accounting for approximately 21.0% of the total medical device market in China. Notwithstanding the fact that the current competitive landscape of the home care medical devices market in China is relatively fragmented, this industry is expected to achieve quick growth in the foreseeable future, with leading domestic enterprises enjoying a favorable position to capture opportunities arising from this trend. Leveraging our integrated operations including R&D, manufacturing and distribution covering full value chain of the industry, we deliver a portfolio of high quality, clinically validated products which can ensure therapeutic efficacy at affordable prices. Our product portfolio addresses diverse healthcare scenarios including symptom improvement, injury rehabilitation, preventive maintenance and wellness enhancement.

As of the Latest Practicable Date, our product portfolio encompassed over 200 product categories with over ten thousand SKUs.

During the Track Record Period, we have been actively expanding our presence in overseas markets and attracted a growing base of loyal users worldwide. The Chinese Mainland was our most important geographic segment by revenue contribution, though our sales were distributed broadly across many regions globally, mainly Hong Kong, the United States and the United Kingdom. Our revenue generated from overseas sales accounted for 1.7%, 2.0% and 8.8% of our total revenue in 2023, 2024 and 2025.

Despite fluctuations in demand for certain medical devices caused by public health outbreak and challenges caused by ever-changing consumer preferences, we have achieved stable and sustainable development during the Track Record Period. In particular, we achieved continuous profitability improvements through adopting measures to increase cost-efficiency and optimizing product portfolio focusing on sales of high value products.

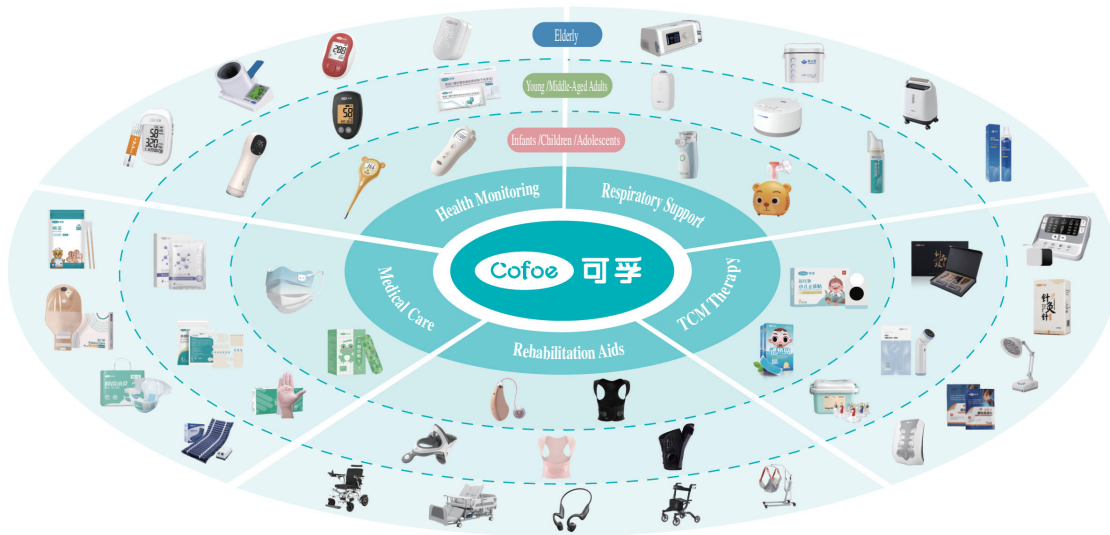
SUMMARY

Our Products Portfolio and Market Opportunities

We strategically focus on five main categories of home care medical devices that we believe enjoy strong growth potential and significant market demands in line with evolvement of demographic groups structure and popular life style of modern society. These include rehabilitation aids products (康復輔具類產品), medical care products (醫療護理類產品), health monitoring products (健康監測類產品), respiratory support products (呼吸支持類產品) and TCM therapy and other products (中醫理療類及其他類產品). In particular, we ranked first among all rehabilitation aids products providers in China in 2024, with a market share of 2.4% in terms of domestic revenue. China's home rehabilitation aids products market accounted for 23.5% of China's home care medical devices market in 2024.

This coverage, in particular rich varieties for each type of product designed for different using scenarios, makes our stores the go-to places for consumers and patients to seek one-stop solutions for their related medical needs, creating strong synergies among different products on both cross-selling opportunities and brand value promotion.

The chart below shows our coverage of product mix.



We are continuously expanding and optimizing our product mix. In determining our R&D strategy and product launch plan, we focus on advanced technology exhibition, high quality performance and consumer-centric design with aesthetic. The chart below shows our key products that symbolically demonstrate our successful implementation of these three core values in product design and development, all of which are developed and manufactured by us.

We implement a multi-brand marketing strategy to cater to the diverse needs of patients and customers. Assigning distinctive market positioning and targeted customer groups to each brand, while ensuring that all of them share a common value that our master brand, Cofoe “”, we have successfully established a product portfolio comprising a large number of branded products. In 2025, we also established a strategic partnership with Royal Philips, under which we are authorized to distribute Philips branded health monitoring products in the Greater China region. During the Track Record Period, we primarily had 11 proprietary brands and sold products mainly under 16 third-party brands. For details, see “Business — Sales and Marketing — Our Brand Value Promotion — Our Brand Portfolio”.

SUMMARY



Ventilator products

- Cotton-free noise reduction design delivering industry-leading quiet operation at 23 dB.
- AI-empowered value-added services through IoT-enabled technologies.



Hearing Aids

- Extremely lightweight and compact at only 1.4g, industry's top tier for its category.
- Multi-channel fitting, intelligent compression for clear conversations.



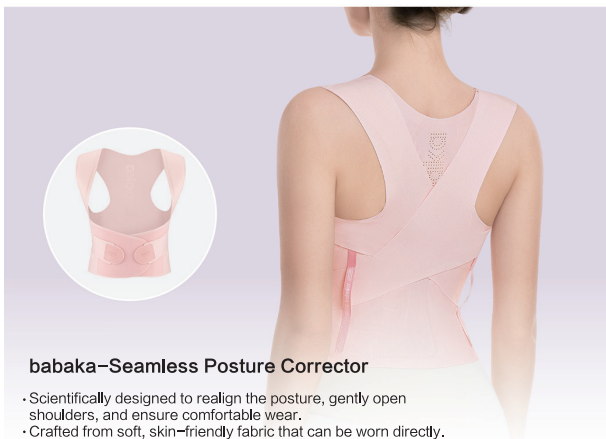
Blood glucose test strips and uric acid test strips

- The world's only test strip for simultaneously measuring blood glucose and uric acid.
- Honored as a Hunan Provincial Innovative Medical Device.



Projection-Guided Thermometer

- Winner of the 2024 MUSE Design Award (Gold Prize).
- A single light source for operational guidance and engaging projection features.



babaka-Seamless Posture Corrector

- Scientifically designed to realign the posture, gently open shoulders, and ensure comfortable wear.
- Crafted from soft, skin-friendly fabric that can be worn directly.



Smart Electric Wheelchair

- Quad-motor wireless drive system, built-in dual-motor wheels with integrated lithium battery.
- Intelligent multi-modal algorithm enabling AEB emergency obstacle avoidance.

Our R&D Strength and Key Achievements

During the Track Record Period, we pursued strategic portfolio expansion focused on commercializing technologically advanced products that elevate home care standards, as well as those exhibits thoughtful design in packaging and product specifications that are able to bring delightful and convenient using experience, all of which collectively advancing our mission to optimize therapeutic environments for patients and their families in home care scenario. We have established an in-house R&D team of over 350 staff with cross-principle academic background

SUMMARY

and/or practice experience. We have also established three research institutes each focuses on a select area, including medical electronics and rehabilitation medicine, biosensing and innovative materials, and respiratory support. In 2022, we were awarded as a “National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)” by the National Intellectual Property Administration of the PRC (中華人民共和國國家知識產權局), in recognition of our strong R&D track record in home care medical devices industry. To name a few of our key achievements:

- By embedding IoT technology and AI-powered features, our non-invasive ventilators can continuously monitor sleep quality of users while autonomously detecting and correcting respiratory events, including snoring, flow limitation, and central sleep apnea, through real-time pressure adjustments, all of which are processed automatically through utilizing medical-grade sensors and adaptive signal processing algorithms.
- In 2024, we launched our proprietary blood glucose and uric acid dual-test strip, which can complete the accurate detection of both blood glucose and uric acid indicators within 10 seconds with only one test paper and one drop of blood, providing an efficient solution for management of chronic diseases. The relevant research findings have been published in *Biosensors and Bioelectronics*, a leading international journal in the field of biosensing.
- In November 2025, we launched a new generation of bone conduction hearing aids featuring a 12-nanometer imported chip that enables near-zero latency sound transmission. Powered by third-party AI algorithms, the device incorporates deep learning-based acoustic scene recognition technology to intelligently identify surrounding environments and automatically optimize audio processing.
- In developing our ostomy care products, we carefully studied clinical requirements and key concerns of patients. Based on these findings, we launched products featuring ostomy bags with upgraded exhaust valves, which facilitate gas discharge and control the risk of bag swelling; adhesive removers that reduce pain during peeling; and leak-proof rings that improve leak resistance. In particular, the hydrocolloid formulation we use for our ostomy skin barrier delivers high-strength adhesion, corrosion resistance, and low sensitization in one integrated system, which can maximize the comfort of the human body and improve the quality of life of patients.

As of December 31, 2025, we held 699 patents. These achievements, together with our strong manufacturing techniques, allow us to quickly transfer R&D breakthroughs into competitive features and specifications in products offered to consumers. In addition, based on our R&D achievements and capabilities of launching innovative products, we were awarded 32nd place in the overall ranking of the “2024 China Medical Device R&D Comprehensive Strength Ranking” recognized by Pharmaceutical Industry Information Release Conference in 2024, where we entered into three sub-lists, namely, equipment, consumables and IVD.

Our Distribution Network

Since inception, we have been committed to strategic development of our omnichannel distribution network in recognizing its critical role to ensure convenient and efficient delivery of home care medical devices. On one hand, to accommodate consumers’ evolving shopping habits and provide a convenient multi-channel shopping experience, we sell our products through our online stores on major domestic third-party e-commerce platforms. These stores provide a holistic view of, and facilitate easy access to our products, enabling consumers to make purchases directly through the platforms at their convenience. On the other hand, we fully recognize importance of offline coverage for sales of home care medical devices, which is particularly essential for those products that require pre-purchase diagnosis and post-purchase services, such as hearing aids, as well as hospital visitors and community residents who prefer quick pick-up and convenient pick-up and one-stop selections on devices they need.

SUMMARY

Through years of efforts, we have established a sales network with coverage and deep penetration in China, as well as significant overseas reach. This integrated architecture enables precise alignment with diverse consumer cohorts and their product-specific purchasing behaviors, establishing us as the preferred source for trustworthy home care medical devices.

- As of the Latest Practicable Date, we have established full coverage across all major e-commerce platforms, including Tmall, JD.com, Douyin, Rednote, Pinduoduo and YSB. Capitalizing on our category-focused market insight and industry experience, our strong infrastructure layout ensures swift and efficient logistics arrangements, and technology-backed analysis capabilities, we have successfully established a leading position in online sales of home care medical products across different e-commerce platforms. In terms of sales for the entire year of 2025, our branded products ranked first in 10 product categories and top 3 in 18 product categories in home care medical devices industry on Douyin; ranked top 3 in 25 product categories and top 10 in 43 product categories in home care medical devices industry on Tmall; and ranked top 3 in 11 product categories and top 10 in 27 product categories in the industry on JD. Our strong market share and penetration in online sales allows us to make quick response towards market needs while optimizing costs efficiency.
- As of December 31, 2025, we had 668 self-owned stores, among which, 618 of them were our “JOYOR HearingCare (健耳聽力)” centers, covering 128 cities across China where we offer professional audiology services and selection of great variety of quality hearing aids, including our proprietary Cofee brands. In addition, as of December 31, 2025, through Humana Medical Limited that we acquired in 2025, we operated over 30 medical product retail centers, seven professional podiatry centers and one extracorporeal counterpulsation treatment center in Hong Kong, laying a solid foundation for our further expansion in this region. Besides, we also collaborate with reputable third party pharmacy store chain operators and reliable offline distributors, to fully leverage their market penetration and geographic coverage to improve sales of our products. As of December 31, 2025, we cooperated with over 80 pharmacy store chain operators that are ranked as “Top 100 pharmacy store chain operators” in China and facilitated distribution of our products to 31 provinces and municipalities in China through over 200 thousand pharmacy stores. As of the same date, the number of our offline distributors reached nearly 200 and our distributor network effectively supplements our cooperation with third party pharmacy store chain operators, constituting a broad distribution network where we have more direct influence on service quality and product delivery.

We actively participated in and hold various marketing and sales campaigns that we deem suit our brand image and core corporate value. In particular, our pursuit to establish us a platform offers a comprehensive product portfolio that effectively addresses home care medical needs for consumers and patients of all ages, offering patients and their families trustworthy options to choose from. For instance, we have participated health care program on CCTV, the leading telecommunication station in China, upon passing relevant qualification tests and validation procedures, through which, we managed to convey our scientific and professional brand concepts to audiences across China. In addition, we sponsor public events promoting public awareness on health care and conveying importance on daily care on body conditions, forming a close tie in consumers’ cognition between health and our brands.

Our Manufacturing and Logistics Capability

We have established strong production capacity and supply chain management capabilities supported by our technology-driven manufacturing system. Our technology-backed production capacity, embedded in our production plants equipped with advanced production equipment and automated production lines, allows us to quickly transform technology breakthroughs and designs into quality products while enjoying competitive affordability. We invested in implementing

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advanced equipment and latest technologies to enhance the accuracy and efficiency of our quality inspections. enhance the accuracy and efficiency of our quality inspections. By doing so, we ensure that our products meet industry-wide quality standard while effectively reducing waste.

As of December 31, 2025, we had four major manufacturing bases in China. In recognizing our advanced manufacturing capacity, we were awarded as a “National Industrial Design Center (國家級工業設計中心)” by the Ministry of Industry and Information Technology of the People’s Republic of China in 2023, and “an enterprise with excellent national intelligent manufacturing scenarios (國家智能製造優秀場景企業)” by the Ministry of Industry and Information Technology in 2022.

During Track Record Period, we also strategically engage OEM/ODM suppliers to produce selected types of our branded medical products, particularly those do not carry sophisticated technology specifications and/or demand advanced manufacturing techniques. In this way, we are able to achieve production capacity expansion in a more dynamic and cost-efficient way as we deem appropriate, while focusing on producing products with higher value at our own plants.

In addition, our logistics and supply chain management capability and technology achievement associated therein are the foundations of our business success. Capitalizing on our well-developed logistics and warehouse infrastructure, we adopted advanced software technologies in establishing our smart logistics system capable of service automation and operation digitalization.

In addition, capitalizing on our digitalization systems, we could ensure seamless integration with, and dynamic management on, third party transportation service providers, bringing secure and quick solutions. In 2020, we opened up our logistics capabilities and resources to external customers for home care medical devices related needs, charging fees for using our warehousing and logistics services. We consider this business line effectively supplements our main business operations, by allowing us to effectively tap into their business reach and penetration in covered regions, achieve deep insight into evolving market demands and consumer preferences, while enhancing our business relationships with relevant leading enterprises.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success:

- With nearly 20 years of dedication to home care medical devices industry, we have established leadership at many sectors in China. Our product portfolio can effectively serve home care needs of consumers and patients throughout their life cycle;
- Aligning with our strategic commitment to offer consumers convenient selection of quality home care medical devices with great variety of choices, we have developed and offered a comprehensive product portfolio of over 200 types of products across over 10,000 SKUs, structured within five core therapeutic domains;
- Leveraging successful development of omni-channel backed by strong technology capability, and our well-recognized brand, we have been leading development of omni-channel commercialization of home care medical devices in China since our inception and set successful leadership in many product categories;
- Capitalizing on our devotion in innovative research and development, emphasizing on in-depth integration of AI algorithms with medical hardware, we are able to continuously launch products catered to the most frontier market demands;

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- Our industry-leading manufacturing and logistics infrastructure that are equipped with advanced facilities and software systems allow us to continuously drive cost efficiency optimization while enhancing stringent quality control;
- Our senior management team has unparalleled strategic vision on, and long-term devotion in home care medical devices industry. Their leadership and commitment, complemented by exceptional organizational execution, establishes a solid foundation for us to achieve sustainable success.

OUR DEVELOPMENT STRATEGIES

We strive to solidify our market leadership and will pursue the following strategies:

- Accelerating global expansion to meet the growing demands for high-quality home care medical devices in overseas markets;
- Focusing on R&D and product innovation to capture opportunities brought up by market demands for AI-driven smart functions and pursuit of digitalization across home care medical devices industry;
- Continuously expanding and optimizing the online and offline sales channel network to maintain industry-leading position in terms of sales and marketing capability;
- Improving the refined management capabilities and operational efficiency by leveraging digitalization and information technologies;
- Continuously enhancing brand influence through ensuring premium product quality and public recognition.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily include e-commerce platforms, pharmacy chains, distributors and individual consumers. In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period contributed 43.8%, 33.7% and 36.1%, respectively, to our total revenue. Sales to our largest customer in each year during the Track Record Period accounted for 27.0%, 18.9% and 21.9% of our total revenue for the respective years. The composition of our five largest customers remained unchanged throughout the Track Record Period. Our suppliers primarily include finished goods and raw materials providers, services providers, and packaging material suppliers. In 2023, 2024 and 2025, our five largest suppliers in each year during the Track Record Period contributed 22.3%, 24.7% and 23.1%, respectively, to our total purchases.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus.

SUMMARY

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

The following table sets forth selected consolidated statement of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	2,853,695	2,982,931	3,387,499
Cost of sales	(1,681,144)	(1,474,227)	(1,635,894)
Gross Profit	<u>1,172,551</u>	<u>1,508,704</u>	<u>1,751,605</u>
Other income and gains	125,101	103,427	90,022
Selling and distribution expenses	(740,704)	(973,313)	(1,158,175)
Administrative expenses	(130,338)	(143,955)	(196,129)
Research and development expenses	(114,330)	(96,410)	(87,284)
Impairment losses on financial assets, net	(1,830)	(6,857)	(1,368)
Fair value gains/(losses) on financial assets at fair value through profit or loss	(1,563)	9,400	49,842
Other expenses	(9,546)	(7,587)	(7,383)
Finance costs	(13,503)	(17,912)	(16,066)
Share of profits and losses of Associates	(130)	(3,498)	779
Profit Before Tax	285,708	371,999	425,843
Income tax expense	(32,837)	(59,655)	(55,527)
Profit for the Year	<u>252,871</u>	<u>312,344</u>	<u>370,316</u>

During the Track Record Period, we generated revenue primarily from the (i) sales of medical and wellness products, (ii) OEM/ODM business and (iii) others. The following table sets forth a breakdown of our revenue by segments, both in absolute amounts and as percentages of our revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of medical and wellness products						
Rehabilitation aids products	717,795	25.2	1,039,105	34.8	1,178,153	34.8
Medical care products	734,303	25.7	778,334	26.1	730,155	21.6
Health monitoring products	584,621	20.5	476,649	16.0	555,554	16.4
Respiratory support products	454,803	15.9	264,182	8.9	261,324	7.7
TCM therapy and other products ⁽¹⁾	149,998	5.3	178,993	6.0	241,046	7.1
Subtotal	2,641,520	92.6	2,737,263	91.8	2,966,232	87.6
OEM/ODM business	64,152	2.2	104,286	3.5	285,410	8.4
Others⁽²⁾	148,023	5.2	141,382	4.7	135,857	4.0
Total	<u>2,853,695</u>	<u>100.0</u>	<u>2,982,931</u>	<u>100.0</u>	<u>3,387,499</u>	<u>100.0</u>

Notes:

- (1) Other products include (i) household and personal care products; (ii) mother and infant products; (iii) daily necessities and (iv) dietary supplement products.
- (2) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

SUMMARY

The following table sets forth a breakdown of our gross profit and gross profit margin by types of goods or services for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of medical and wellness products						
Rehabilitation aids products	347,458	48.4	645,161	62.1	744,635	63.2
Medical care products	349,327	47.6	414,040	53.2	384,210	52.6
Health monitoring products	220,838	37.8	196,927	41.3	277,328	49.9
Respiratory support products	170,114	37.4	102,372	38.8	119,800	45.8
TCM therapy and other products ⁽¹⁾ . .	50,931	34.0	73,736	41.2	108,028	44.8
Subtotal	1,138,668	43.1	1,432,236	52.3	1,634,001	55.1
OEM/ODM business	7,899	12.3	28,319	27.2	61,157	21.4
Others⁽²⁾	25,984	17.6	48,149	34.1	56,447	41.5
Total	1,172,551	41.1	1,508,704	50.6	1,751,605	51.7

Note:

- (1) Other products include: (i) household and personal care products; (ii) mother and infant products; (iii) daily necessities; and (iv) dietary supplement products.
- (2) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

Key Items of the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statement of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this Prospectus:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total non-current assets	2,413,456	2,497,177	2,793,594
Total current assets	3,830,735	3,925,490	3,835,322
Total current liabilities	1,086,400	1,361,721	1,588,766
Net current assets	2,744,335	2,563,769	2,246,556
Total non-current liabilities	249,597	258,596	137,261
NET ASSETS	4,908,194	4,802,350	4,902,889

SUMMARY

Our net current assets decreased by RMB317.2 million, or 12.4%, from RMB2,563.8 million as of December 31, 2024, to RMB2,246.6 million as of December 31, 2025, mainly due to (i) an increase of RMB176.6 million in trade and bills payables and (ii) disposal of financial assets at fair value through profit or loss of RMB340.6 million, a substantial portion of proceeds from which was used for long-term investments, resulting in an increase of RMB175.9 million in investments in associates, partially offset by an increase of RMB166.7 million in cash and bank balance.

Our net current assets decreased by 6.6% from RMB2,744.3 million as of December 31, 2023 to RMB2,563.8 million as of December 31, 2024, primarily due to an increase in interest-bearing bank and other borrowings of RMB248.2 million, partially offset by (i) an increase in financial assets at fair value through profit or loss of RMB506.1 million, (ii) a decrease in cash and bank balances of RMB290.6 million, and (iii) a decrease in trade and bills receivables of RMB84.2 million.

Our net assets decreased from RMB4,908.2 million as of December 31, 2023 to RMB4,802.4 million as of December 31, 2024, primarily due to dividend declared of RMB365.9 million and repurchase of A-shares of RMB50.1 million, partially offset by profit for the year of RMB312.3 million and share-based payment reserve of RMB16.0 million. Our net asset increased to RMB4,902.9 million as of December 31, 2025, primarily due to profit for the year of RMB370.3 million, partially offset by dividend declared of RMB365.8 million.

Summary of the Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows information for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows from operating activities. .	393,822	663,393	695,726
Net cash flows used in investing activities	(45,669)	(730,968)	(68,960)
Net cash flows used in financing activities	(277,661)	(234,240)	(468,747)
Net increase/(decrease) in cash and cash equivalents	70,492	(301,815)	158,019
Cash and cash equivalents at beginning of the year	1,370,540	1,441,213	1,139,986
Effect of foreign exchange differences, net	181	588	(3,430)
Cash and cash equivalents at end of the year	1,441,213	1,139,986	1,294,575

Key Financial Ratios

For information of our key financial ratios, please see “Financial Information — Key Financial Ratios” to this prospectus.

SUMMARY

COMPETITIVE LANDSCAPE

We operate in home care medical devices industry. The competitive landscape of the home care medical devices market in China is relatively fragmented, with key market participants including large domestic enterprises, multinational corporations, and domestic start-up technology firms. Among them, large domestic enterprises hold a relatively high market share. We ranked the second in the home care devices market in China based on domestic revenues in 2024, with a market share of 2.1%. See “Industry Overview” in this prospectus.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang, Ms. Nie (Mr. Zhang’s spouse), Changsha Xiezhao and Changsha Keyuan, collectively being our Controlling Shareholders, were able to exercise an aggregate of approximately 54.00% voting rights in our Company. Immediately upon completion of the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes), Mr. Zhang, Ms. Nie, Changsha Xiezhao and Changsha Keyuan are expected to be entitled to exercise an aggregate of approximately 47.82% voting rights in our Company. Mr. Zhang, Ms. Nie, Changsha Xiezhao and Changsha Keyuan will remain as our Controlling Shareholders upon the Listing. For detail, please refer to the section headed “Relationship with our Controlling Shareholders”.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 27,000,000 H Shares are issued pursuant to the Global Offering, and (ii) 235,897,000 Shares are issued and outstanding following the completion of the Global Offering:

	Based on an Offer Price of HK\$39.33 per H Share, being the maximum Offer Price
Market capitalization of our Shares ⁽¹⁾	HK\$14,078 million
Unaudited pro forma adjusted net tangible asset per Share ⁽²⁾	HK\$26.32

Notes:

- (1) The calculation of market capitalization of our Shares is based on the aggregation of (i) the market capitalization of 27,000,000 H shares expected to be issued under the Global Offering; and (ii) the average market capitalization of 204,400,869 A shares (excluding 4,496,131 treasury shares) in issue with an average closing price of RMB55.80 (equivalent to approximately HK\$63.68) per A Share for the five trading days immediately preceding the Latest Practicable Date.
- (2) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 232,018,269 shares (excluding 3,878,731 treasury shares held as at 31 December 2025), being the number of shares in issue assuming that the Global Offering had been completed on 31 December 2025.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as shown on page II-1 have not been adjusted to illustrate the effect of the following:

The Proposal of “2025 Annual Dividend Plan” was approved in the 2nd meeting of the third session of director’s meeting. It was agreed that the Company will announce a dividend of RMB246,022,000 to the existing shareholders prior to the Listing based on the Company’s retained profits as of 31 December 2025. Had the payment of the dividend been made on 31 December 2025, the unaudited pro forma adjusted consolidated net tangible assets of the Group would decrease from RMB5,349,535,000 to RMB5,103,513,000, based on the maximum Offer Price of HK\$39.33 per Share, and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 per Share would be RMB22.00 (equivalent to HK\$25.11) based on a maximum Offer Price of HK\$39.33 per Share. Except for the information as disclosed above, no other adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets. These amounts are converted from Renminbi to Hong Kong dollars or Hong Kong dollars to Renminbi at an exchange rate of HK\$1.00 to RMB0.8763. No representation is made that Renminbi/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Renminbi at that rate or at all.

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OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since 2021, our Company has been listed on the Shenzhen Stock Exchange. During the Track Record Period and as of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations in any material respects and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investor's attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor advised us that during the Track Record Period and as of the Latest Practicable Date, we had not been subject to any material administrative penalties or regulatory measures imposed by relevant PRC securities regulatory authorities. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor's view, nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange in any material respect.

DIVIDENDS

On May 20, 2022, we paid a final dividend of RMB256.6 million (RMB16.0 per 10 A Shares) for the year ended December 31, 2021. On May 25, 2023, we paid a final dividend of RMB245.8 million (RMB12.0 per 10 A Shares) for the year ended December 31, 2022. On June 12, 2024, we paid a final dividend of RMB244.4 million (RMB12.0 per 10 A Shares) for the year ended December 31, 2023. On October 11, 2024, we paid an interim dividend of RMB122.0 million (RMB6.0 per 10 A Shares) for six months ended June 30, 2024. On May 30, 2025, we paid a final dividend of RMB244.1 million (RMB12.0 per 10 A Shares) for the year ended December 31, 2024. On September 19, 2025, we paid an interim dividend of RMB6 per 10 shares (tax inclusive), totaling RMB121.9 million for the six months ended June 30, 2025. On March 9, 2026, our board of directors approved a dividend of RMB12.0 per 10 shares (tax inclusive) for shareholders of our A share, totaling RMB246.0 million for the year ended December 31, 2025. We plan to submit this dividend plan to shareholders for approval at the annual general meeting on March 31, 2026. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the Global Offering. For details of our dividend policies, please see "Financial Information — Dividends and Dividend Policy".

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$39.33 per H Share (being the maximum Offer Price stated in the prospectus), will be approximately HK\$1,007.2 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering. In accordance with our strategy, we plan to use the proceeds for the following intended purposes in the amounts set forth below:

- 30.0%, or approximately HK\$302.1 million, will be used for global expansion;
- 30.0%, or approximately HK\$302.1 million, will be used for our ongoing product research and development and technological innovation, including our AI and Internet of Things applications;
- 20.0%, or approximately HK\$201.4 million, will be used for expanding our domestic sales channels and distribution network;
- 10.0%, or approximately HK\$100.7 million, will be used for branding and marketing activities;

SUMMARY

- 10.0%, or approximately HK\$100.7 million will be used for the working capital and general corporate purposes.

See “Future Plans and Use of Proceeds”.

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately RMB48.1 million (HK\$54.8 million) (including underwriting commission), at the Offer Price of HK\$39.33 per Share (being the maximum Offer Price), among which (i) underwriting-related expenses, including underwriting commission and other expenses are approximately RMB15.3 million (HK\$17.4 million) and (ii) non-underwriting-related expenses are approximately RMB32.8 million (HK\$37.4 million), comprising (a) fees and expenses of legal advisors and accountants of approximately RMB20.0 million (HK\$22.8 million) and (b) other fees and expenses of approximately RMB12.8 million (HK\$14.6 million).

We estimate that listing expenses of approximately RMB48.1 million (HK\$54.8 million) (including underwriting commissions of approximately RMB15.3 million (HK\$17.4 million), based on the Offer Price of HK\$39.33 per Offer Share) will be incurred by our Company, approximately RMB2.6 million (HK\$2.9 million) of which is expected to be charged to our statements of profit or loss, and approximately RMB45.5 million (HK\$51.9 million) of which is expected to be deducted from equity as expenses directly attributable to the issue of Shares. Our listing expenses as a percentage of gross proceeds is 5.2%, assuming an Offer Price of HK\$39.33 per Share (being the maximum Offer Price). The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

In the first three months of 2026, we have experienced continued business growth across all business lines compared to the same periods in 2025, thanks to our successful achievements in commercialization of technology R&D and product innovation, expansion of business network and penetration, as well as strategic investment in promoting synergies among different product lines as our brand recognition kept growing. In particular, we achieved significant increase in our respiratory support products and substantial growth in rehabilitation aids products and medical care products.

In this period, we have successfully completed NMPA registration of helicobacter pylori antigen test kits, exhibiting another milestone achievement in our R&D efforts. In addition, we also launched iterated ventilators with innovated features and improved performance that we developed based on study on market needs. Leveraging the improved product competitiveness, we have also enhanced cooperation with online platforms, along with optimization on layout of, and management on offline sales network. These achievements collectively contributed to our business growth in the first quarter in 2026, while laying solid foundation for expected full year development.

After December 31, 2025, which is the end of the Track Record Period, our revenue and gross profit recorded steady growth in the three months ended March 31, 2026 as compared to the same period in 2025.

Our revenue and gross profit from respiratory support products recorded significant growth in the three months ended March 31, 2026 as compared to the same period in 2025. In particular, the sales volume of our ventilator products increased significantly in the three months ended March 31, 2026 as compared to the same period in 2025, primarily attributable to expanded customer recognition and increase customer demand of our new generation of smart ventilators, which feature comprehensive upgrades in noise reduction and intelligent algorithms as a result of our research and

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development efforts. The average selling price of our ventilator products slightly decreased in the three months ended March 31, 2026 as compared to the same period in 2025, primarily due to an increase in the sales proportion of our mid-range priced products, as part of our efforts to expand customer coverage.

Our revenue and gross profit from rehabilitation aids products recorded steady growth in the three months ended March 31, 2026 as compared to the same period in 2025. In particular, the sales volume of our orthopedic/posture correction products increased steadily in the three months ended March 31, 2026 as compared to the same period in 2025, primarily attributable to our enhanced promotional efforts through our online sales channels, particularly during the Chinese New Year holiday period. The average selling price of such products also increased steadily in the three months ended March 31, 2026 as compared to the same period in 2025, primarily due to the launch of our mid-to-high-end correction products with new features such as intelligent adjustment and ergonomic design, together with a decrease in the sales proportion of entry-level products with comparatively lower selling prices.

Our revenue and gross profit from medical care products recorded steady growth in the three months ended March 31, 2026 as compared to the same period in 2025. In particular, the sales volume and average selling price of our dressing and patch products increased in the three months ended March 31, 2026 as compared to the same period in 2025, primarily attributable to the launch of our higher-end new products, such as hydrocolloid dressings and alginate dressings, together with our enhanced promotional efforts through online platforms.

Our revenue and gross profit from TCM therapy and other products recorded significant growth in the three months ended March 31, 2026 as compared to the same period in 2025. In particular, the sales volume of our TCM physiotherapy devices increased significantly in the three months ended March 31, 2026 as compared to the same period in 2025, primarily due to increased market demand for such products, which was driven by our increased marketing efforts through livestreaming platforms and health community channels that enabled us to effectively reach our target customers. The average selling price of such products remained relatively stable in the three months ended March 31, 2026 as compared to the same period in 2025.

Our revenue from health monitoring products remained relatively stable, while our gross profit from health monitoring products increased steadily, in the three months ended March 31, 2026 as compared to the same period in 2025.

We plan to publish the Group's first quarterly results announcement for 2026 on the Shenzhen Stock Exchange on the evening of April 29, 2026.

Our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial, operational or prospects since December 31, 2025 being the latest balance sheet date of our consolidated financial statements in the Accountants' Report in Appendix I to this prospectus.

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors". As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our Shares. Some of the major risks that we face include:

- Our success is dependent on the continued popularity and market acceptance of our products and our ability to compete effectively in the home care medical devices industry;

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- We may face challenges as we expand our product portfolio and explore new business areas;
- We rely on third-party e-commerce platforms to sell our products online. If the services or operations of such platforms are interrupted, or if our cooperation with them terminates, deteriorates or becomes more costly, our business, financial condition and results of operations may be materially and adversely affected;
- We face intense competition in both domestic and international home-care medical devices industry;
- Any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects. Litigation to protect our intellectual property rights may be costly and ineffective.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and is/are listed for trading on the Shenzhen Stock Exchange
“Accountants’ Report”	the accountants’ report of our Company from Ernst & Young, the text of which is set out in Appendix I to this prospectus
“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” or “Articles of Association”	the articles of association of our Company adopted on August 26, 2025, with, with effect upon the Listing Date (as amended from time to time), a summary of which is set out in Appendix V to this prospectus
“associate(s)”	has the meaning ascribed thereto 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 on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Capitalization Issue 2022”	On May 10, 2022, our Shareholders resolved to increase the share capital of our Company from RMB160,375,000 to RMB208,487,500 by way of capitalization of the capital reserve of our Company. As a result, 48,122,500 Shares was issued and allotted to all then Shareholders with 3 Shares per 10 Shares
“Capital Market Intermediary(ies)” or “CMI(s)”	the capital market intermediary(ies) as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus and has the meaning ascribed thereto under the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“Changsha Keyuan”	Changsha Keyuan Tongchuang Enterprise Management Center (Limited Partnership) (長沙科源同創創業投資合夥企業(有限合夥)), a limited partnership established in Chinese Mainland on September 6, 2017, of which, Mr. Zhang served as the executive partner and the general partner with 5% partnership interest and Ms. Nie (the spouse of Mr. Zhang) and Mr. Zhang Zhiming (張志明) (one of our executive Directors) are the limited partners with 55% and 40% partnership interest, respectively, one of our Controlling Shareholders
“Changsha Xiezhao”	Changsha Xiezhao Medical Investment Co., Ltd. (長沙械字號醫療投資有限公司), a company established in Chinese Mainland with limited liability on September 7, 2017 and is owned as to 90% and 10% by Mr. Zhang and his spouse, Ms. Nie, respectively, one of our Controlling Shareholders
“China” or “Chinese Mainland” or “PRC”	the People’s Republic of China, which only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this prospectus, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“close associate(s)”	has the meaning ascribed thereto 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” or “our Company”	Cofee Medical Technology Co., Ltd. (可孚醫療科技股份有限公司), a joint stock company with limited liability incorporated in Chinese Mainland, the predecessor of which was Hunan Cofee Medical Technology Development Co., Ltd. (湖南可孚醫療科技發展有限公司), a limited liability company established in the PRC on November 19, 2009, and if the context requires, includes its predecessor
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and in this context, refers to Mr. Zhang, Ms. Nie, Changsha Xiezhao and Changsha Keyuan, further details of which are set out in the section headed “Relationship with Our Controlling Shareholders” in this prospectus
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Dividend Distribution(s)”	including: (i) on September 19, 2025, our Company distributed dividends of RMB6 per 10 ordinary Shares to then existing Shareholders; (ii) on May 30, 2025, our Company distributed dividends of RMB12 per 10 ordinary Shares to then existing Shareholders; (iii) on October 11, 2024, our Company distributed dividends of RMB6 per 10 ordinary Shares to then existing Shareholders; (iv) on June 12, 2024, our Company distributed dividends of RMB12 per 10 ordinary Shares to then existing Shareholders; (v) on May 25, 2023, our Company distributed dividends of RMB12 per 10 ordinary Shares to then existing Shareholders; and (vi) on May 20, 2022, our Company distributed dividends RMB16 per 10 ordinary Shares to then existing Shareholders
“EIT”	enterprise income tax
“Employee Incentive Schemes”	including the Employee Incentive Scheme 2021 and the Employee Incentive Scheme 2024, referring to the share option schemes adopted by our Company in 2021 to 2024, respectively, the principal terms of which are set out in “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes” in Appendix VI to this prospectus
“ESG”	environmental, social and governance
“Extreme Conditions”	extreme conditions caused by a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period as announced by the government of Hong Kong
“F&S” or “Frost & Sullivan” or “Industry Consultant”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
“Global Offering”	the Hong Kong Public Offering and the International Offering

DEFINITIONS

“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries at the relevant time, the business acquired or operated by such subsidiaries or their predecessors (as the case may be)
“Guide for New Listing Applicants” or “Guide”	the Guide for New Listing Applicants published by the Stock Exchange
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“HK\$”, “Hong Kong Dollars”, “HK Dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a clearing participant or a custodian participant under HKSCC to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “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
“Hong Kong Offer Shares”	the 2,700,000 H Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong, on and subject to the terms and conditions described in the section headed “Structure of the Global Offering” in this prospectus
“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 Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated April 24, 2026 relating to the Hong Kong Public Offering and entered into by, among others, our Company, the Controlling Shareholders, the Sponsor-Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this prospectus
“IFRSs”	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the IASB
“IIT Law”	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
“Independent Third Party(ies)”	any person(s) or entity(ies) who/which is not a connected person of our Company within the meaning of the Listing Rules
“International Offer Shares”	the 24,300,000 H Shares being initially offered by us for subscription under the International Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as further described in the section headed “Structure of the Global Offering” in this prospectus

DEFINITIONS

“International Underwriters”	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement expected to be entered into by, among others, our Company, our Controlling Shareholders, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators and the International Underwriters in respect of the International Offering, as further described in “Underwriting — Underwriting Arrangements and Expenses — The International Offering” in this prospectus
“Joint Bookrunners”	the Joint Bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	the Joint Global Coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Sponsors”	the Joint Sponsors as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Latest Practicable Date”	April 18, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about Wednesday, May 6, 2026, on which the H Shares are listed on the Hong Kong Stock Exchange and dealings in the H Shares are first permitted to commence on the Hong Kong Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Mr. Zhang” or “Mr. Zhang Min”	Mr. Zhang Min (張敏), chairman of the Board, executive Director and general manager of our Company, one of our Controlling Shareholders
“Ms. Nie” or “Ms. Nie Juan”	Ms. Nie Juan (聶娟), the spouse of Mr. Zhang and one of our Controlling Shareholders

DEFINITIONS

“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NMPA”	National Medical Products Administration of PRC (中華人民共和國國家藥品監督管理局)
“Nomination Committee”	the nomination committee of our Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed “Structure of the Global Offering” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares
“Overall Coordinators”	the Overall Coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“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
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》)
“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”	Hunan Qiyuan Law Firm, the legal advisor of our Company as to the PRC laws
“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
“Price Determination Agreement”	the agreement to be entered into between our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to fix and record the Offer Price

DEFINITIONS

“Price Determination Date”	the date, expected to be on or before Monday, May 4, 2026 (Hong Kong time), on which the Offer Price is determined and, in any event, no later than 12:00 noon on Monday, May 4, 2026
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of our Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Accountants”	Ernst & Young, the reporting accountants of our Company
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	the State Administration for Market Regulation (國家市場監督管理總局)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
“Sponsor-Overall Coordinators”	the Sponsor-Overall Coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“sq.m.”	square meters
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC (as amended, supplemented or otherwise modified from time to time)
“TCM”	Traditional Chinese Medicine
“Track Record Period”	the years ended December 31, 2023, 2024 and 2025
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“YSB”	YaoShiBang Co., Ltd.
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

“blood glucose”	the concentration of glucose in the bloodstream, produced primarily from the degradation of dietary carbohydrates and also synthesized in the liver and kidneys through processes such as glycogenolysis and gluconeogenesis
“CAGR”	compound annual growth rate, referring to the year-over-year growth rate, which is calculated by taking the nth root of the total percentage growth rate over a specified period of time. The formula for calculating CAGR is: $(\text{Ending Value}/\text{Beginning Value})^{(1/\text{number of years})-1}$
“cardiovascular disease”	any disease involving the heart or blood vessels. Cardiovascular disease constitute a class of diseases that includes: coronary artery diseases (e.g. angina, heart attack), heart failure, hypertensive heart disease, rheumatic heart disease, cardiomyopathy, arrhythmia, congenital heart disease, valvular heart disease, carditis, aortic aneurysms, peripheral artery disease, thromboembolic disease, and venous thrombosis
“chronic obstructive pulmonary disease”, or “COPD”	a chronic inflammatory lung disease that causes obstructed airflow from the lungs, symptoms including breathing difficulty, cough and mucus production
“DC motor”	Direct Current Motor, an electromechanical device that converts direct current electrical energy into rotational mechanical energy
“diabetes”	a group of common endocrine diseases characterized by sustained high blood sugar levels
“FDA”	The United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
“GMP”	Good Manufacturing Practice, guidelines and regulations issued from time to time pursuant to the PRC Law on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》) as part of quality assurance which ensures that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to the quality and standards appropriate for their intended use
“gross merchandise volume”, or “GMV”	the total value of all orders placed
“hydrocolloid dressings”	opaque, translucent, or transparent medical dressing for superficial open wounds
“hyperuricemia”	an abnormally high level of uric acid in the blood. Hyperuricemia may be the result of increased production of uric acid, decreased excretion of uric acid, or both increased production and reduced excretion

GLOSSARY OF TECHNICAL TERMS

“ISO”	International Organization for Standardization
“IVD”	vitro diagnostic, refers to medical tests or procedures performed on samples taken from the human body (such as blood, urine, tissue, or other bodily fluids) outside of a living organism, typically in laboratories, healthcare facilities, or even at home
“KOC(s)”	key opinion consumer(s)
“KOL(s)”	key opinion leader(s)
“obstructive sleep apnea”, or “OSA”	the most common sleep-related breathing disorder. It is characterized by recurrent episodes of complete or partial obstruction of the upper airway leading to reduced or absent breathing during sleep
“ODM”	original design manufacturing, where a manufacturer designs and manufactures a product which is specified by the customer and eventually marketed and sold under the customer’s brand name or under no specific brand
“OEM”	original equipment manufacturing, where a manufacturer manufactures a product in accordance with the customer’s design and specifications and is marketed and sold under the customer’s brand name or under no specific brand
“POCT”	point-of-care testing, the analysis of patient specimens near or at the site of patient care, usually performed by clinical staff without laboratory training, also encompassing patient self-monitoring
“polyurethane”	a solid polymeric foam based on polyurethane chemistry. As a specialist synthetic material with highly diverse applications, polyurethane foams are primarily used for thermal insulation and as a cushioning material in mattresses, upholstered furniture or as seating in vehicles
“R&D”	research and development
“recombinant collagen”	a form of collagen that is produced through recombinant DNA technology, using genetically modified organisms to synthesize collagen proteins that mimic natural human collagen
“Silver Economy”	the system of production, distribution and consumption of goods and services aimed at using the purchasing potential of older and aging people and satisfying their consumption, living and health needs
“SKU(s)”	stock keeping unit(s), a unique identifier assigned to each product or material in inventory

GLOSSARY OF TECHNICAL TERMS

“sleep apnea-hypopnea”	a respiratory sleep disorder characterized by repeated episodes of partial (hypopnea) or complete (apnea) cessation of airflow during sleep, leading to oxygen desaturation and/or sleep fragmentation
“sodium hyaluronate”	the sodium salt of hyaluronic acid, a glycosaminoglycan found in various connective tissue of humans
“uric acid”	a heterocyclic compound of carbon, nitrogen, oxygen, and hydrogen. It forms ions and salts known as urates and acid urates, such as ammonium acid urate. High blood concentrations of uric acid can lead to gout and are associated with other medical conditions, including diabetes and the formation of ammonium acid urate kidney stones

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our future business development, financial condition and results of operations;
- our business strategies and plans to achieve these strategies;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business partners;
- general economic, political and business conditions in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- our ability to maintain the market leading positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our service and geographic expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;
- our dividend policy;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- all other risk and uncertainties described in the section headed “Risk Factors” in this prospectus.

In some cases, we use the words “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed “Business” and “Financial Information” in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

FORWARD-LOOKING STATEMENTS

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this prospectus. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. 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 titled “Forward-Looking Statements” of this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our success is dependent on the continued popularity and market acceptance of our products and our ability to compete effectively in the home care medical devices industry.

We operate in the home care medical devices industry, which is characterized by evolving healthcare needs, rapid technological advancement, changing consumer preferences and increasing regulatory requirements. Our success depends on our ability to accurately anticipate, respond to and capitalize on these developments by developing, producing and marketing products that meet the evolving demands of consumers and healthcare providers. During the Track Record Period, we launched a broad range of new products, many of which are aimed at meeting the growing demand for intelligent, personalized and home-based medical solutions. In order to maintain and enhance our market position, we are required to continuously invest in product innovation, production capacity expansion, marketing and brand promotion to meet consumers’ needs. These efforts involve substantial market research, technical development, regulatory filings, execution capabilities and financial resources. However, there is no assurance that such investments will be successful or that our new products will gain market acceptance.

In addition, our business and the market demand for our products remain subject to changes in macroeconomic conditions and consumer spending patterns. In times of economic downturn or uncertainty, consumers may reduce discretionary spending or postpone purchases of medical products that are not perceived as essential, which could lead to lower order volumes and reduced sales. If consumer confidence weakens or overall spending power declines due to factors such as inflation, unemployment, public health events or other macroeconomic pressures, demand for our products could decline, which may have a material adverse impact on our business, financial condition and results of operations.

We may face challenges as we expand our product portfolio and explore new business areas.

We continued to expand our product offerings and business scope through R&D, acquisition of external technologies and assets, and innovation in business models. For example, we launched new products in areas such as intelligent respiratory support, electric rehabilitation equipment, wearable diagnostic devices and TCM therapy, and began exploring new service-oriented offerings. We also expanded the application scenarios of our products to include home-based chronic disease management, elderly care, and community-level healthcare. However, our entry into new product categories or business segments may expose us to new and unforeseen risks. These new initiatives often require substantial capital investment, R&D input, operational coordination, and market education, and may not achieve expected commercial success. If we are unable to efficiently allocate our resources or effectively execute these growth initiatives, our investment may not be recovered, and our financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

We rely on third-party e-commerce platforms to sell our products online. If the services or operations of such platforms are interrupted, or if our cooperation with them terminates, deteriorates or becomes more costly, our business, financial condition and results of operations may be materially and adversely affected.

A significant portion of our product sales during the Track Record Period was derived from online channels, particularly through third-party e-commerce platforms such as Tmall, JD.com, Douyin, Rednote, Pinduoduo and YSB. These platforms play a critical role in our brand visibility, customer engagement and product distribution. In 2023, 2024 and 2025, our revenue generated from online direct sales amounted to RMB775.7 million, RMB1,068.9 million and RMB1,130.5 million, respectively, accounting for 27.2%, 35.8% and 33.4% of our revenue of the same years. We operate official flagship stores on several of these platforms and also cooperate with authorized online distributors who resell our products through their own e-commerce channels. For details, see “Business — Our Sales Network — Online Sales Channel” in this prospectus.

We are dependent on the continued operation and popularity of these platforms. Any disruption or slowdown in their services, including system outages, cybersecurity threats, regulatory investigations, or reputational issues, could result in reduced traffic to our online stores, lower conversion rates and diminished sales performance. If we fail to adjust to such changes or to maintain favorable exposure on these platforms, the effectiveness of our online marketing and sales efforts may be impaired. Moreover, if our cooperation with these platforms deteriorates, becomes subject to disputes, or is terminated, or if the platforms impose higher service fees, commission rates or other operational costs and we fail to replicate the same level of customer reach or commercial terms elsewhere in a timely or cost-effective manner, our profitability could be adversely impacted.

We face intense competition in both domestic and international home care medical devices industry.

The global home care medical devices industry is highly competitive and rapidly evolving, with participants ranging from established domestic manufacturers to large multinational companies. During the Track Record Period, our performance was supported by our continuous investment in R&D, brand reputation, product quality and safety, pricing strategy and the strength and reach of our sales and distribution networks.

However, according to Frost & Sullivan, market competition is particularly intense in segments such as home rehabilitation aids, home respiratory support products, and home medical care supplies, which are the primary focus areas of our business. According to Frost & Sullivan, the home rehabilitation aids industry and home medical care products industry in which we operate are highly competitive, each with over 300 market participants in China. The China’s market for home respiratory support products also has nearly 100 market participants. We face potential competition from new market entrants or existing players introducing low-cost or innovative alternatives, which may lead to downward pressure on pricing and profit margins. If we are unable to respond effectively to such competitive pressures, our market share may decline and our business, financial condition and results of operations could be materially and adversely affected.

If we are unable to effectively expand and manage our sales, marketing and customer training infrastructure, our business growth and results of operations may be materially and adversely affected.

A key component of our growth strategy is the continued expansion and optimization of our sales, marketing and customer training infrastructure. To support our expansion, we need to attract, train, retain and manage a growing team of skilled sales and marketing professionals with sufficient product knowledge and market understanding, as well as technical staff capable of educating end-users on product usage and care. Moreover, if we are unable to recruit and retain a team of qualified in-house product trainers and audiologists, our ability to deliver satisfactory after-sales

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services and product usage guidance may be impaired. This could lead to reduced customer satisfaction and retention, damage to our reputation, and ultimately, hinder further adoption of our products. If we are unable to scale our sales, marketing and customer service capabilities in a timely and effective manner, we may not be able to fully capitalize on our growth initiatives, enhance our brand recognition, or maintain our competitive position, which could materially and adversely affect our business, financial condition and results of operations.

Changes in laws and regulations applicable to our industry and business could affect our business operations.

We are subject to extensive government regulation in Chinese Mainland, particularly in relation to the registration, production, distribution, advertising, labeling, and post-market surveillance of medical devices and healthcare-related products. Compliance with these laws and regulations requires significant resources, and any failure to comply may subject us to penalties, suspension of production or sales, mandatory recalls, loss of certifications or other enforcement actions by regulatory authorities. Additionally, the regulatory framework governing our industry is evolving, and new or more stringent laws, regulations, administrative interpretations or enforcement practices may be introduced from time to time. These changes could impose additional requirements or operational restrictions that may materially and adversely affect our business. While we closely monitor developments in the applicable regulatory framework and have implemented compliance protocols across our operations, we cannot guarantee that we or our partners will be able to adapt to such changes in a timely and cost-effective manner. Delays or failures of us or any of our key business partners in responding to regulatory changes could result in operational disruptions, suspension of product sales, or loss of market access. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We depend on certain third parties for various services and products in connection with our business. Any failure on their part to fulfill obligations in contracts could materially and adversely affect our results of operations.

We rely on third-party suppliers for various products and services. We endeavor to source goods and services from third-party providers whom we believe are able to meet our quality, delivery schedule and other requirements. However, the products and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality. If the third-party providers do not perform satisfactorily, substantially reduce the amount and scope of goods and services provided to us, increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures which could increase our costs of operations.

In particular, we engage third-party logistics providers to transport our products from warehouses to offline stores, distributors, pharmacies and end-customers across various channels. Any disruptions or inefficiencies in our logistics arrangements, whether due to our service providers' operational failures, financial distress, labor disputes, capacity constraints, or external factors, could negatively impact our supply chain, delay order fulfillment and result in increased distribution costs. We are also exposed to risks related to the improper handling or transportation of our products by third-party logistics providers.

During the Track Record Period, we also engaged certain ODM and OEM providers to participate in the production of our products to optimize operation efficiency and diversify our product portfolio. We select our ODM and OEM providers based on stringent criteria. See "Business — Our Production — Our Manufacturing Bases" in this prospectus for details. However, we cannot assure that our ODM and OEM providers will have sufficient capacity to meet the increasing demand for our products. Any failure to do so could result in delayed launch of new products and product delivery and harm our market reputation and consumer relationship.

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We are subject to the risks associated with our distributors.

In line with industry practice, we rely on distributors to expand our sales network and product reach in both domestic and overseas markets. During the Track Record Period, our revenue generated from sales to distributors amounted to RMB1,573.2 million, RMB1,317.1 million and RMB1,402.8 million, respectively, accounting for 55.1%, 44.2% and 41.4% of our total revenue during the respective periods. See “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Breakdown by Distribution Channels” for more details. As such, our business performance depends in part on the sales and marketing efforts of our distributors and our ability to maintain stable and long-term relationships with them. If any of our major distributors fails to maintain or increase the volume of its purchases from us, or if we are unable to secure additional distributors to meet our expansion needs, our business and results of operations could be materially and adversely affected.

In particular, the effectiveness of our distributors’ operations depends significantly on their channel staffing capabilities, including their ability to recruit, train, manage and retain sufficient and qualified sales and operational personnel. Moreover, we cannot guarantee that our distributors will strictly comply with the terms of their agreements with us, including compliance with pricing guidelines, marketing policies, and after-sales support standards. Any failure to do so could expose us to reputational damage, regulatory risks, customer complaints or claims, and additional costs in replacing distributors or addressing breaches. Additionally, we cannot assure you that our distributors possess or will continue to possess adequate resources and capabilities to effectively market and sell our products, maintain sufficient competitiveness, or avoid conflicts with one another in overlapping market segments. If our distributors fail to actively promote and sell our products or underperform in their designated territories, our sales volume, brand reputation, and overall financial performance may suffer.

Furthermore, during the Track Record Period, certain of our distributors engaged sub-distributors to broaden coverage in geographic areas or online platforms where they lacked direct access. We typically do not enter into contractual arrangements with such sub-distributors, thereby limiting our ability to supervise or enforce our sales policies, quality assurance standards, and pricing strategies across all channels. Any non-compliance, misconduct or breach by these sub-distributors may not only impair our brand image and customer trust, but may also lead to decreased demand for our products, which could have a material and adverse impact on our business and results of operations. In addition, we face risks associated with managing our multichannel sales network. However, our multiple sales channels might compete with each other and we cannot guarantee that our measures will be completely effective, which could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We face the risk of fluctuations in demand for our products due to public health outbreaks, which could materially affect our results of operations and financial performance.

As a home care medical devices provider, our business is influenced by the dynamics of public health outbreaks, which can cause substantial fluctuations in the demand for our products. During the Track Record Period, we have experienced an increase in sales of select types of medical care products and health monitoring products, driven by increased demands caused by the pandemic outbreak in China and related policies including mask-wearing protocols, as well as strong promotion of public awareness on personal hygiene and respiratory system protection. In particular, we have seen strong sales of (i) health protection products, such as masks and gloves; as well as infection control products, such as cotton swabs, disinfection products and wet wipes; and (ii) thermometers, blood oxygen monitors and home testing strips for respiratory infections in the first quarter of 2023.

Public health outbreaks are highly unpredictable in terms of their onset, duration, and severity. A new outbreak, whether it is a resurgence of an existing disease or the emergence of a novel pathogen, could once again trigger a sudden and substantial increase in the demand for our products.

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However, if the global situation regarding public health remains stable or improves further, the demand for our products may continue to decline. There is no certainty that we can accurately predict or respond effectively to the fluctuations in demand caused by public health outbreaks. Any significant and prolonged deviation from our expected demand levels could have a material and adverse impact on our business, financial condition, and results of operations.

We face risks related to supply shortages and interruptions, long lead times, and price fluctuations for raw materials and components.

We primarily procure raw materials, components and finished products used in the manufacturing and sale of our medical products and health management products. During the Track Record Period, each of our main products require distinct raw materials and we purchase raw materials on an as-needed basis at market prices. Any operational difficulties, financial instability, or other unforeseen disruptions affecting our suppliers could result in supply shortages, longer lead times or increased procurement costs, thereby impacting our production efficiency and ability to fulfill customer orders.

In addition, we are subject to fluctuations in the prices of raw materials and components, which may be influenced by various factors beyond our control, such as supply and demand dynamics, inflation, changes in trade policies, geopolitical events and regulatory interventions. For example, during the Track Record Period, the procurement costs of the DC motors and compressors we procured experienced fluctuations of less than 7% and less than 6%, respectively. If we are unable to pass on increased procurement costs to our customers or to effectively control our cost structure, our gross margins and profitability may be adversely affected.

Expansion and acquisitions of or investments in our businesses, products, technologies, production capacity or know-how could subject us to risks and uncertainties.

We continually evaluate and pursue strategic opportunities for acquisitions or investments in businesses, products, technologies, production capacity, or know-how that we believe will enhance our product development, R&D capabilities, technology, and distribution network. However, there can be no assurance that we will be able to successfully execute these expansion and acquisition plans or complete the relevant transactions as anticipated. Our ability to grow through acquisitions and investments depends on our ability to identify suitable targets, integrate them into our operations, and secure necessary financing on reasonable terms. During the acquisitions and investments, we may face uncertainties in identifying suitable targets and determining appropriate valuation for potential acquisitions, and there can be no assurance that the acquired businesses or assets will perform as expected. If any acquisition is unsuccessful or does not achieve its intended objectives, the anticipated financial or strategic benefits of such acquisition may not materialize, which could adversely affect our business, financial condition and results of operations.

Following any acquisition or strategic investment, we may face difficulties in integrating the acquired businesses, operations, technologies, brands, personnel and corporate cultures with our existing business. Such integration process may be time-consuming and may require significant management attention and resources. We may also be unable to retain key personnel or maintain relationships with customers, suppliers or other business partners of the acquired businesses. Furthermore, we may not be able to successfully realize the anticipated synergies, strategic benefits, cost savings or operational efficiencies expected from such transactions within the expected timeframe, or at all. Any failure to effectively integrate acquired businesses or realize expected synergies may adversely affect our financial performance and operational efficiency. In addition, acquisitions may dilute our brand positioning or result in inconsistencies in product quality or service standards if the acquired businesses are not effectively integrated into our existing management and quality control systems.

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In addition, acquisitions or investments may involve significant valuation risks. We may be required to recognize goodwill and other intangible assets in connection with such transactions. If the acquired businesses do not perform as expected, or if there are changes in market conditions, business prospects or regulatory environment, we may be required to record impairment losses on goodwill or other acquired intangible assets. Any such impairment could have a material and adverse impact on our financial condition and results of operations.

Furthermore, we may uncover deficiencies in internal controls, data integrity, product quality, regulatory compliance, or other liabilities in acquired businesses that were not identified prior to the acquisition. As a result, we may face penalties, lawsuits, or other liabilities related to these deficiencies. Any difficulties in the integration of acquired businesses or products, or unexpected legal and regulatory issues, could materially and adversely impact our business, financial condition, and operational results.

We rely on our manufacturing and storage facilities, and any significant disruption to our operations may materially and adversely affect our business and results of operations.

Our business operations depend on the continued operation of our production and storage facilities located in Changsha, Yueyang, Nantong and Qidong. These facilities house key manufacturing processes for a wide range of our core product categories. Any significant disruption at these sites, whether due to natural disasters, fire, flooding, power or water supply interruptions, equipment failures, pandemic-related lockdowns, or other unforeseen catastrophic events, could materially interrupt our ability to produce and deliver products on a timely basis. Our production lines and equipment are tailored for specific products and processes, and in some cases may be difficult or time-consuming to replace or relocate. Any major incident affecting our manufacturing facilities may also damage on-site inventory, delay order fulfillment, and harm our brand reputation, all of which may have a material adverse impact on our financial performance. Any delay or failure in maintaining stable operation of our manufacturing network may limit our ability to meet market demand and could materially and adversely affect our business, results of operations and prospects.

We are subject to environmental, hazardous substance handling, chemical manufacturing, health and safety laws and regulations, and production standards, and any inability to comply with such requirements may subject us to liabilities.

Our processing, and production operations are subject to laws, regulations, and administrative determinations particularly those related to environmental protection, hazardous substance handling, chemical manufacturing, health and safety, and stringent production standards in the countries and regions where we operate. In response to the above and awareness of environmental, social and governance (the “ESG”) matters, we will integrate risk factors pertaining to sustainability into our risk matrix to mitigate associated impacts and develop best practices. We cannot assure that we can effectively implement the ESG governance protocols. Meanwhile, to comply with extensive environmental laws and regulations in Chinese Mainland, including those related to air and water quality, sewage management, and public health and safety, we shall obtain approval for environmental impact assessment reports and environmental acceptance of our facilities under construction.

We have incurred, and expect to continue incurring, material expenditures to comply with these laws and regulations. Compliance requirements impose substantial costs and burdens, potentially leading to delays in obtaining, failure to obtain or renew, or cancelation of government permits and approvals, all of which could adversely impact our operations. Non-compliance may result in significant penalties or fines, license revocations, termination of government contracts, or suspension of operations. During the Track Record Period, we have not received any fines or penalties for non-compliance with PRC environmental laws, nor have been subject to any substantial administrative penalties due to breaches of environmental regulations in Chinese Mainland but there is no assurance that we will not breach the laws and regulations for environment-related issues in the future.

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Any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects. Litigation to protect our intellectual property rights may be costly and ineffective.

Our success depends in part on our ability to protect our intellectual property rights. We seek to protect our intellectual property through a combination of patents, trademarks, copyright, and trade secret laws and contractual arrangements, such as non-disclosure agreements, confidentiality clauses, and intellectual property assignment provisions. As of the Latest Practicable Date, we had 701 patents, 799 registered trademarks, 127 software copyrights, and 146 patent applications. Please see “Business — Intellectual Properties” in this prospectus for more details.

However, there is no assurance that such protections will be sufficient to prevent infringement, misappropriation, or unauthorized use by third parties. We may initiate legal proceedings to defend our intellectual property rights against any infringement by third parties, which may be both costly and time-consuming, causing diversion of our management’s attention. We may also be subject to disputes, claims or litigation involving our intellectual property rights or third-party intellectual property rights and there may be claims that we infringe third-party intellectual property rights. Any of these could disrupt our business and divert our management’s attention from our operations.

Whilst we generally enter into non-disclosure agreements with our key employees and partners, we cannot guarantee whether they will breach these agreements and leak our know-how, business secrets or any other commercially sensitive information to our competitors, which will have a material adverse effect on our business, financial condition and results of operations.

Our future success depends on our ability to retain key management and R&D personnel and our ability to attract, train and retain talented personnel.

Our success remains dependent on the continued services of our key management and R&D personnel, as they are in charge of the overall planning, execution of our business and operations and research and development of products. If any of our Directors, any members of senior management and/or any key members of our R&D department were to terminate their services or employment with us, we may not be able to find suitable replacements in a timely manner, at an acceptable cost or at all.

In addition, as a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly skilled employees and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. As of December 31, 2025, we employed 361 R&D personnel. However, the market for experienced and highly skilled personnel in the home care medical devices industry is highly competitive. We may have to pay higher salaries and wages and provide greater benefits in order to attract and retain highly skilled employees or other key personnel that we will need to achieve our strategic objectives. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations.

We may not be able to keep up with rapid technological changes and evolving industry standards and derive the desired benefits from our research and development efforts, including collaborations with third parties, which may negatively affect our competitiveness and profitability.

We place significant emphasis on the research, design and development of our products and respond to evolving healthcare demands and consumer preferences. During the Track Record Period, our R&D expenditure amounted to RMB114.3 million, RMB106.7 million and RMB98.7

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million in 2023, 2024 and 2025, respectively. To maintain and expand our competitive advantage in technology, we may devote additional resources to R&D in the future. In addition to our in-house R&D capabilities, we also engage in joint R&D collaboration with third parties to develop new technologies and products.

However, the process of designing and developing new medical products is complex, costly and time-consuming. It requires close coordination among cross-functional teams and may involve extensive testing, user feedback, compliance assessments and registration with regulatory authorities. Even if we successfully launch new products or upgrade our existing products, there is no assurance that they will be accepted by customers or achieve anticipated sales targets and profitability. Additionally, our existing or potential competitors may develop products that are similar or superior to ours or offer more competitive pricing that may cause our loss of customers. If we fail to appropriately respond to these challenges, our significant R&D expenditures may not yield corresponding benefits, which may materially and adversely affect our business, prospects, financial condition, and results of operations.

Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity.

We may from time to time become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. Any litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management's attention and consume their time and our other resources. We cannot assure you that the outcome of such legal proceedings will not adversely affect our business, financial condition and results of operations.

Furthermore, any litigation, legal disputes, claims, administrative proceedings or other administrative measures which are initially not of material importance may escalate and become important to us, due to a variety of factors. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects.

Malfunctions or security breaches of our information technology ("IT") systems, networks and software could disrupt our operations and negatively impact our business.

Our business operations depend heavily on our IT systems, which support various functions, including procurement, production planning, inventory and warehouse management, product sales, financial reporting, and after-sales services. We also rely on integrated IT systems to manage our operations across multiple online and offline sales channels, including e-commerce platforms, self-operated stores and third-party distributors. See "Business — Our Information Technology" in this prospectus for more information. There is no assurance that we will not be subject to any of those cyber security issues in the future. A major failure, disruption or breach of our IT systems could lead to business interruption, delays in order processing or fulfillment, financial loss and even reputational damage, which could adversely impact our results of operations.

We also rely on third-party service providers for certain critical IT functions, including cloud-based data storage, enterprise resource planning (ERP) software, and maintenance services. Any failure by these vendors to meet their contractual obligations, or any termination or suspension of services, could lead to disruptions in our system operations, increased costs, or delays in migrating to alternative service providers. Moreover, a failure by these vendors to adequately protect our data could expose us to privacy risks or regulatory penalties.

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Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. See “Business — Data Privacy and Cybersecurity” in this prospectus for further details. The secure maintenance of such data is critical. We process data in compliance with the applicable legal requirements to ensure data security. Our operations are subject to a variety of laws and regulations concerning data privacy and security. For applicable laws and regulations, please see “Summary of Principal Legal and Regulatory Provisions — Laws and Regulations Relating to Cybersecurity, Data Security and Personal Information Protection” in Appendix IV to this prospectus for further details. Failure to comply with the increasing number of data protection laws in Chinese Mainland, as well as the data security and privacy laws in other jurisdictions where we intend to operate, could result in significant reputation damage and adversely affect our business performance.

Failure to comply with applicable advertising laws and regulations when promoting our products may subject us to potential risks and penalties.

We advertise our brands and products through various online and offline channels, which are subject to applicable PRC laws and regulations. Under PRC advertising laws and regulations, we are required to ensure that the contents of our advertisements are in full compliance with applicable laws and regulations. For example, the advertisements shall not present any false, inaccurate or misleading information about the products. Moreover, our marketing and promotion of products are subject to higher standards under PRC laws and regulations, such as the Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》), and the Measures for the Administration of Internet Advertisements (《互聯網廣告管理辦法》). If we are found to be in violation of any of such laws and regulations in the future, we may face administrative penalties, including fines, revocation of our business licenses and discontinuance of our advertising activities. Moreover, governmental actions and civil claims may be filed against us for misleading or inaccurate advertising or other illegal acts violating advertising laws or consumer rights.

Furthermore, if our employees or the third-party distributors or OEM/ODM suppliers we engage fail to comply with such laws and regulations, or the relevant government authorities, who have the legal right to exercise discretions in interpreting the laws and regulations, ultimately take a view that is inconsistent with our understanding in the process of administrative law enforcement, we may be subject to potential risks and penalties. We may have to spend significant resources in defending against such actions, and these actions may damage our reputation, result in reduced revenue, and negatively affect our results of operations.

We are subject to risks associated with engaging KOLs for marketing activities and may be adversely affected by the evolving regulatory development on marketing activities carried out by KOLs.

We at times promote our products through collaboration with KOLs for marketing activities and special events. These KOLs play an important role in enhancing product visibility and brand recognition through various social media platforms by creating short videos, posts and livestreaming sessions. We foster strategic collaboration with reputable KOLs in recognition of their influence in shaping consumer perceptions, preferences and purchasing decisions in the digital landscape. Any negative publicity involving these KOLs, or a deterioration in the relationships with these agencies, could adversely affect our brand’s reputation and marketing efforts.

In addition, we cannot assure that our KOLs will remain compliant with applicable laws and regulations on marketing activities carried out by them. Any misconduct or deterioration of image by our KOLs, including inappropriate speech, unethical behavior, violation of laws and regulations

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or other negative publicity beyond our control would adversely impact our brand reputation and product sales. We may also initiate legal proceedings against KOLs for compensation, which could divert management's attention and incur additional litigation expenses.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalty.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such a plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated based on the employee's actual salary level of previous year. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain of our employees, and did not make social insurance and housing provident fund for a small number of our employees, as required by relevant laws and regulations. As a result, we may be required to pay the shortfall in social insurance contributions and housing provident fund contributions within a prescribed time period and even to pay penalties if we fail to do so.

Pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribe period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the outstanding amount. Based on the best information and knowledge of our Directors, the Group has not been subject to any potential fines in relation to such shortfall during the Track Record Period and up to the Latest Practicable Date.

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)》) was enacted by the Supreme People's Court on 31 July 2025 and implemented on 1 September 2025.

During the Track Record Period, we engaged third-party human resource agencies to pay social insurance primarily as requested by the employees themselves. Such arrangement, although not uncommon in China, is not in strict compliance with relevant PRC laws and regulations. As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, we may be ordered to pay social insurance premium and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts. If the third-party human resources agencies fail to pay the social insurance premium or housing provident funds for and on behalf of our employees as required under applicable PRC laws and regulations, we may be ordered to rectify such failure by paying full contributions to social insurance and housing provident funds for our employees. Any such event would materially and adversely affect our business, financial condition and results of operations.

We have a certain number of labor dispatch employees and have limited control over them. Any labor shortages, labor disputes or occurrence of accidents and/or product quality issues arising in the process of labor dispatching could result in a material and adverse effect on our business, financial condition and results of operations.

During the Track Record Period, we engaged labor dispatching agencies to support our business operations and the percentage of dispatched workers did not exceed the maximum percentage under applicable PRC laws and regulations. In 2023, 2024 and 2025, the number of our dispatched labor employees were 196, 168 and 192, respectively. While these arrangements may lower our operation costs, they also reduce our direct control over service quality. Moreover, such labor dispatching agencies may also experience disruption in their own operation due to labor strikes or shortages, natural disasters, cost increases or other issues outside of their control. Any failure of our labor dispatching agencies to perform their responsibilities or to operate in compliance with all applicable laws and regulations may have a negative impact on crew supply or

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result in disruptions to our operations. In the event of fraud or misconduct by a labor dispatching agencies, we could also be exposed to material liability and be held responsible for damages, fines, or penalties which in turn may adversely affect our business, results of operations, financial condition, and reputation.

We are subject to risks related to our properties.

We lease properties primarily for use as our offices, production facilities, warehouses, workshops and offline stores. Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local housing administrative authorities. As of the Latest Practicable Date, a portion of our lease agreements for properties in Chinese Mainland had not been registered with relevant authorities in Chinese Mainland. We cannot assure that we will not be subject to any penalties arising from the non-registration of lease agreements in the future.

In addition, lessors had not provided title certificates of a portion of properties we leased as of the Latest Practicable Date. Despite the lack of certain title certificates of our leased properties, those leased properties are easily replaceable and do not serve as the primary production and operation sites for us. According to the relevant PRC laws and regulations, our rights as occupant of these properties may be adversely affected due to the absence of the relevant building ownership certificates. We cannot assure you that the landlord of these properties have the right to lease the relevant property to us. As advised by our PRC Legal Advisor, we may not be able to continue to use such property if the ownership of the property we have leased and/or the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate in the future.

Our business and prospects depend on the reputation and market perception of our brands. Any negative publicity concerning our Company, our management team, our brands and products, or our business partners may materially and adversely affect our brand image, reputation and results of operations.

Our business performance and future growth are significantly reliant on the reputation, recognition and consumer trust in our brands, particularly “Cofoe” and other sub-brands such as “JOYOR HearingCare” and “babaka”. Negative publicity or adverse commentary in the media or on social media platforms regarding our Company, our products, or the safety, quality or efficacy of our products, may reduce consumer confidence in our brands and cause reputational harm. We engage with various stakeholders in our business ecosystem, including distributors, e-commerce platforms, influencers and healthcare professionals. Any actual or perceived misconduct, false claims, or negative publicity relating to any of these parties may also have a spillover effect on our brand image.

In addition, the reputation of participants in the broader healthcare or medical devices industry is susceptible to public opinion, regulatory scrutiny and consumer sentiment. Negative developments in the industry, such as product recalls or regulatory violations by other market players, may have an indirect impact on the perception of our products, even if we are not directly involved. Our reputation may also be affected by product defects, product liability claims, or consumer complaints. If any of our products are found to be defective, or if we receive a large number of consumer complaints or negative online reviews, especially on highly visible platforms such as Tmall, JD.com or Douyin, our brand image could be significantly harmed. In severe cases, such incidents may lead to regulatory investigations, administrative penalties or enforcement actions, which may result in fines, mandatory recalls, public warnings, or other corrective measures that could materially and adversely affect our business, financial condition and results of operations.

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Our delivery, return and exchange policies may subject us to additional costs and expenses, which may adversely impact our financial condition and results of operations.

We have adopted delivery, return and exchange policies to enhance customer experience and support our multi-channel sales strategy. These include policies that do not always pass on the full shipping costs to end-customers, and customer-friendly return and exchange mechanisms for both our self-operated online stores and offline retail channels. While these policies improve customer satisfaction and brand reputation, they also increase our operational costs. Moreover, customers may take advantage of our lenient return or exchange policies, including for non-defective products, which could further increase our logistics and handling costs. In addition, applicable laws and regulations or changes in industry practices may require us to revise our current return, exchange and warranty policies, or adopt more consumer-friendly terms. These changes may expose us to higher fulfillment and after-sales costs, which may not be fully offset by additional revenue.

Product quality is essential to our business. Failure to maintain an effective quality control system could have a material adverse effect on our business, financial condition and results of operations. Any product liability claim, product recall or other quality-related risks could materially and adversely affect our reputation, business, financial condition and results of operations.

Our reputation, customer trust and long-term success depend heavily on the consistent quality, safety and performance of our products. Any compromise in product quality may lead to product returns, recalls, customer complaints and regulatory scrutiny. Such incidents could materially damage our brand image, erode consumer confidence, and adversely impact our market position and financial performance. We have implemented a comprehensive quality management system, which includes R&D quality management, material quality management, process quality management, and post-marketing quality management. See “Business — Quality Control” in this prospectus for more details. However, despite these measures, there is no assurance that all product quality issues can be detected or prevented.

In addition, as a medical product manufacturer, we are exposed to product liability and recall risks arising from potential defects in product design or manufacturing, improper handling or transportation, or failure to meet applicable safety standards. Although we maintain stringent quality control systems and have established quality management systems certified under ISO13485 and other international standards, we cannot assure you that all latent defects can be identified and rectified before products are delivered to customers. We may also face product complaints or liability claims arising from circumstances beyond our control, including improper usage by consumers, inadequate maintenance, or misuse by healthcare professionals.

The sizes of the markets for our products may be smaller than estimated and new market opportunities may not develop as quickly as we expect, or at all, limiting our ability to successfully sell our products.

Although, we offer a comprehensive product portfolio that spans across various application scenarios, including household health monitoring, chronic disease management, rehabilitation assistance, intelligent respiratory care, TCM therapy, and elderly care, our future growth depends on the expansion of relevant market segments. However, there is no assurance that the total addressable markets for our product lines will continue to grow. In particular, consumer preferences may shift, public procurement budgets may tighten, or demand for certain products may decline due to saturation or substitution by newer technologies. In addition, increased competition or price pressures, especially in retail and online channels, may force us to lower our average selling prices, which could erode our profit margins. We also face the risk of losing market share to existing competitors or new entrants with differentiated technologies, more extensive distribution networks, stronger brand recognition or more aggressive pricing strategies. If we are unable to maintain or expand our market share, or if the market size for our key product categories shrinks or becomes fragmented, our sales volume and revenue growth may decline.

RISK FACTORS

We may be unable to obtain financing on favorable terms, or at all, to fund our business operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements.

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures. To fund our continuing business operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements, we need sufficient internal sources of liquidity or access to additional financing from external sources. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including: (i) obtaining the necessary regulatory approvals to raise financing in the domestic or international markets; (ii) our future financial condition, operating results and cash flow; (iii) the condition of the global and domestic financial markets; and (iv) changes in the monetary policy of the PRC government with respect to bank interest rates and lending practices and conditions.

If adequate funding is not available to us on favorable terms, or at all, it may materially and adversely affect our ability to fund our operations, or develop or expand our business. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. In addition, future capital raised through issue of our Shares or other securities may result in a substantial dilution of the interests of our Shareholders.

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

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability.

We have purchased and maintained insurance policies that we believe are in line with the industry practice and as required by the relevant laws and regulations. However, there is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

Any misconduct of our Directors, management, employees, distributors, customers, suppliers or other related third-parties may subject us to potential liability and negative publicity.

Our business operations and reputation are closely linked to the conduct and integrity of our Directors, senior management, employees, distributors, customers, suppliers and other business partners. Although we have established compliance policies, internal controls, and business conduct guidelines to mitigate misconduct risks, we may not be able to detect or prevent all instances of inappropriate or unlawful behavior by these parties. Misconduct could include, among others, violations of applicable laws and regulations, breach of contractual obligations, fraud, corruption, bribery, data or product manipulation, or unethical commercial practices inconsistent with our corporate values. Any such misconduct, whether actual or alleged, may expose us to regulatory investigations, administrative penalties, civil or criminal proceedings, contractual disputes or termination of key business relationships.

RISK FACTORS

Any failure to execute effective sales and marketing strategies or adjust such strategies according to market changes may materially and adversely affect our business, financial condition and results of operations.

Our business success depends significantly on our ability to attract and retain consumers and institutional customers through effective sales and marketing strategies. These efforts are essential to increasing product sales, improving brand visibility, and maintaining market competitiveness. During the Track Record Period, we invested substantial resources in enhancing our marketing strategy and leveraged interest-based e-commerce platforms and short video content to increase consumer engagement and product awareness. However, there is no assurance that our sales and marketing strategies will always be successful or cost-effective. If we are unable to execute these strategies efficiently, or if our promotional efforts fail to convert into actual sales or improve brand loyalty, our profitability and financial performance could be adversely affected.

In addition, our business plans are based on the assumptions of future events which are bound to entail certain risks and are inherently subject to uncertainties that are beyond our control. The successful implementation of our business plans may be affected by a number of factors including the availability of sufficient funds, governmental policies, and regulations relevant to our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers, the threat of substitutes and new market entrants. As such, our financial condition, operating results, growth and prospects may be materially and adversely affected if our business plans fall short of our expectations.

We may not be able to implement global expansions as planned.

We intend to maintain our competitive advantages by, among others, expanding our global footprint through promoting overseas sales channels and distribution network establishment. Such expansion plans and any other future expansion plans would require significant capital investments in recruitment of additional sales and marketing personnel and engagement of sales and marketing activities. For details, see “Future Plans and Use of Proceeds”. We expect that we will incur substantial additional costs. In addition, the success of our global expansion plans depends on a few factors beyond our control, such as local laws and regulations and customer demand for our products in overseas local markets. As the success of our business expansion plans depends on various factors, many of which are beyond our control, there can be no assurance that we will be successful in implementing our strategies. Even if our strategies are implemented successfully, there can be no assurance that our strategies will lead to successful achievement of our business objectives.

Moreover, we may seek to expand our business through potential strategic investments and acquisition opportunities globally in the future. The success of these endeavors depends on the availability of, and competition for, suitable targets and opportunities, as well as financial resources, including available cash and financing capacity. Moreover, future cooperations, strategic investments, mergers and acquisitions and partnerships may expose us to potential risks, including the diversion of management attention and resources from our existing business and the inability to generate sufficient income to offset the costs and expenses.

These endeavors may also result in an increased leverage, sharing of potential legal liabilities in respect of the target businesses, and increased impairment charges related to goodwill and other intangible assets. As a result, we cannot assure you that we will be able to achieve the strategic purpose of any investment, partnership or cooperation, the desired level of control in management decisions of the partnership or our anticipated investment return from such business expansion. If we are unable to implement our expansion plans effectively, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

Our business is subject to seasonality fluctuations.

Our results of operations are subject to seasonal fluctuations in consumer demand, which may be influenced by holiday-related spending patterns, promotional events, and health-related consumption cycles. We typically experience higher sales during major holidays and shopping seasons, such as the “618” Mid-Year Shopping Festival and the “Double 11” Shopping Festival. These periods often see a rise in consumer traffic in both our online and offline channels, which may lead to increased product sales. We expect this seasonality trend to continue in the foreseeable future, which may cause fluctuations in our quarterly revenue and profitability. Any significant deviation from expected seasonal sales patterns could materially and adversely affect our business, financial condition and results of operations.

We are exposed to certain risks inherent in and associated with our export business such as changes in tariff and trade policies.

During the Track Record Period, we sold some of our products to our overseas customers. Revenue derived from non-Chinese Mainland markets as a percentage of our total revenue amounted to 1.7%, 2.0%, and 8.8% in 2023, 2024 and 2025, respectively. We face certain risks inherent in our export operations and risks associated with our efforts to expand and maintain our export business, including: (i) the risk of barriers, such as anti-dumping and other tariffs or other restrictions being imposed on foreign trade; (ii) risks relating to any unfavorable relationship that may exist between Chinese Mainland and the foreign country to which we sell our products; (iii) inherent difficulties and delays in contract enforcement and collection of receivables through the use of foreign legal systems; (iv) volatility in currency exchange rates; (v) the risk that foreign countries may impose withholding taxes (or otherwise tax our foreign income or place restrictions on repatriation of profit); (vi) market entry barriers such as strong local competitors that may have a proximity advantage and local connections, which may prevent us from competing effectively in new markets; (vii) social unrest, acts of terrorism, war or other armed conflict; (viii) changes in the political, regulatory, or economic conditions in a foreign country or region; and (ix) the burden of complying with foreign laws and regulations.

If we are unable to manage any of the risks described above effectively, our ability to maintain or expand our export business would be impaired, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

Our business may be adversely affected by wars, geopolitical tensions and armed conflicts.

Wars, geopolitical tensions and armed conflicts in various regions, including recent military conflicts, and wars around the world, including the war involving Iran, have created uncertainties in the global economic and operating environment. Such developments may lead to fluctuations in energy prices, disruptions in logistics and transportation, volatility in foreign exchange rates and changes in regulatory or trade policies, which could affect global business activities and market conditions. In addition, such uncertainties may affect the stability of global supply chains and the overall business sentiment, which could in turn influence market conditions and cross-border commercial activities.

These uncertainties may, directly or indirectly, affect our business operations. Although we have not experienced any material adverse impact from such events during the Track Record Period, there can be no assurance that our business, financial condition and results of operations will not be adversely affected in the future.

RISK FACTORS

We may encounter interruptions by force majeure events, natural disasters, severe weather conditions and other incidents that may affect our production and operations.

Our production and operations depend on a continuous and sufficient supply of utilities, such as electricity, water and gas. If there are any shortages of electricity, water, gas or other utilities in regions where our production facilities are located, the local government may require our production facilities to be shut down. Any disruption in the supply of electricity, water or gas at our production facilities would affect our production, and could cause deterioration or loss of our products. This could adversely affect our ability to fulfill our orders and consequently may have an adverse effect on our business and operations. In addition, explosions, fires, earthquakes, natural disasters or extreme weather, including droughts, floods, excessive cold or heat, typhoons or other storms could cause power outages, gas or water shortages, damage our production facilities and transportation channels, any of which could significantly affect our operations. We cannot assure you that any backup systems will be adequate to protect us from the effects of such events. Any failure to take adequate measures to mitigate the potential impact of unforeseeable incidents, or to effectively respond to such incidents if they occur, could adversely affect our business, financial condition and results of operations.

Our Controlling Shareholders may have substantial influence over the Company and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the Global Offering, our Controlling Shareholders will be entitled to exercise approximately 47.82% of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of the H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

The volatile nature of the global or regional economic, political, trade or other factors may adversely affect our business.

Our business operation is influenced by global and regional macroeconomic and political conditions, fluctuations in the levels of international and regional trade, changes in maritime and other transportation patterns, and other factors. Any severe or prolonged downturn globally or regionally could materially and adversely affect our business, financial condition and results of operations. Political and trade disputes and trade protectionism may result in imposition of trade barriers or restrictions, sanctions, boycotts, or embargoes, new or increased tariffs and other factors such as acts of war, hostilities, epidemics or terrorism, could also adversely affect the international or regional trade volume and customers demand, which could also make our business and financial performance suffer.

Additionally, the uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. Credit volatility could impact our working capital for manufacturing, or result in cost changes or interruptions to suppliers whose components we rely upon if we are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

RISK FACTORS

Changes in the international trade environment, ongoing trade conflicts, geopolitical tension and instability in the regions where we operate or have significant interests may affect our business and financial condition.

There have been changes in international trade policies and rising political tensions, which could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. Laws and regulations related to international trade keep evolving, including those related to import and export, outbound investment, transfer pricing, etc. These volatile changes could adversely affect the financial and economic conditions in the jurisdictions in which we and our business partners operate, which in turn adversely affect our financial condition and results of operations.

Recent changes in U.S. trade policies have created significant uncertainty for global trade. In April 2025, the U.S. government adopted a two-tier tariff structure: a universal 10% baseline tariff on all imports to the U.S. and individualized reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan. On April 10, 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days. In April 2025, China and the European Union also announced higher tariff rates on U.S. goods entering their borders. As our business model involves cross-border trade, these tariff measures may increase import costs for goods we sell, which could adversely affect our competitiveness, business, financial condition, or operating results. On May 12, 2025, China and the U.S. agreed to a temporary de-escalation of bilateral tariffs. The U.S. reduced additional tariffs on the majority of Chinese exports from 145% to 30%, while China lowered its additional tariffs on U.S. goods from 125% to 10%. Other planned tariff increases have been temporarily suspended. On June 10 and 11, 2025, the U.S. government reaffirmed that tariffs on Chinese imports would remain at a combined rate of 55%, comprising three existing components: a 25% Section 301 tariff imposed since 2018, a 20% tariff introduced in February 2025, and a 10% reciprocal tariff imposed on April 2, 2025. As of the Latest Practicable Date, the U.S. and China reached a tentative agreement to temporarily defer the implementation of 24% reciprocal tariffs for a period of one year, which is expected to end on November 10, 2026. Although certain low-value shipments may qualify for the de minimis exemption under U.S. customs regulations, the exemption threshold does not cover most of our shipments, and thus has limited mitigating effect. If U.S. authorities tighten eligibility or enforcement, our end customers may still face higher costs.

Any unfavorable government policies on international trade or any restriction on Chinese companies may affect our ongoing business relationship with international enterprises, consumer demand for our products, impact our competitive position, or prevent us from being able to conduct business in certain countries. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

RISKS RELATING TO FINANCIAL POSITION

Our historical financial and operating results during the Track Record Period are not indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability.

You should not rely on our historical results to predict our future financial performance. Our revenue amounted to RMB2,853.7 million, RMB2,982.9 million and RMB3,387.5 million in 2023, 2024 and 2025, respectively. Our gross profit amounted to RMB1,172.6 million, RMB1,508.7 million and RMB1,751.6 million in 2023, 2024 and 2025, respectively. However, our historical revenue and gross profit may not be indicative of our future growth. There is inherent risk in using such historical financial information of us to project or estimate our financial performance in the future, as they only reflect our past performance. There is no assurance that we will be able to maintain our historical growth in the future.

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Furthermore, as the market and our business evolve, we may need to adjust our business strategies, expand into new product categories, invest in technological upgrades, and enhance our marketing and channel capabilities. These changes may not achieve the expected results and may have a material and adverse impact on our results of operations and financial condition. Our expenses may grow faster than our revenue, and our expenses may increase or may be greater than we expected. We cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all. We may not be able to successfully address these or other challenges, which could adversely impact our business, results of operations and financial condition.

Any failure to manage our inventory effectively would increase operating costs and materially and adversely affect our results of operations, financial condition and cash flows.

We are required to forecast demand for our products and plan our procurement and production accordingly. Accurate demand forecasting is essential for maintaining appropriate inventory levels of raw materials, components and finished goods, optimizing production efficiency, reducing storage costs and ensuring timely product delivery. We determine our inventory levels based on our experience, customer orders, assessment of demand, and raw material price fluctuations. However, such assessments are inherently uncertain, and demand for our products may change significantly between the order date and the projected delivery date. Moreover, our ability to manage inventory levels may be further challenged by the diversity of our product offerings. These different product lines may be subject to different demand cycles and supply lead times, which increases the complexity of inventory planning. Our inventory turnover days were 127 days, 161 days and 149 days in 2023, 2024 and 2025, respectively.

There is no assurance that we will always maintain optimal inventory levels. If we overestimate demand, we may experience increased storage and holding costs, inventory write-downs, and potential product obsolescence, particularly in connection with products involving shelf life, regulatory certification updates or rapid iteration. Conversely, underestimating demand may result in inventory shortages, production capacity constraints, or delivery delays. Any of these challenges could materially and adversely affect our business, results of operations, and financial condition.

The preferential tax treatment and government grants that we currently enjoy may be altered or terminated, which could have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period, the Company and certain of our subsidiaries had been subject to a preferential tax rate of 15% given their accreditations as “High and New Technology Enterprise” during the Track Record Period. In addition, certain of our subsidiaries were qualified as small-scaled minimal profit enterprises and had been subject to a preferential tax rate of 20% during the Track Record Period. For more details, see “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Income Tax Expense” in this prospectus. There is no assurance that Chinese Mainland’s policies on preferential tax treatments will remain unchanged or that we will continue to qualify for such preferential rates in the future. If these tax benefits are canceled or discontinued, we may be subject to the standard enterprise income tax rate of 25%, which could materially and adversely impact our financial condition and results of operations.

Additionally, we enjoy a number of government grants in China. For 2023, 2024 and 2025, the total government grants we received amounted to RMB17.0 million, RMB14.8 million, and RMB30.1 million, respectively. Not all of the government grants received during the Track Record Period were recurring in nature. There can be no assurance that the government grants that we enjoy will not be altered or terminated. Any alteration or termination of our current preferential tax treatments or government grants could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

We may be exposed to credit risks arising from our trade and bills receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

Our trade and notes receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to RMB486.0 million, RMB401.8 million and RMB452.0 million, respectively. The credit period granted to our customers ranges from 30 to 90 days after receipt of VAT invoices. See “Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position — Trade and Bills Receivables” in this prospectus.

Our trade receivables turnover days were 71 days, 55 days and 46 days in 2023, 2024 and 2025, respectively, which were in line with our credit policy. The decrease of our trade receivables turnover days during the Track Record Periods was mainly due to our enhanced efforts in collection controls. We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

We recognized a certain scale of goodwill and other intangible assets during the Track Record Period. If we determine our goodwill to be impaired, it would adversely affect our financial condition and results of operations.

Our goodwill amounted to RMB242.4 million, RMB364.3 million and RMB368.9 million as of December 31, 2023, 2024 and 2025, respectively. Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses. Our other intangible assets amounted to RMB6.9 million, RMB17.6 million and RMB31.4 million as of December 31, 2023, 2024 and 2025. We generally determine whether goodwill and other intangible assets is impaired on an annual basis. In evaluating the potential for impairment of goodwill and other intangible assets, our management makes a number of assumptions, such as the continuity of the acquired businesses, their future operating performance, business trends, and market and economic conditions. This requires us to make subjective assumptions, and there are inherent uncertainties relating to this analysis and our management’s judgment in assessing the recoverability of the goodwill and other intangible assets. If any of the assumptions does not materialize, or if the performance of the acquired business is not consistent with such assumptions, we may be required to write-off part or all of our goodwill and other intangible assets and record an impairment loss. Any significant impairment of goodwill could substantially affect our reported earnings in the periods when recognized. In addition, impairment charges would negatively affect our financial ratios which may limit our ability to obtain external financings.

Share-based payments may lead to shareholding dilution for our existing Shareholders and adversely affect our financial performance.

We adopted Employee Incentive Scheme for the benefit of our Directors, senior management, key technicians, and key employees who, in the opinion of the Board, contribute directly to the overall business performance and sustainable development of our Company. In 2023, 2024 and 2025, we incurred share-based payment expenses of negative RMB1.8 million, RMB16.0 million and RMB31.7 million, respectively.

To further incentivize our Directors, senior management, key technicians, and key employees, we may grant additional share-based payments in the future. The issuance of shares related to such share-based payments may dilute the shareholding percentage of our existing Shareholders. Additionally, such share-based payments may increase our expenses, which could have a material and adverse effect on our financial performance.

RISK FACTORS

We are exposed to foreign exchange risk.

A substantial portion of our revenues and cost of sales is denominated in Renminbi. However, as we operate part of our business in the U.S and EU and other international jurisdictions, we have made and expect to continue to make significant equity and other investments outside of Chinese Mainland. During the Track Record Period, our revenue from export sales amounted to RMB49.9 million, RMB59.2 million and RMB298.7 million in 2023, 2024 and 2025, respectively, accounting for 1.7%, 2.0%, and 8.8% of the total revenue. Meanwhile, part of the raw materials required for our operation were partly sourced from imports, and US dollars, Hong Kong dollars, Singapore dollars and Japanese Yen, etc., were paid to foreign countries. We are therefore subject to risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi revenues from, our foreign operations, or affect the prices of our exported products and the prices of our imported equipment and materials. There is no assurance that future fluctuations in exchange rates would not have a material adverse impact on our financial condition and results of operations. If we face significant volatility in these foreign exchange rates and we cannot procure any specific foreign exchange control measures to mitigate such risks, our results of operations and financial performance may be adversely affected.

Fluctuations in interest rates may adversely affect our results of operations.

Like many other participants in the home-care medical devices industries, we may rely on bank borrowings to finance our capital needs for operations and investments. An increase in the interest rates of our loans may result in a significant increase in our interest expense, adversely affecting our finance costs, which in turn may affect our business and profitability. If structured improperly, certain derivative financial instruments may increase our exposure to interest rate fluctuations.

RISKS RELATING TO CONDUCTING BUSINESS IN COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in economic, regulatory, political and social conditions could materially and adversely affect our business and operations.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the countries and regions where we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. Our industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. Any changes in these factors, including the frequent changes in US tariff policies recently may have material and adverse effects on our business, financial condition and results of operations.

You may experience difficulties in effecting service of legal process and enforcing foreign court judgments against us and our Directors and senior management.

We are incorporated under the laws of the PRC and majority of our assets are located in Chinese Mainland. In addition, most of our Directors and officers reside in Chinese Mainland and their assets are substantially located in Chinese Mainland. As a result, it may be difficult, complicated and time-consuming for you to effect service of process upon those persons residing in China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese Mainland only if the jurisdiction has a treaty with Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese Mainland to satisfy the requirements for

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reciprocal recognition, subject to the satisfaction of other requirements. However, Chinese Mainland does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions.

The legal system for certain geographic markets is developing with uncertainties in interpretation and enforcement. The legal protections available to you and us may be limited.

Our operations span across various geographic markets, each with its unique legal system. These legal systems can be broadly categorized into civil law systems, which are primarily based on written statutes, and common law systems. It is noteworthy that in civil law jurisdictions, prior court decisions, while used as references, carry limited precedential value, unlike in common law systems.

We acknowledge the inherent uncertainties within the legal frameworks of some of the markets we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion in refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third-party conduct, or threats aimed at extracting payments or benefits from us.

Additionally, many of the legal systems in our operational markets are influenced by their respective government policies and internal rules. Some of these policies and rules may not be published promptly or at all, and could have retroactive effects. There are instances where key regulatory definitions are ambiguous, imprecise, or absent, or where regulatory interpretations diverge from court interpretations in analogous cases. Consequently, we may inadvertently violate certain policies or rules, only becoming aware of such violations after the fact. Furthermore, administrative and court proceedings in some of our markets may be prolonged, leading to significant costs and diversion of resources and management attention.

We recognize the possibility of new laws and regulations being adopted or interpreted as applicable to us in our geographic markets and elsewhere, which could impact our businesses and operations. The industries in which we operate may face increased scrutiny and regulation, necessitating the allocation of additional legal and other resources to comply with these regulations. Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the whole industry and affect our business, financial condition, and results of operations.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

As the PRC laws and regulations in relation to overseas issuance and listing of shares develop, we may be required to make filings with or report to CSRC or other PRC regulatory authorities for the Listing and our future capital raising activities. The relevant laws require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on

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confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Any failure to comply with these rules may materially affect our business, results of operations or financial conditions.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that additional approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the net proceeds from the Global Offering into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares. Investors of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

We are subject to periodic examinations on fulfillment of our tax obligations under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, results of operations, financial condition and prospects, as well as our reputation.

Individual holders of H Shares who are not residents of Chinese mainland and whose names appear on the register of members of H Shares (“non-Chinese mainland resident individual holders”) are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通告》) (Guo Shui Han [2011] No. 348) (國稅函[2011] 348號), dated June 28, 2011, issued by the SAT, dividends paid to non-Chinese mainland resident individual holder of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10.0%, dependent on whether there is any applicable tax treaty between Chinese mainland and the jurisdiction in which the non-Chinese mainland resident individual holder of H Shares resides as well as the tax arrangement between Chinese mainland and Hong Kong. Non-Chinese mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese mainland are subject to a 20.0% withholding tax on dividends received from us. For additional information, see “Appendix VI — Statutory and General Information” in this prospectus. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, non-Chinese mainland resident individual holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-Chinese mainland resident individual holders on the transfer of shares in Chinese mainland resident enterprises listed on overseas stock exchanges, and to our knowledge, in practice the Chinese mainland tax authorities had not collected individual income tax on such gains. If such tax is collected in the future, the value of such individual holders’ investments in H Shares may be materially and adversely affected.

RISK FACTORS

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”) and its implementation regulations, a non-Chinese mainland resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its Chinese mainland-sourced income, including dividends received from a Chinese mainland company and gains derived from the disposal of equity interests in a Chinese mainland company, subject to reductions under any special arrangement or applicable treaty between Chinese mainland and the jurisdiction in which the non-Chinese mainland resident enterprise resides. See “Appendix VI — Statutory and General Information” in this prospectus. The interpretation and implementation of the EIT Law and its implementation regulations by Chinese mainland tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposal of H Shares will be collected from non-Chinese mainland resident enterprise holders of H Shares, are to be determined in accordance with the relevant laws and regulations in effect at the time. If such tax is collected in the future, the value of such non-Chinese mainland resident enterprise holders’ investments in H Shares may be materially and adversely affected.

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

We receive a majority of payments from our operations in the PRC in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of the PRC, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations.

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

RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to listing and regulatory requirements of Chinese mainland and Hong Kong.

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

RISK FACTORS

Our A Shares were listed and traded on the Shenzhen Stock Exchange, and the characteristics of the A share and H share markets may differ.

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

There has been no prior public market for the H Shares and an active trading market for the H Shares may not develop or be sustained.

Prior to the Global Offering, no public market for the H Shares existed. We cannot assure you that an active trading market for the H Shares will develop or be sustained after the Global Offering. The Offer Price for the Shares is expected to be fixed by the Price Determination Agreement, and may not be indicative of the market price of the H Shares following the completion of the Global Offering. If an active trading market for the H Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of Shares could be materially and adversely affected.

The trading volume and selling price of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering.

The trading volume and price of our H Shares may be highly volatile and could fluctuate widely in response to factors beyond our control. Factors impacting the price and trading volume of our H Shares include, but are not limited to, actual or anticipated fluctuations in our revenue, earnings and cash flow, changes in our pricing policy as a result of competition, potential strategic alliances or acquisitions, the addition or departure of key personnel, changes in ratings by financial analysts and credit rating agencies, fluctuations in the selling prices and demand for our products, public perception or negative news about our products, unexpected business disruptions resulting from natural disasters or power shortages, our inability to obtain or maintain regulatory approval for our operations, litigation, government investigation or other legal or regulatory proceeding, or political, economic, financial and social developments in China, Hong Kong and elsewhere in the world. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially adversely affect the selling price of our H Shares. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of substantial amount of our H Shares in the public market and conversion of our Domestic Shares into H Shares could materially adversely affect the prevailing selling price of our H Shares and our ability to raise capital in the future.

Although the H Shares beneficially owned by our Controlling Shareholders are subject to certain lock-up periods under the Listing Rules and further undertakings in favor of us, however there is no assurance that our Controlling Shareholders will not dispose of their Shares following the expiration of the lock-up periods. Future sales or perceived sales of substantial amount of our

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H Shares by us or our Shareholders in the public market could materially adversely affect the prevailing selling price of our H Shares. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise further capital. We cannot predict the effect of any significant future disposal on the market price of our Shares.

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

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

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from official government sources contained in this prospectus.

Certain facts, forecasts and other statistics relating to China, its economic conditions and the industry in which we operate contained in this prospectus have been derived from official government sources and publications. We believe the sources of these facts and statistics are reliable and appropriate, and has no reason to believe that such information is false or misleading or is rendered so by any omission of facts. We have taken reasonable care in extracting and reproducing such statistics and facts. However, we cannot guarantee the accuracy of such information. These facts, forecasts and other statistics have not been prepared nor have been independently verified by our Company, our Directors, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers or any of their respective affiliates or advisors or any other party involved in the Global Offering, and none of them make any representation as to the correctness, accuracy or completeness of such information. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net proceeds from the Global Offering, we may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of investments in and/or acquisitions of new businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale

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of additional equity securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

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

This prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters.

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

You should read the entire prospectus carefully and should not rely on any information contained in press articles or other media in making investment decisions with respect to our H Shares.

Prior to the publication of this prospectus, there may have been press and media coverage regarding us and the Global Offering, which may include certain information not contained in this prospectus. We have not authorized the disclosure of any such information in the press or other media. We make no representation as to the appropriateness, accuracy, completeness or reliability of such information, and disclaim responsibility for such information. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it. Accordingly, prospective investors are cautioned to make their investment decisions with respect to our H Shares on the basis of the information contained in this prospectus only and should not rely on any other information. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

WAIVER FROM STRICT COMPLIANCE WITH LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Global Offering, our Company has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and most of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 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 the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

- (a) we have appointed Mr. Xue Xiaoqiao (薛小橋) and Ms. Ha Ching Ching (夏正靜) as our authorized representatives (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company’s principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;
- (b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are traveling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the Authorized Representatives and the Stock Exchange;
- (c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;
- (d) we have appointed Somerley Capital Limited as our compliance advisor upon Listing pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. Our compliance advisor, who will serve as the additional channel of

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communication with the Stock Exchange when the Authorized Representatives are not available and will have access at all times to the Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

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

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that 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).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

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

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

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Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. Xue Xiaoqiao (薛小橋) (“**Mr. Xue**”), the executive Director and our Board secretary, as one of our joint company secretaries. He has considerable experience in administrative management but presently does not possess 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, we have appointed Ms. Ha Ching Ching (夏正靜) (“**Ms. Ha**”), a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Certified Public Accountants of Australia, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Xue for an initial period of three years from the Listing Date to enable Mr. Xue 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.

Given Ms. Ha’s professional qualification and experience, she will be able to explain to both Mr. Xue and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Ha will also assist Mr. Xue in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Ha is expected to work closely with Mr. Xue and will maintain regular contact with Mr. Xue, our Directors and the senior management of our Company. In addition, Mr. Xue will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. He will also be assisted by our compliance advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Xue does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Xue may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the Listing Date on the conditions that (a) Mr. Xue must be assisted by Ms. Ha, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver shall be valid for a period of three years from the Listing Date and will be revoked immediately if and when Ms. Ha ceases to provide such assistance to Mr. Xue as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Xue will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the three-year period to enable it to assess

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whether Mr. Xue, having benefited from the assistance of Ms. Ha for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 10.04 of the Listing Rules requires that a person who is an existing shareholder of a listing applicant may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a listing applicant either in his/her/its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled, namely that (i) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 19A.13A(2) of the Listing Rules is achieved. Paragraph 1C(2) of Appendix F1 to the Listing Rules states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors or existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

Chapter 4.15 of the Guide provides that the Stock Exchange will consider granting a waiver from Rule 10.04 of the Listing Rules and a consent, pursuant to Paragraph 1C(2) of Appendix F1 to the Listing Rules, to allow a listing applicant's existing shareholders or their close associates to participate in its initial public offering if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed.

Prior to the Listing, our share capital comprises entirely A Shares listed on the Shenzhen Stock Exchange ("SZSE"). As a company listed on the SZSE with its A Shares publicly traded thereon and with a large public A Shares shareholder base, it would be unduly burdensome for us to seek the prior consent of the Stock Exchange for each of our minority existing Shareholders or their close associates who subscribe for the H Shares in the Global Offering.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of, and a consent under Paragraph 1C(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the voting rights in our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the "**Permitted Existing Shareholder**"), on the following conditions:

- (a) each Permitted Existing Shareholder to whom our Company may allocate the H Shares under the International Offering holds less than 5% of the voting rights in our Company prior to the completion of the Global Offering;
- (b) each Permitted Existing Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;
- (c) none of the Permitted Existing Shareholders has the power to appoint any Directors nor have any other special rights in our Company;

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- (d) allocation to the Permitted Existing Shareholders and their close associates will not affect our Company's ability to satisfy the public float requirement as prescribed by the Stock Exchange under the waiver in respect of the strict compliance with the requirements of Rule 19A.13A(2) of the Listing Rules;
- (e) to the best knowledge and belief of our Company and the Joint Sponsors, and based on discussions between our Company and the Overall Coordinators and confirmations required to be submitted to the Stock Exchange by the Joint Sponsors, we will confirm to the Stock Exchange that:
 - a. in case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders and/or their close associates by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, nor is the Permitted Existing Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, and the Permitted Existing Shareholders' cornerstone investment agreements do not contain any material terms which are more favorable to the Permitted Existing Shareholders than those in other cornerstone investment agreements; or
 - b. in case of participation as placees, no preferential treatment has been, nor will be given to the Permitted Existing Shareholders and/or their close associates, nor is the Permitted Existing Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, in the allocation process by virtue of their relationship with our Company;
- (f) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to any of the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the International Offering; and
- (g) the Joint Sponsors will confirm to the Stock Exchange that based on (a) their discussions with our Company and the Overall Coordinators; and (b) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators, and to the best of their knowledge and belief, they have no reason to believe that the Permitted Existing Shareholders and/or their close associates received any preferential treatment in the allocation process either as cornerstone investors or as placees by virtue of their relationship with our Company, other than, in the case of participation as cornerstone investors, the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, and details of allocation to the Permitted Existing Shareholders holding 1% or more of the issued share capital of the Company immediately prior to the completion of the Global Offering will be disclosed in this prospectus and/or the allotment results announcement, as the case may be.

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WAIVER AND EXEMPTION IN RELATION TO THE EMPLOYEE INCENTIVE SCHEME 2024

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the share options granted by our Company (the “**Share Options Disclosure Requirements**”):

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in the prospectus. Our Company is also required to disclose in the prospectus full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options;
- (b) Paragraph 27 of the Appendix D1A of the Listing Rules requires our Company to set out in the prospectus particulars of any capital of any member of our Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and
- (c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to set out in the prospectus, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given.

As of the Latest Practicable Date, our Company granted outstanding options under the Employee Incentive Scheme 2024 to 327 grantees (excluding the 46 departed employees), including Directors, senior management and other employees of our Group, to subscribe for an aggregate of 4,481,200 A Shares (excluding an aggregate of 330,800 options held by 46 departed employees which are subject to cancelation), representing approximately 1.90% of the total issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Employee Incentive Scheme 2024 are not exercised), on the terms set out in the paragraph headed “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes” in the Appendix VI to this prospectus.

Our Company has applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) to the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the investing public for the following reasons:

- (a) given that 327 (excluding the 46 departed employees) grantees are involved, strict compliance with the Share Option Disclosure Requirements in setting out full details of all the grantees under the Employee Incentive Scheme 2024 in this prospectus would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and prospectus preparation;

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- (b) the grant and exercise in full of the options under the Employee Incentive Scheme 2024 will not cause any material adverse impact on the financial position of our Group. As of the Latest Practicable Date, save for 2 grantees who are Directors and 4 grantees who are senior management of our Company with outstanding options to subscribe for an aggregate of 644,000 A Shares, representing approximately 0.27% of the total issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Employee Incentive Scheme 2024 are not exercised), the remaining 321 (excluding the departed employees) grantees are employees of our Group and Independent Third Parties with outstanding options to subscribe for an aggregate of 3,837,200 A Shares (excluding an aggregate of 330,800 options held by 46 departed employees which are subject to cancellation), representing approximately 1.63% of the total issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Employee Incentive Scheme 2024 are not exercised). Strict compliance with the applicable Share Option Disclosure Requirements to disclose names, addresses and entitlements on an individual basis in this prospectus will require number of additional pages of disclosure that does not provide any material information to the investing public;
- (c) there will not be any new H Shares issued under the Employee Incentive Scheme 2024 as the foregoing plan is an A-share incentive scheme;
- (d) lack of full compliance with the above disclosure requirements would not prevent our Company from providing its potential investors with information for them to make an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and
- (e) material information relating to the options under the Employee Incentive Scheme 2024 has been disclosed in this prospectus to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per A Share of the options in making their investment decision, and such information includes:
 - (i) a summary of the terms of the Employee Incentive Scheme 2024;
 - (ii) the aggregate number of Shares subject to the options and the percentage to our total issued share capital represented by such number of Shares;
 - (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing);
 - (iv) full details of the options granted by our Company to (i) Directors, members of senior management and connected persons of our Company (if any), and (ii) other grantees who have been granted options to subscribe for an aggregate number of 77,000 or more A Shares, which were outstanding as of the Latest Practicable Date, on an individual basis, are disclosed in this Prospectus, and such details include all the particulars required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

WAIVER FROM STRICT COMPLIANCE WITH LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (v) in respect of the options under the Employee Incentive Scheme 2024 granted to remaining grantees (being the other grantees who are not (i) Directors, members of senior management and connected persons of the Company, or (ii) other grantees who have been granted options to subscribe for an aggregate number of 77,000 or more A Shares, which were outstanding as of the Latest Practicable Date), disclosure will be made, on an aggregate basis, including (i) their aggregate number of grantees and number of Shares underlying the options under the Employee Incentive Scheme 2024; (ii) the consideration (if any) paid for the grant of the options under the Employee Incentive Scheme 2024; and (iii) the exercise period of the options and the exercise price of the options granted under the Employee Incentive Scheme 2024; and
- (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively.

The Stock Exchange has granted us a waiver from strict compliance with the relevant requirements under the Listing Rules on the conditions that:

- (a) full details of the options under the Employee Incentive Scheme 2024 granted to each of the Directors, members of senior management and other grantees who have been granted options to subscribe for an aggregate number of 77,000 or more A Shares will be disclosed in the paragraph headed “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes” in Appendix VI to this prospectus on an individual basis as required under the applicable Share Option Disclosure Requirements;
- (b) for the remaining grantees, disclosure will be made, on an aggregate basis, of (i) the aggregate number of grantees and the number of A Shares underlying the options granted to them under the Employee Incentive Scheme 2024, (ii) the consideration (if any) paid for the grant of the options under the Employee Incentive Scheme 2024, and (iii) exercise period and the exercise price for the options granted under the Employee Incentive Scheme 2024;
- (c) in respect of the options granted by the Company under the Employee Incentive Scheme 2024 to grantees other than those set out in (a) above, disclosure are made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being: 1 to 10,000 Shares and 10,001 to 76,999 Shares. For each lot of Shares under each of the Employee Incentive Scheme 2024, the following details are disclosed in the prospectus: (1) aggregate number of grantees and number of Shares subject to the options, (2) the consideration paid for the grant of the options and (3) the exercise period and the exercise price for the options;
- (d) there will be disclosure in the paragraph head “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes” in Appendix VI to this prospectus for the aggregate number of A Shares underlying the options under the Employee Incentive Scheme 2024 and the percentage of our Company’s total issued share capital represented by such number of A Shares;

WAIVER FROM STRICT COMPLIANCE WITH LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (e) the dilutive effect and impact on earnings per A Share upon full exercise of the options under the Employee Incentive Scheme 2024 will be disclosed in the paragraph headed “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes” in Appendix VI to this prospectus;
- (f) a summary of the principal terms of the Employee Incentive Scheme 2024 will be disclosed in the paragraph headed “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes” in Appendix VI to this prospectus;
- (g) the particulars of the waiver and the exemption will be disclosed in this prospectus;
- (h) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) under the Employee Incentive Scheme 2024, containing all the particulars as required under the applicable Share Option Disclosure Requirements be made available for public inspection in accordance with Appendix VII to this prospectus;
- (i) further information relating to the grantees who have been granted options is provided to the Stock Exchange; and
- (j) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has granted us the certificate of exemption under section 342A of the companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to the conditions that:

- (a) on an individual basis, full details of the options granted by the Company under the Employee Incentive Scheme 2024 to each of the Directors, senior management, connected persons of our Company and other grantees who have been granted options to subscribe for an aggregate number of 77,000 A Shares of the Company or more are disclosed in “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes” in Appendix VI to this prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted by the Company under the Employee Incentive Scheme 2024 to grantees other than those set out in (a) above, disclosure are made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being: 1 to 10,000 A Shares, 10,001 to 76,999 A Shares. For each lot of A Shares under the Employee Incentive Scheme 2024, the following details are disclosed in the prospectus: (1) aggregate number of grantees and number of A Shares subject to the options, (2) the consideration paid for the grant of the options and (3) the exercise period and the exercise price for the options;
- (c) a full list of all the grantees (including the persons referred to in (a) above) who have been granted options to subscribe for A Shares under the Employee Incentive Scheme 2024, containing all the details as required in paragraph 10 of Part I of the Third

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Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix VII to this prospectus; and

- (d) the particulars of the exemption will be disclosed in this prospectus, and this prospectus will be issued on or before April 27, 2026.

Further details of the Employee Incentive Scheme 2024 are set forth in the paragraph headed “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes” in Appendix VI to this prospectus.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

We have entered into and will continue to engage in certain transactions which would constitute continuing connected transaction for our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for such continuing connected transaction. For details, see “Connected Transaction” in this prospectus.

DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Appendix D1A to the Listing Rules provides that the issue price or offer price of each security must be disclosed in the prospectus. Pursuant to Paragraph 12 of Chapter 4.14 of the Guide, the Stock Exchange also allows an indicative offer price range to be included in the prospectus, as an alternative to the disclosure of a fixed offer price.

We have applied to the Stock Exchange a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules so that the Company will only disclose the maximum Offer Price in the Prospectus on the below basis:

- (a) The Offer Price will be determined with reference to, among other factors, the closing price of the Company’s A Shares on the Shenzhen Stock Exchange on the last trading day on or before the Price Determination Date. Our Company is unable to control the trading price of our A Shares on the Shenzhen Stock Exchange;
- (b) Setting a fixed offer price or an offer price range with a low-end may adversely affect our ability to price our H Shares in the best interests of our Shareholders and the market price of the A Shares and the Hong Kong Offer Shares;
- (c) Pursuant to paragraphs 9 and 10(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the amount payable on application and allotment on each share, and the price to be paid for shares subscribed for, shall be specified in the Prospectus, respectively. Disclosure of a maximum offer price complies with the requirements prescribed under paragraphs 9 and 10(b) of Part A the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance by providing a clear indication of the maximum subscription consideration a potential investor shall pay for the Offer Shares; and
- (d) A maximum Offer Price will be disclosed in this prospectus. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

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The Stock Exchange has granted to us a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules on the conditions that the Prospectus will disclose:

- (a) the maximum Offer Price;
- (b) the time for the determination of the Offer Price and the form of its publication;
- (c) the historical prices of the Company's A Shares and trading volume on the Shenzhen Stock Exchange during the Track Record Period and up to the Latest Practicable Date;
- (d) the determinants of the final Offer Price; and
- (e) the source for investor to access the latest market price of the Company's A Shares.

See "Structure of the Global Offering — Pricing and Allocation — Determining the Offer Price" in this prospectus for the historical prices of our A Shares and trading volume on the Shenzhen Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which all of our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there is no other matter the omission of which would make any statement in this prospectus misleading.

CSRC FILING

According to the Overseas Listing Trial Measures, we are required to complete the filing procedures with the CSRC in connection with the proposed Listing. We submitted a filing to the CSRC for application for the Listing on August 30, 2025. The CSRC confirmed completion of such filing on February 28, 2026. No other approvals from the CSRC are required to be obtained for the Listing.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus sets out the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 2,700,000 Offer Shares and the International Offering of initially 24,300,000 Offer Shares (subject to, in each case, reallocation on the basis referred to under the section headed “Structure of the Global Offering” in this prospectus).

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

See “Structure of the Global Offering” in this prospectus for details of the structure of the Global Offering.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to the determination of the pricing of the Offer Shares. The Global Offering is managed by the Overall Coordinators.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed among us and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, see “Underwriting” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering (including its conditions) are set out in the sections headed “Structure of the Global Offering” and “Underwriting” in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering.

Except as otherwise disclosed in this prospectus and the A Shares that have been listed on the Shenzhen Stock Exchange, no part of our Shares or loan capital is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought as of the Latest Practicable Date.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares will be registered on our register of members of H Share to be maintained by our H Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered on the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisors or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchasing, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Wednesday, May 6, 2026. The H Shares will be traded in board lots of 100 H Shares each. The stock code of the Shares will be 1187. Except as otherwise disclosed in this prospectus and the A Shares that have been listed on the Shenzhen Stock Exchange, no part of our share or debt securities is listed on or deal in on the Hong Kong Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.8616 to US\$1.00, (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.8763 to HK\$1.00, and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.8305 to US\$1.00.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. However, for ease of reference, the names of the PRC laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both Chinese and English languages. In the event of any inconsistency, the Chinese versions shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed in any table, chart or elsewhere in this prospectus are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. ZHANG Min (張敏)	Building 4 No. 249 Wuyi Avenue Furong District Changsha City PRC	Chinese

Mr. ZHANG Zhiming (張志明)	Building 8 Yunda Binhe Commercial Plaza No. 55, Section 2 Wanjiali Middle Road Changsha City PRC	Chinese

Mr. XUE Xiaoqiao (薛小橋)	Building D7 Yingang Shuijingcheng Section 3, Wanjiali North Road Furong District, Changsha City Hunan Province PRC	Chinese

Mr. HE Bangjie (賀邦傑)	Building 8 Zhonglong International Yuxi Community No. 188 Guqu South Road Yuhua District, Changsha City PRC	Chinese

Independent non-executive Directors

Mr. NING Huabo (寧華波)	No. 252 Lushan Road Yuelu District, Changsha City PRC	Chinese

Ms. SHEN Nan (沈楠)	10th Floor L'Wanchai No.109 Wanchai Road, Wanchai Hong Kong	Chinese

Mr. Zhou Rong (周榕)	Building 30, Zuoan Spring No. 216 Shuangyong Road Kaifu District, Changsha City PRC	Chinese

For details with respect to our Directors, see “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors and Sponsor-Overall Coordinators	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong BNP Paribas Securities (Asia) Limited 60/F. and 63/F., Two International Finance Center 8 Finance Street, Central Hong Kong
Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong BNP Paribas Securities (Asia) Limited 60/F. and 63/F., Two International Finance Center 8 Finance Street, Central Hong Kong Futu Securities International (Hong Kong) Limited 34/F, United Centre No. 95 Queensway Admiralty Hong Kong
Legal Advisors to our Company	<i>As to Hong Kong and U.S. laws:</i> O'Melveny & Myers 31/F, AIA Central 1 Connaught Road Central Hong Kong <i>As to PRC laws:</i> Hunan Qiyuan Law Firm 63/F, Shimao Global Financial Center No. 393 Jianxiang Road Furong District Changsha, Hunan Province PRC
Legal Advisors to the Joint Sponsors and Underwriters	<i>As to Hong Kong laws:</i> Jingtian & Gongcheng LLP Suites 3203-3209, 32/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to PRC laws:

Jingtian & Gongcheng

45/F, K. Wah Center
1010 Huaihai Road (M), Xuhui District
Shanghai
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

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**

Suite 2504, Wheelock Square
1717 Nanjing West Road
Shanghai 200040
PRC

Compliance Advisor

Somerley Capital Limited

20/F, China Building
29 Queen's Road Central
Hong Kong

Receiving Bank

Bank of China (Hong Kong) Limited

1 Garden Road
Hong Kong

CORPORATE INFORMATION

**Registered Office, Headquarters and
Principal Place of Business in the PRC**

No. 87, Section 1, Huanbao East Road
Yuhua District
Changsha City, Hunan Province
PRC

Principal Place of Business in Hong Kong

Unit B, 22/F, Mai Luen Industrial Building
23-31 Kung Yip Street
Kwai Chung, New Territories
Hong Kong

Company's Website

www.cofoe.com.cn

*(Information contained on this website does
not form part of this prospectus)*

Joint Company Secretaries

Mr. XUE Xiaoqiao (薛小橋)
Building D7
Yingang Shuijingcheng
Section 3, Wanjiali North Road
Furong District, Changsha City
Hunan Province
PRC

Ms. HA Ching Ching (夏正靜)
Room 504, 5/F
Cheong Tai
Commercial Building
60-66 Wing Lok Street
Sheung Wan, Hong Kong

Authorized Representatives

Mr. XUE Xiaoqiao (薛小橋)
Building D7
Yingang Shuijingcheng
Section 3, Wanjiali North Road
Furong District, Changsha City
Hunan Province
PRC

Ms. HA Ching Ching (夏正靜)
Room 504, 5/F
Cheong Tai
Commercial Building
60-66 Wing Lok Street
Sheung Wan, Hong Kong

Audit Committee

Ms. SHEN Nan (沈楠) (chairperson)
Mr. NING Huabo (寧華波)
Mr. ZHANG Zhiming (張志明)

Remuneration and Appraisal Committee

Mr. ZHOU Rong (周榕) (chairperson)
Mr. ZHANG Zhiming (張志明)
Ms. SHEN Nan (沈楠)

CORPORATE INFORMATION

Nomination Committee

Mr. NING Huabo (寧華波) (chairperson)
Mr. HE Bangjie (賀邦傑)
Ms. SHEN Nan (沈楠)

Strategic Committee

Mr. ZHANG Min (張敏) (chairperson)
Mr. ZHANG Zhiming (張志明)
Mr. ZHOU Rong (周榕)

H Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Bankers

**China Construction Bank
(Changsha Gaoqiao Branch)**
F1, Gaoqiao Modern Commercial City
224 Minzhu Road
Yuhua District, Changsha
Hunan, PRC

**Bank of Changsha
(Dongcheng Branch)**
No. 636, Yuanda First Road
Furong District, Changsha
Hunan, PRC

**Bank of China
(Xiangjiang New District Branch)**
1/F, Lugu Information Port
658 Lugu Avenue
High-tech Zone, Yuelu District
Changsha, Hunan
PRC

INDUSTRY OVERVIEW

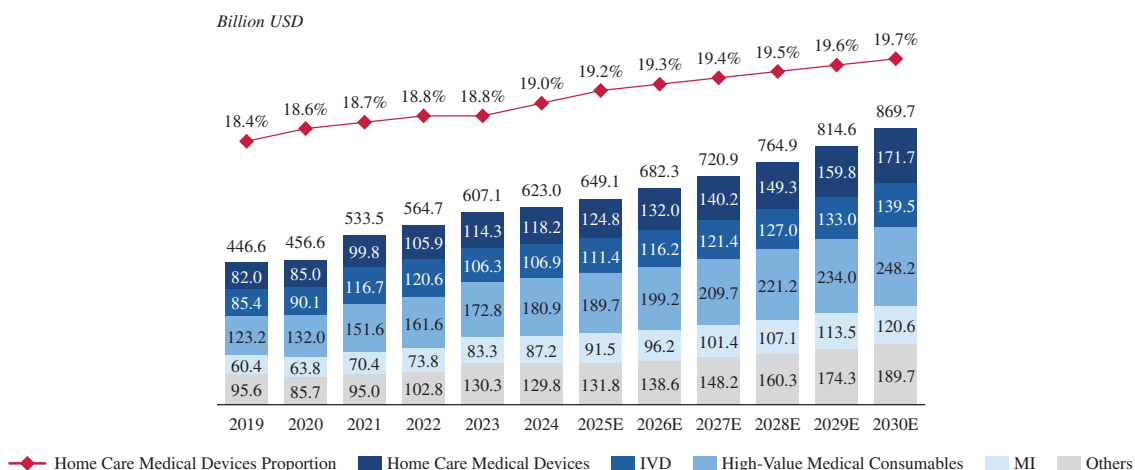
The information and statistics set out in this section and other sections of this Prospectus were extracted from the Frost & Sullivan Report, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. For more details of the risks relating to our industry, see “Risk Factors” in this Prospectus.

OVERVIEW OF GLOBAL MEDICAL DEVICE PRODUCT

The global medical device market encompasses a wide range of product categories, including in vitro diagnostic (IVD), high-value medical consumables, and medical imaging (MI) devices and other devices, which has witnessed a steady growth in recent years. From 2019 to 2024, the global medical device market increased from USD446.6 billion to USD623.0 billion, representing a CAGR of 6.9%. Driven by factors such as accelerating aging population trend, evolving disease spectrums, rising expenditures on healthcare, and growing demand for enhanced treatment options, the global medical device market is projected to reach USD869.7 billion by 2030. Home care medical devices refers to medical equipment, consumables, and other products used by individuals in a home setting for disease prevention, health monitoring, rehabilitation therapy, health management, or daily health care. These are typically operated by non-professionals, such as patients or consumers. The home care medical devices segment reached a market size of USD118.2 billion in 2024, accounting for 19.0% of the total market. From 2024 to 2030, the global home care medical devices market is projected to grow at a CAGR of 6.4%, outpacing the growth rate of the global medical device market.

Global Medical Devices Market, 2019-2030E

Period	CAGR	
	Overall	Home Care Medical Devices
2019-2024	6.9%	7.6%
2024-2030E	5.7%	6.4%



Note: The market size is based on revenue.

Source: Expert interview, Annual reports of listed companies, Frost & Sullivan analysis

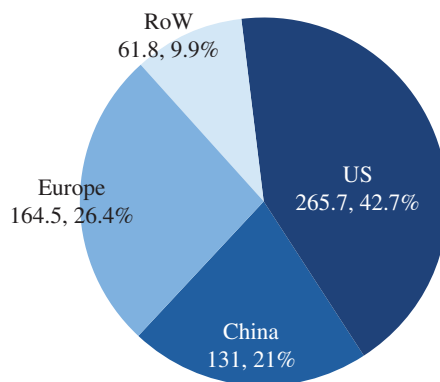
INDUSTRY OVERVIEW

The following table describes the breakdown of global medical device market by regions in 2024.

Breakdown of Global Medical Devices Market by Regions, 2024

based on revenue

Billion USD

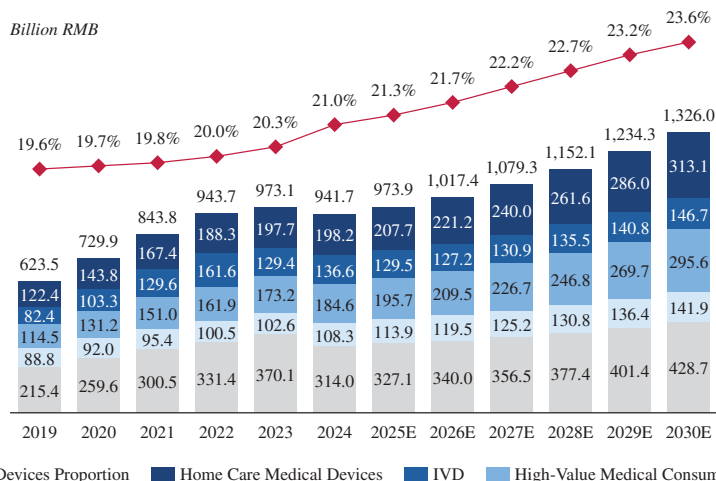


Source: Expert interview, Annual reports of listed companies, Frost & Sullivan analysis

During the historical period, the medical device industry in China has developed at a faster pace than its global counterpart, which has grown at a CAGR of 8.6% from 2019 to 2024, reaching RMB941.7 billion in 2024. The decline in China's medical device market size in 2024 was primarily due to a slowdown in the procurement of clinical medical devices, following the pre-emptive equipment purchases fueled by subsidized loans in 2023. This was further tempered by tighter regulatory policies affecting high-value medical device sales. However, as these short-term fluctuations normalize, the market is poised for recovery. Driven by rising demand for preventive health, the application of digitalization and AI intelligence, the total market is projected to reach RMB1,326.0 billion by 2030, with a CAGR of 5.9%. Notably, the home care segment, which held a 21.0% share (RMB198.2 billion) in 2024, is expected to outperform the overall medical device market with a CAGR of 7.9% through 2030.

Medical Device Market in China, 2019-2030E

Period	CAGR	
	Overall	Home Care Medical Devices
2019-2024	8.6%	10.1%
2024-2030E	5.9%	7.9%



INDUSTRY OVERVIEW

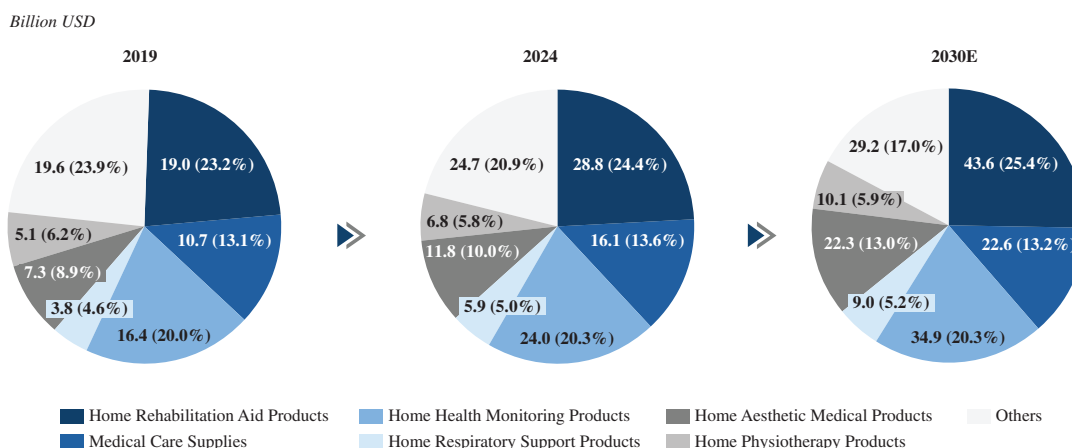
Note: The market size is based on revenue.

Source: Expert interview, Annual reports of listed companies, Frost & Sullivan analysis

OVERVIEW OF GLOBAL HOME CARE MEDICAL DEVICES MARKET

At present, home care medical devices span a variety of product categories including home rehabilitation aid products, medical care supplies, home health monitoring devices, and home respiratory support devices. In 2024, based on revenue, the aggregated market share of home rehabilitation aid products, medical care supplies, home health monitoring products, and home respiratory support devices accounted for approximately 63.3% of the global home care medical devices market, and it is forecasted to reach 64.1% by 2030.

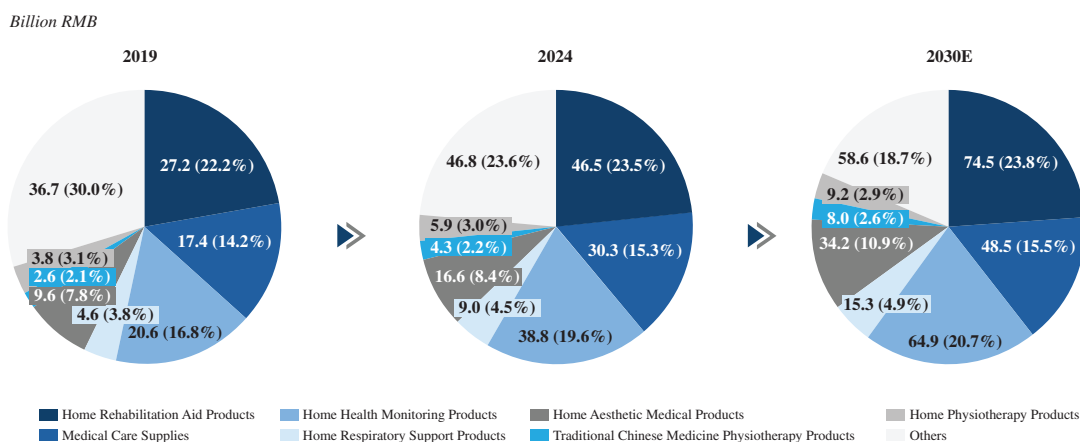
Breakdown of Global Home Care Medical Devices Market



Source: Expert interview, Annual reports of listed companies, Frost & Sullivan analysis

From 2019 to 2024, based on revenue, the home care medical devices market in China increased from RMB122.4 billion to RMB198.2 billion. In 2024, the aggregated market share of home rehabilitation aid products, medical care supplies, home health monitoring devices, home respiratory support devices, and TCM physiotherapy products accounted for approximately 65.1% of the total home care medical devices market in China.

Breakdown of Home Care Medical Devices Market in China



Source: Expert interview, Annual reports of listed companies, Frost & Sullivan analysis

INDUSTRY OVERVIEW

China's home care medical device market spans online and offline channels. The online market share grew significantly from 25% in 2019 to 44.3% in 2024. Driven by the development of e-commerce, social media, and instant retail, the online penetration is projected to reach 67.1% by 2030. In 2024, the Group ranked second in the online home care medical device market in China by revenue.

Growth Drivers of Home Care Medical Devices Market in China

Vigorous development of the “Silver Economy”: In January 2025, the National Development and Reform Commission (NDRC) and the Ministry of Finance expanded “trade-in” policies, prompting regions to increase subsidies (up to 30%) for aging-friendly renovations, such as hearing aids, blood pressure monitors, blood glucose meters, etc. These initiatives have streamlined applications and expanded product catalogs to include wheelchairs, hearing aids, and rehabilitation devices. Consequently, supportive policies are driving the robust demand for home care essentials such as blood pressure monitors, and glucose meters, etc.

High prevalence of chronic diseases and growing public health awareness: The number of diabetes and cardiovascular disease patients in China are expected to reach 168.5 million and 450.0 million by 2030 respectively. Given that chronic diseases require long-term monitoring and systematic management, coupled with increasing health awareness, these have boosted the demand for home care medical devices.

Diversification of sales channels: With the rapid development of e-commerce platforms and social media, online channels have substantially broadened product distribution by overcoming geographic constraints and enabling efficient delivery to consumers in both urban and rural markets. Moreover, these platforms streamline supply chains and lower distribution costs, allowing consumers to purchase home care medical devices at more competitive prices compared with traditional offline retail channels.

Future Trends of Home Care Medical Devices Market in China

Intelligent Technology Drives Product Advancement: Catalyzed by the rapid advancements in artificial intelligence (AI), the Internet of Things (IoT), and big data, the home care medical devices market in China is experiencing a paradigm shift characterized by the integration of these cutting-edge technologies. Conventional, single-function devices are transitioning into comprehensive health management terminals capable of seamless monitoring, analysis, intervention, and connectivity.

Diversification of consumer groups and scenario segmentation: The home care medical device market in China now caters to individuals across different age groups by tailoring product functionality to specific application scenarios. The elderly, as the core consumer group, prioritize two key needs: reliable chronic disease management and enhanced safety support. By comparison, the demands from younger generations are steering the market towards preventive health.

Domestic substitution accelerates the robust growth of domestic brands: Empowered by policy incentives, technological breakthroughs and localized advantages, domestic home care medical device brands have achieved a strategic shift from mid-to-low-end markets to high-end segments. They are establishing differentiated competitiveness across dimensions such as price advantage, after-sales services and scenario adaptability in premium market.

Entry Barriers of Home Care Medical Devices Market in China

Technological and talent barriers: As a multidisciplinary field, the home care medical device industry demands the seamless integration of biomedical engineering, sensor technology, and computer science. Driven by rising consumer expectations for precision and intelligence, market leadership now requires more than just capital, it necessitates long-term R&D iteration.

INDUSTRY OVERVIEW

Marketing Channel barriers: Establishing a foothold in this industry involves three interconnected challenges: complex omni-channel integration, high terminal coverage costs, and the steep threshold for building brand trust. Unlike standard consumer goods, these devices must balance technical authority with retail convenience. This complexity makes it difficult for new players to rapidly scale their service networks.

Brand Barrier: Brand image represents a concentrated manifestation of competitiveness in the medical device market. Leading brands, relying on long-term marketing strategies and market validation, have established strong user trust, and brand recognition. New entrants find it difficult to gain consumer recognition within a short period.

Threats and Challenges of Home Care Medical Devices Market in China

Intensified Market Competition: Price competition has become particularly prominent in certain segments, exerting pressure on corporate profit margins and brand differentiation.

Technological Innovation and Product Upgrading: Rising health awareness and the shift toward home-based care have prioritized intelligence, portability, and connectivity in the industry. Technologies such as AI and remote monitoring are redefining industry boundaries, demanding greater R&D investment and faster product cycles.

Challenges in Market Education and Consumer Trust: The absence of professional guidance and standardized usage protocols may adversely affect user experience and product repurchase rates.

Competitive Landscape of Home Care Medical Devices Market in China

The competitive landscape of the home care medical devices market in China is relatively fragmented. The Group ranked the second in the home care medical devices market in China based on domestic revenues from home care medical devices in 2024.

Competitive Landscape of Home Care Medical Devices Market in China, 2024

Ranking	Company	Revenue in 2024 (Billion RMB)	Market Share (%)
1	Company A ¹	4.8	3.4%
2	The Group	2.9	2.1%
3	Company B ²	2.5	1.8%
4	Company C ³	2.3	1.7%
5	Company D ⁴	1.7	1.2%

Note: The revenue disclosed represent market players' domestic revenue from home care medical devices in 2024.

Source: Expert interview, Annual reports of listed companies, Frost & Sullivan analysis

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- 1 Company A is founded in 1998 and headquartered in East China. It is a company primarily engaged in the provision of home care medical devices, clinical medical products, and related services. The company was listed on the Shenzhen Stock Exchange in 2008.
 - 2 Company B is founded in 1933 and headquartered in Japan. It is a manufacturer and supplier of automation control and electronic equipment. The company was listed on the Tokyo Stock Exchange in 1963.
 - 3 Company C is founded in 2002 and headquartered in Central China. It is a company engaged in R&D, production, and sale of a range of diagnostic products for chronic diseases. The company was listed on the Shenzhen Stock Exchange in 2012.
 - 4 Company D is founded in 1991 and headquartered in South China. It is a company primarily engaged in the R&D, production, and sales of cotton-based products. The company was listed on the Shenzhen Stock Exchange in 2020.

INDUSTRY OVERVIEW

The Group's competitive advantages are primarily reflected in the following aspects:

Channel Advantage: The Group maintains a vast offline footprint through stable partnerships with leading pharmacy chains, serving over 200,000 retail pharmacies nationwide, complemented by almost 670 self-owned direct stores. As an early mover since 2014, the Group consistently holds a top-tier share of online market revenue.

R&D Advantage: The Group's innovation strategy aligns R&D with real-world demand. By leveraging national-level research platforms and a multidisciplinary team, it bridges the gap between academia and industry. This collaborative ecosystem ensures continuous technological breakthroughs.

Production Advantage: With self-operated production bases in Changsha, Yueyang, and Nantong, the Group ensures full control over the R&D and manufacturing of core products. Through digital transformation and automation, the Group maximizes production efficiency and quality while significantly reducing manufacturing costs.

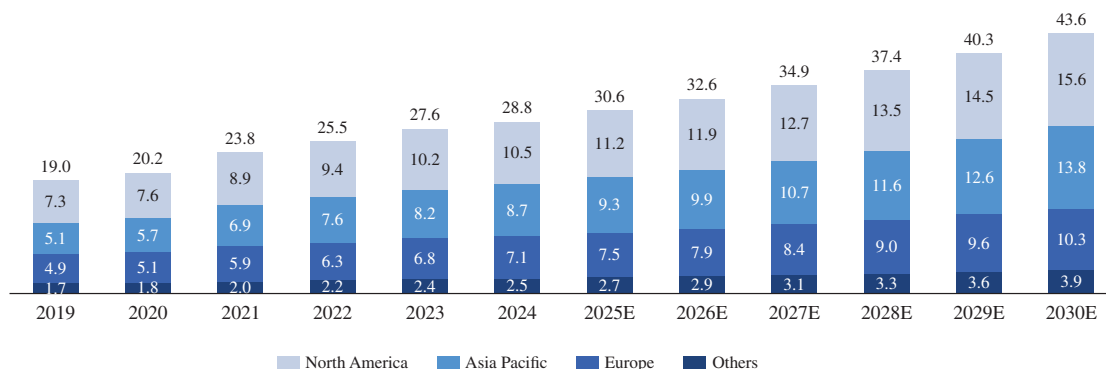
OVERVIEW OF GLOBAL AND CHINA'S HOME REHABILITATION AID PRODUCTS MARKET

Home rehabilitation aids are medical devices designed to support recovery, functional rehabilitation, and daily health maintenance. These products are essential for restoring physical function, managing pain, and accelerating post-operative healing, ultimately enhancing the quality of life for those with chronic conditions. Key categories include wheelchairs, mobility scooters, hearing and visual aids, etc. From 2019 to 2024, the global home rehabilitation aid products market grew from USD19.0 billion to USD28.8 billion. The market is projected to grow at a CAGR of 7.1%, reaching USD43.6 billion by 2030.

Global Home Rehabilitation Aid Products Market Breakdown by Regions, 2019-2030E

Period	CAGR				
	Global	North America	Asia Pacific	Europe	Others
2019-2024	8.7%	7.5%	11.4%	7.5%	8.1%
2024-2030E	7.1%	6.7%	7.9%	6.5%	7.8%

Billion USD



Note: The market size is based on revenue.

Source: Expert interview, Frost & Sullivan analysis

INDUSTRY OVERVIEW

Home Rehabilitation Aid Products Market in China

China's demand for home rehabilitation is surging, driven by an aging demographic and a rising prevalence of chronic conditions such as hypertension, diabetes, and joint disorders. Furthermore, a significant patient population requires post-surgical recovery for fractures, cardiac procedures, and neurosurgical interventions. Despite this critical need, China's rehabilitation infrastructure remains in a nascent stage compared to the U.S. and Europe. This gap between the rapidly growing patient base and the current supply of rehabilitation creates massive, untapped growth potential for China's home rehabilitation market.

In terms of revenue, the home rehabilitation aid products market in China has grown from RMB27.2 billion in 2019 to RMB46.5 billion in 2024. Spurred by increasing number of the elderly and disabled population, rising awareness of health management and increasing disposable income among residents, the home rehabilitation aid products market in China is forecasted to grow at a CAGR of 8.2%, reaching RMB74.5 billion by 2030.

The Group ranked the 1st in the home rehabilitation aids products market in China in 2024.

Competitive Landscape of Home Rehabilitation Aid Products Market in China, 2024

Rank	Name	Revenue in 2024 (billion RMB)	Market Share (%)
1	<i>The Group</i>	<i>1.10</i>	<i>2.4%</i>
2	Company A	1.04	2.2%
3	Company E ⁵	1.01	2.2%
4	Company F ⁶	0.66	1.4%
5	Company G ⁷	0.55	1.2%
	Others	42.1	90.6%

Note: The revenue disclosed represent market players' domestic revenue from home rehabilitation aid products in 2024.

Source: Expert interview, Frost & Sullivan analysis

Overview Of Hearing Aid Products Market in China

China faces a significant hearing impairment challenge, with approximately 67 million people suffering from moderate-to-severe hearing loss. This is particularly prevalent among the elderly, impacting almost one-third of those aged over 65. In line with the Healthy China 2030 initiative, the government has prioritized hearing health, with cities like Beijing and Shanghai already implementing subsidy programs that cover up to 50% of costs for seniors. Despite this, China's hearing aid penetration rate remains below 5%, far behind Western markets. This gap represents a vast untapped market which is projected to hit RMB15.5 billion by 2030, growing at a CAGR of 12.4%. The offline professional fitting services serve as a critical bridge between patients and effective rehabilitation. By providing personalized assessments and expert follow-up, these services are essential to ensuring patient satisfaction and driving repurchase rates.

5 Company E is founded in 1990 and headquartered in East China. The company specializes in R&D and production of wheelchairs and other rehabilitation equipment.

6 Company F is founded in 1947 and headquartered in Switzerland. The company specializes in R&D, manufacturing, and commercialization of advanced digital hearing aids and FM wireless assistive listening systems. The company was listed on the SIX Swiss Exchange in 1994.

7 Company G is founded in 2002 and headquartered in South Central China. It is a company that provides rehabilitation medical products, integrated clinical rehabilitation solutions, and technical support services. The company was listed on the Shanghai Stock Exchange in 2021.

INDUSTRY OVERVIEW

Overview of Electric Wheelchair Product Market in China

China's electric wheelchair market is experiencing robust growth, fueled by a rapidly aging population (310 million people aged 60 and over in 2024) and evolving healthcare needs. Beyond traditional home use, electric wheelchairs are increasingly adopted in medical rehabilitation centers, elderly care facilities, and public spaces, supported by government initiatives aimed at improving accessibility and senior health.

In 2024, the market size of the electric wheelchair market in China reached RMB6.2 billion, accounting for 13.3% of the home rehabilitation aid products market in China. It is projected to exceed RMB10.1 billion by 2030, representing a CAGR of 8.5%. While the penetration rate of electric wheelchairs in China is currently lower than that in Western countries, this sector is expected to witness a substantial growth potential driven by government policies support for the development of the rehabilitation aid products industry and accelerated construction of domestic rehabilitation centres in different provinces.

National initiatives such as the Healthy Aging strategy and barrier-free environment regulations have created favorable conditions for market expansion, while local subsidies further stimulate demand. Furthermore, technological progress is accelerating, with manufacturers integrating intelligent features such as AI-based obstacle detection, health monitoring, voice control, and IoT connectivity, often linked to smart elderly care platforms.

Overview of Posture Corrector Product Market in China

The posture corrector market is highly segmented, driven by distinct lifestyle needs. The white-collar workforce presents a steady demand for solutions to mitigate strain from sedentary desk work. Meanwhile, younger consumers prioritize functional improvements, aesthetic appearance, and the correction of poor posture habits.

In 2024, the market size of posture corrector products in China reached RMB1.9 billion. It is projected to grow at a CAGR of 9.7%, reaching RMB3.3 billion by 2030. Based on the revenues of “babaka”, the Group ranked the first in China's posture corrector products market in 2024.

Competitive Landscape of Posture Corrector Products Market in China, 2024

Rank	Company	Revenue in 2024 (billion RMB)	Market Share (%)
1	The Group	0.5	27.2%
2	Company H ⁸	0.2	8.5%
3	Company I ⁹	0.1	5.8%
4	Company J ¹⁰	0.1	3.2%
	Others	1.0	55.3%

Note: The revenue disclosed represent market players' domestic revenue from posture corrector products in 2024.

Source: Expert interview, Frost & Sullivan analysis

8 Company H is founded in 2014 and headquartered in South Central China. It is a technology-driven healthcare and healthy lifestyle solutions provider.

9 Company I is founded in 1902 and headquartered in the United States. It is a diversified technology innovation enterprise with products spanning multiple sectors including industry, household goods, transportation, construction, commerce, education, as well as electronics and communications. The company was listed on the New York Stock Exchange in 1950.

10 Company J is founded in 2014 and headquartered in North China. The company is a comprehensive fitness solutions provider delivering integrated services including exercise coaching, athletic nutrition planning, and performance gear purchases.

INDUSTRY OVERVIEW

OVERVIEW OF GLOBAL AND CHINA'S MEDICAL CARE SUPPLIES MARKET

Medical care supplies encompass products essential for examination, diagnosis, treatment, and nursing, including dressings, bandages, masks, etc. Produced under sterile standards, these items are critical for infection control, wound care, and clinical support. In terms of revenue, the global market expanded from USD10.7 billion in 2019 to USD16.1 billion in 2024. It is projected to reach USD22.6 billion by 2030 (CAGR of 5.8%). Meanwhile, China's market grew from USD2.5 billion in 2019 to USD4.3 billion in 2024 (CAGR of 11.1%). Driven by rising demand for wound care and chronic disease management, the market is expected to reach USD6.8 billion by 2030.

Competitive Landscape of Medical Care Supplies Market in China, 2024

Ranking	Company	Revenue in 2024 (billion RMB)	Market Share (%)
1	Company D	1.43	4.7%
2	Company K ¹¹	0.98	3.2%
3	Company L ¹²	0.87	2.9%
4	The Group	0.80	2.6%
5	Company A	0.71	2.3%
	Others	25.51	84.2%

Note: The revenue disclosed represent market players' domestic revenue from medical care supplies in 2024.

Source: Expert interview, Frost & Sullivan analysis

Overview of Ostomy Care Product Market in China

Ostomy bags are essential medical containers for patients following surgeries such as colostomies, urostomies, or ileostomies. Proper pouch use is critical to postoperative recovery and long-term quality of life. The market in China is expanding steadily, driven by the rising incidence of colorectal cancer, bladder cancer, and inflammatory bowel disease. China's ostomy care products market valued RMB4.0 billion in 2024, and is projected to reach RMB7.5 billion by 2030 (11.0% CAGR). Through continued R&D investment, domestic enterprises are rapidly increasing their market share by enhancing product performance, service quality, and cost efficiency.

In terms of online sales revenue of ostomy care products in 2024, the Group ranked the first among domestic companies in China.

OVERVIEW OF GLOBAL AND CHINA'S HOME HEALTH MONITORING MARKET

Home health monitoring devices mainly include blood pressure monitoring devices, blood glucose monitoring devices, blood oxygen monitoring devices, body temperature monitoring devices, etc..

11 Company K is founded in 1994 and headquartered in East China. It is an integrated medical and healthcare enterprise combining R&D, manufacturing, and sales to foster synergistic development across the industry. The company was listed on the Shanghai Stock Exchange in 2018.

12 Company L is founded in 2002 and headquartered in Central China. It is a company specializing in R&D, manufacturing, and sales of single-use medical consumables and hygiene products. The company was listed on the Shenzhen Stock Exchange in 2019.

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In terms of revenue, the global home health monitoring market grew from USD16.4 billion in 2019 to USD24.0 billion in 2024. It is projected to reach USD34.9 billion by 2030. Driven by an aging population, rising chronic disease rates, and greater health awareness, China's home health monitoring market grew from USD3.0 billion to USD5.4 billion between 2019 and 2024. It is expected to hit USD9.1 billion by 2030, reflecting a CAGR of 9.0%.

China's vast chronic disease population drives a surging demand for home health monitoring devices. With over 300 million hypertension patients requiring regular blood pressure tracking, and more than 150 million diabetics needing frequent glucose monitoring. This demand is further amplified by growing prediabetic individuals, and health-conscious consumers focused on weight management. Additionally, pulse oximeters have become essential tools for long-term respiratory and cardiac care. Beyond their critical role in managing conditions like COPD, asthma, and pneumonia, these devices are increasingly used by health-conscious seniors for early detection and daily health maintenance.

Competitive Landscape of the Home Health Monitoring Devices Market in China, 2024

Ranking	Company	Revenue in 2024 (billion RMB)	Market Share (%)
1	Company C	2.45	6.3%
2	Company A	2.03	5.2%
3	Company B	0.98	2.5%
4	Company M ¹³	0.85	2.2%
5	The Group	0.49	1.3%
	Others	32.0	82.5%

Note: The revenue disclosed represent market players' domestic revenue from home health monitoring devices in 2024.

Source: Expert interview, Frost & Sullivan analysis

Overview of the Digital Thermometer Product Market in China

From 2019 to 2024, the digital thermometer market in China increased from RMB0.5 billion to RMB1.0 billion, representing a CAGR of 13.7%. The digital thermometer market in China is projected to grow at a CAGR of 7.0%, reaching RMB1.5 billion by 2030. In 2024, the Group ranked the second with a sales revenue of RMB80 million from digital thermometer products in the market.

Overview of the Blood Glucose and Uric Acid Testing Product Market in China

Due to the high comorbidity between diabetes and hyperuricemia, there is rising demand in China for integrated testing solutions. China's blood glucose market grew from RMB4.0 billion in 2019 to RMB6.6 billion in 2024, with a projected CAGR of 8.8% to reach RMB10.9 billion by 2030. China's uric acid market grew from RMB0.8 billion in 2019 to RMB1.6 billion in 2024, with a projected CAGR of 9.1% to reach RMB2.8 billion by 2030. Dual-test devices can provide simultaneous measurements, significantly enhancing clinical efficiency while reducing the burden on users. As patients increasingly prioritize precision and convenience, the market for dual-test solutions is poised for steady, long-term growth.

In 2024, the home blood glucose and uric acid dual-test product in China reached RMB0.3 billion, accounting for 0.9% of the home health monitoring devices market in China. The market is projected to grow at a CAGR of 9.6%, reaching RMB0.6 billion by 2030.

¹³ Company M is founded in 1888 and headquartered in the United States. It is a medical and healthcare products company with product lines in nutritional supplements, pharmaceuticals, medical devices, diagnostic instruments, and reagents. The company was listed on the New York Stock Exchange in 1929.

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OVERVIEW OF GLOBAL AND CHINA'S HOME RESPIRATORY SUPPORT DEVICES MARKET

Respiratory support devices are categorized into three core segments: ventilators, oxygen concentrators, and nebulizers, each essential for managing chronic respiratory conditions. Ventilators are primarily used to treat sleep apnea (OSA) and manage respiratory insufficiency (COPD/asthma). By providing consistent support, they stabilize lung function and significantly enhance patient quality of life.

Global and China's Home Respiratory Support Devices Market

In terms of revenue, the global home respiratory support market expanded from USD3.8 billion in 2019 to USD5.9 billion in 2024. It is projected to reach USD9.0 billion by 2030, representing a CAGR of 7.2%. Driven by a rising prevalence of chronic respiratory diseases and increased health awareness, China's home respiratory support market grew from USD0.7 billion to USD1.3 billion between 2019 and 2024. The market is expected to hit USD2.1 billion by 2030.

China's respiratory care market is fueled by a rapidly growing patient base. The number of COPD patients is projected to hit 120.5 million by 2030. Meanwhile, the market for sleep disorders presents a greater untapped potential: the current diagnosis and treatment rate remains below 1%, a stark contrast to the 20% rate in the U.S.

Competitive Landscape of the Home Respiratory Support Product Market in China, 2024

Ranking	Company	Revenue in 2024 (billion RMB)	Market Share (%)
1	Company A	1.93	21.4%
2	Company N ¹⁴	1.26	14.0%
3	Company O ¹⁵	0.83	9.2%
4	Company P ¹⁶	0.75	8.3%
5	Company C	0.51	5.7%
6	Company Q ¹⁷	0.30	3.3%
7	The Group	0.27	3.0%
8	Company R ¹⁸	0.25	2.8%
	Others	2.9	32.3%

Note: The revenue disclosed represent market players' domestic revenue from home respiratory support products in 2024.

Source: Expert interview, Frost & Sullivan analysis

- 14 Company N is founded in 1989 and headquartered in the United States. It is a company primarily engaged in the development, production, and sales of respiratory care equipment. The company was listed on the New York Stock Exchange in 1995.
- 15 Company O is founded in 2001 and headquartered in North China. It is a manufacturer of medical devices and consumable products in the field of respiratory health. The company was listed on the Shenzhen Stock Exchange in 2022.
- 16 Company P is founded in 1891 and headquartered in Netherlands. It is a multinational medical device company primarily engaged in the production of lighting equipment, household appliances, and medical systems. The company was listed on the New York Stock Exchange in 1987.
- 17 Company Q is founded in 2005 and headquartered in East China. It is a home appliance manufacturing and sales company. The company was listed on the Shanghai Stock Exchange in 1993.
- 18 Company R is founded in 1999 and headquartered in North China. It is a company primarily engaged in the research, development, production, and sales of medical devices. The company was listed on the Shenzhen Stock Exchange in 2009.

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Overview of the Home Ventilator Market in China

As public awareness of respiratory care grows, the improved diagnosis and management of chronic conditions, such as OSA and COPD, have catalyzed a surge in demand for home-based respiratory support. From 2019 to 2024, the home ventilator market in China increased from RMB1.0 billion to RMB2.7 billion, representing a CAGR of 20.8%. The market is projected to grow at a CAGR of 10.2%, reaching RMB4.8 billion by 2030.

Overview of the Home Oxygen Concentrator Market in China

Home oxygen concentrators are suitable for various populations suffering from hypoxemia, including patients with chronic respiratory diseases, cardiovascular and cerebrovascular disorders, as well as specific groups requiring oxygen therapy for health maintenance. The treatment needs of these populations are expected to further drive the demand for home oxygen concentrators. From 2019 to 2024, the home oxygen concentrator market in China grew from RMB1.0 billion to RMB1.8 billion. The market is projected to grow at a CAGR of 8.7%, reaching RMB2.9 billion by 2030.

OVERVIEW OF TRADITIONAL CHINESE MEDICINE PHYSIOTHERAPY PRODUCTS INDUSTRY IN CHINA

TCM physiotherapy integrates natural and physical therapies to prevent and treat disease. By utilizing localized stimulation and neuro-humoral modulation, these interventions improve circulation, accelerate metabolism, and boost immune function. A rising prevalence of musculoskeletal disorders has created a surge in demand for home-based pain management, such as heat and massage therapy. In addition, young professionals suffering from work-related fatigue and sleep disorders are increasingly adopting daily wellness products.

The Home TCM Physiotherapy Products Market in China

In terms of revenue, the home TCM physiotherapy products market in China increased from RMB2.6 billion in 2019 to RMB4.3 billion in 2024. The home TCM physiotherapy products market in China is projected to grow at a CAGR of 10.8%, reaching RMB8.0 billion by 2030.

Competitive Landscape of the Home TCM Physiotherapy Products Market in China, 2024

Ranking	Company	Revenue in 2024 (billion RMB)	Market Share (%)
1	Company S ¹⁹	0.42	9.8%
2	The Group	0.18	4.2%
3	Company G	0.15	3.4%
4	Company A	0.05	1.1%
	Others	3.51	81.5%

Note: The revenue disclosed represent market players' domestic revenue from home TCM physiotherapy products in 2024.

Source: Expert interview, Frost & Sullivan analysis

¹⁹ Company S is founded in 2000 and headquartered in South China. It is a company that integrates traditional Chinese massage therapy concepts with modern technology, primarily engaged in the R&D, manufacturing, and sales of massage products.

INDUSTRY OVERVIEW

MAJOR COST ANALYSIS

The major costs of the home care medical device industry include the cost of raw materials, procurement, labor, marketing, and R&D.

Variable Costs (Materials & Procurement): Directly linked to sales volume, these costs fluctuate based on market prices for raw materials and components. Prices are subject to external factors, including supply chain dynamics, inflation, trade policies, and geopolitical shifts.

Fixed Costs (Labor): Primarily comprised of salaries and social insurance, labor costs are relatively rigid and exhibit minimal short-term volatility.

Marketing & Promotion: Expenditures are allocated across both online and offline channels. As for the Group, a significant portion is dedicated to online platform fees and digital marketing.

R&D Investment: Focused on new product development and technological iteration, R&D requires substantial upfront capital and follows a long-term return cycle.

SOURCE OF INDUSTRY INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on our markets. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have included certain information from the Frost & Sullivan Report in this Prospectus because we believe such information facilitates an understanding of our markets for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations.

Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. We have agreed to pay Frost & Sullivan a fee of RMB250,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful listing or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

REGULATORY OVERVIEW

We are required to comply with various PRC laws, rules and regulations in many aspects. This section summarizes the major PRC laws, rules and regulations applicable to our business.

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICES

Regulation and Classification of Medical Devices

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) promulgated by the State Council and effective from April 1, 2000, latest amended on December 6, 2024 and came into effect on January 20, 2025, medical devices are classified into three different categories, Class I, II and III on the basis of their respective degrees of risk. Medical devices of Class I refer to such devices with low level of risk, the safety and effectiveness of which can be ensured through routine administration. Medical devices of Class II refer to such devices with medium level of risk, the safety and effectiveness of which shall be strictly controlled. Medical devices of Class III refer to such devices with high level of risk, the safety and effectiveness of which shall be guaranteed and be subject to strict control through special administrative measures.

Registration and Filing of Medical Devices

Pursuant to the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) promulgated by the State Administration for Market Regulation (the “SAMR”) on August 26, 2021 and took effect on October 1, 2021, medical devices of Class I are subject to record-filing, while medical devices of Class II and Class III are subject to registration.

Production and Quality Management of Medical Devices

Pursuant to the Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》) which was promulgated and implemented by China Food and Drug Administration (the “CFDA”) on July 20, 2004 and became effective on the same day, and amended by the SAMR on March 10, 2022 and became effective on May 1, 2022, the production of medical devices implements classified management based on their level of risks. An entity engaging in the production of Class II and III medical devices shall obtain approval from the drug supervision and administration department of the province, autonomous region or municipality where it is located and obtain a production permit for medical devices in accordance with the law; An entity engaging in the production of Class I medical devices shall file with the drug supervision and administration department of the city with districts where it is located for the production of medical devices.

According to the Good Manufacturing Practice for Medical Devices (《醫療器械生產質量管理規範》) which was promulgated by the CFDA on December 29, 2014 and became effective on March 1, 2015, the manufacturers of medical devices shall, in accordance with the requirements of the Good Manufacturing Practice for Medical Devices, establish and improve a quality management system. Manufacturers of medical devices shall, in accordance with the requirements of the Good Manufacturing Practice for Medical Devices and having taken into account product characteristics, establish and improve a quality management system that is compatible with the medical devices produced, and ensure their effective operation.

Operation Permit for Medical Devices

Pursuant to the Measures for the Supervision and Administration of Medical Device Operation (《醫療器械經營監督管理辦法》) promulgated by the CFDA on July 30, 2014 and effective from October 1, 2014, and latest amended by the SAMR on March 10, 2022 and effective from May 1, 2022, the operation of medical devices implements classified management based on their level of

REGULATORY OVERVIEW

risks. The operation of medical devices of Class III is subject to permit management, the operation of medical devices of Class II is subject to record-filing management, while the operation of medical devices of Class I requires no permit or filing.

Imports and Exports of Medical Devices

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the Standing Committee of the National People's Congress (the “SCNPC”) on January 22, 1987, effective from July 1, 1987 and latest amended on April 29, 2021, the Measures for 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 June 25, 2004 and effective from July 1, 2004, and latest amended on May 10, 2021 and the Administrative Provisions of the Customs of the PRC 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 China on November 19, 2021 and took effect on January 1, 2022, foreign trade operators engaged in goods or technology import and export are required to go through the record-filing and registration procedures with the MOFCOM or the agency entrusted by the MOFCOM.

According to the Administrative Regulations on the Export Sales Certificates of Medical Devices (《醫療器械產品出口銷售證明管理規定》) issued by the CFDA on June 1, 2015 and effective from September 1, 2015, the relevant drug regulatory authorities may issue a Medical Device Product Export Sales Certificate (《醫療器械產品出口銷售證明》) to a production enterprise which has obtained a registration certificate and a production permit of medical devices in China or has completed the filing procedures for the registration and production of medical devices.

Online Sales and Online Marketing of Medical Devices

According to the Administrative Measures on the Internet Drug Information Service (Amendments in 2017) (《互聯網藥品信息服務管理辦法(2017修正)》) promulgated by the CFDA on November 17, 2017 and effective from the same day, the Internet drug information service refers to the activities of providing medical information (including medical devices) to Internet users through the Internet. Advertisements for drugs (including medical devices) published by websites that provide Internet drug information services must be reviewed and approved by the food and drug regulatory authorities. Advertisements for drugs (including medical devices) published by websites that provide Internet drug information services must indicate the advertising approval number.

On December 20, 2017, the CFDA promulgated the Supervision and Administration Measures of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》) (the “**Online Medical Devices Sales Measures**”), which became effective on March 1, 2018. According to the Online Medical Devices Sales Measures, enterprises engaged in online sales of medical devices must be medical device manufacturing and operation enterprises with medical devices production permits or operation licenses or being filed for record in accordance with laws and regulations, unless such licenses or record-filing is not required by laws and regulations. Pursuant to the Online Medical Devices Sales Measures, enterprises engaging in online sales of medical devices through its own website, and the enterprises providing a third-party platform for provision of medical devices online transaction services shall obtain an Internet Drug Information Services Qualification License (《互聯網藥品信息服務資格證書》) in accordance with law. Either enterprises engaging in online sales of medical devices or enterprises providing a third-party platform for provision of medical devices online transaction services shall take technical measures to ensure the data and materials of medical devices online sales are authentic, complete and traceable.

According to the Regulations on the Quality Management of Online Sales of Medical Devices (《醫療器械網絡銷售質量管理規範》) promulgated by the National Medical Products Administration on April 28, 2025 and to be effective on October 1, 2025, operators engaging in online sales of medical devices shall establish a quality management department commensurate

REGULATORY OVERVIEW

with their online sales scope, business model and sales scale. For those conducting wholesale business of Class II or III medical devices, their quality management department shall also perform eligibility review and dynamic management of purchasers, and continuously display relevant qualification information in prominent positions such as the homepage of their website or the main page of their business activities.

Pursuant to the Online Trading Supervision and Management Measures (《網絡交易監督管理辦法》) promulgated by the SAMR on March 18, 2025, which became effective on May 1, 2025, online trading operators shall fully, truly, accurately and timely disclose information about goods or services to protect consumers' rights to know and choose. Goods sold or services provided by online trading operators shall meet the requirements for the protection of personal and property safety as well as environmental protection, and online trading operators shall not sell goods or provide services that are prohibited by laws or administrative regulations, harm the national interests and public interests, or violate public order and good morals. An online trading operator that conducts online trading activities through online social networking services, online live-streaming, and other online services shall display information in a conspicuous manner, such as the goods or services, their actual business operators, and after-sales services, or the link signs to the above-mentioned information. Pursuant to the Administrative Measures for Online Live-Streaming Marketing (for Trial Implementation) (《網絡直播營銷管理辦法(試行)》) promulgated by the Cyberspace Administration of China, the Ministry of Public Security, the MOFCOM, the Ministry of Culture and Tourism, the SAT, the SAMR, and the National Radio and Television Administration on April 16, 2021, which became effective on May 25, 2021, those who engage in online live-streaming marketing activities shall comply with laws and regulations. Operators of live-studios and live-streaming marketing personnel engaging in online live-streaming activities shall comply with laws, regulations and the relevant provisions of the State, follow public order and good customs, and truthfully, accurately and comprehensively release information on goods or services.

According to the Guidelines on Strengthening the Supervision of Online Live-Streaming Marketing Activities (《關於加強網絡直播營銷活動監管的指導意見》) issued by the SAMR on November 5, 2020, and the Guidelines on Strengthening the Standardized Management of Online Live-Streaming Activities (《關於加強網絡直播規範管理工作的指導意見》) jointly issued by the Cyberspace Administration of China, the National Anti-Pornography and Anti-Illegal Publications Office, the MIIT, the Ministry of Public Security, the Ministry of Culture and Tourism, the SAMR, and the National Radio and Television Administration on February 9, 2021, which took effect on the same day, the legal responsibilities of online platforms, product operators, and online live streamers are clearly stipulated. According to the Opinions on Further Regulating Online Live-Streaming Profit-Making Activities and Promoting the Healthy Development of the Industry (《關於進一步規範網絡直播營利行為促進行業健康發展的意見》) promulgated by the Cyberspace Administration of China, the SAT, and the SAMR on March 25, 2022, which became effective on the same day, online live streamers and live streaming service providers are strictly prohibited from selling counterfeit or substandard products via online live-streaming platforms. They should not promote or drive traffic for clients engaging in live-streaming commerce or other third parties when they know or should have known that such parties are involved in illegal, non-compliant, or high-risk activities. In addition, they should not attract traffic or hype popularity through means such as spreading rumors, false marketing claims, or self-rewarding to induce consumers to make rewards or purchase goods.

Advertisements of Medical Devices

The Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) (the "Advertising Law") was promulgated in 1994 and was latest revised in 2021. The Advertising Law mainly regulates advertising activities to ensure that advertisements are true, legal and protect the legitimate rights and interests of consumers. It clarifies the responsibilities of advertisers, advertising operators, advertising publishers and advertising spokespersons. Advertising content must be true and legal and must not contain false or misleading content.

REGULATORY OVERVIEW

In 2023, the State Administration for Market Regulation issued the Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》). The Administrative Measures for Internet Advertising mainly regulates Internet advertising activities, clarifies the definition and scope of Internet advertising, and standardizes Internet advertising behaviors.

According to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) promulgated by the SAMR on December 24, 2019 and effective from March 1, 2020 (replacing the Measures for the Review of Medical Device Advertisements (《醫療器械廣告審查辦法》)), the content of medical device advertisements shall be based on the registration certificate or filing certificate. Where the medical device advertisements involve the name, scope of application, functional mechanism or structure or composition, etc. of the medical device, they shall not exceed the scope of registration certificate or filing certificate.

Special Review Procedures for Innovative Medical Devices

In October 2017, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued the Opinions on Deepening the Reform of the Review and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》), according to which, the research and development of innovative medical devices is encouraged.

The Special Review Procedures for Innovative Medical Devices (《創新醫療器械特別審查程序》) promulgated by the NMPA on November 2, 2018 and effective from December 1, 2018 stipulates the special review procedures for innovative medical devices.

According to the Regulations on the Supervision and Administration of Medical Devices (2024 Amendments) (《醫療器械監督管理條例(2024修訂)》) promulgated by the State Council on January 4, 2000 and effective from April 1, 2000, amended on December 6, 2024 and effective from January 20, 2025, the government shall formulate the industrial planning and policies for medical devices, take the innovation of medical devices as the focus of development, give priority to the evaluation and approval of innovative medical devices, support the clinical popularization and use of innovative medical devices and promote the high-quality development of the medical device industry. The NMPA shall coordinate with the relevant departments under the State Council to implement the national industrial planning and guidance for medical devices. Furthermore, pursuant to the Regulations on the Supervision and Administration of Medical Devices (2024 Amendments), the government shall improve the innovation system for medical devices, support the basic research and applied research of medical devices, promote the popularization and application of new technologies for medical devices and support the scientific and technological projects in respect for the initiation, financing, credit, procurement by public bidding, medical insurance, etc.

Recall, Adverse Event Monitoring and Re-evaluation of Medical Devices

In accordance with Regulations on the Supervision and Administration of Medical Devices, the state shall establish a monitoring system for adverse events of medical devices, and collect, analyze, evaluate and control adverse events of medical devices. A registrant or record-filing party of medical devices shall establish a monitoring system for adverse events of medical devices, be equipped with a monitoring body and personnel for adverse events suitable for its products, take the initiative to monitor adverse events of its products, and report the information on investigation, analysis, evaluation and product risk control to the technical monitoring agency for adverse events of medical devices (the “**monitoring agency**”) in accordance with the provisions of the drug regulatory department under the State Council. The manufacturers or business operators and using entities of medical devices shall assist the registrant or record-filing party of medical devices in

REGULATORY OVERVIEW

monitoring adverse events of the medical devices produced, operated or used by them; if any adverse event of medical devices or suspicious adverse event is found, it shall be reported to the monitoring agency in accordance with the provisions of the drug regulatory department under the State Council.

According to the Administrative Measures for the Recall of Medical Devices (《醫療器械召回管理辦法》) which was promulgated by the CFDA on January 25, 2017 and took effect on May 1, 2017, depending on the severity of defects of medical devices, the recall of medical devices can be divided into: (1) Level I recall: the use of the medical device may cause or has caused serious health hazards; (2) Level II recall: the use of the medical device may cause or has caused temporary or reversible health hazards; or (3) Level III recall: the medical device is less likely to cause harm but still needs to be recalled. Medical device manufacturers should determine the level of recall based on specific conditions and systematically design and organize the implementation of a recall plan based on the level of recall and the sales and use of medical devices.

LAWS AND REGULATIONS RELATING TO LABOR AND EMPLOYMENT PROTECTION

The Labor Law of the PRC

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, and last amended on December 29, 2018, employers shall establish and improve their rules and systems to safeguard the rights and interests of employees.

The Labor Contract Law of the PRC and Its Implementation Regulations

The Law of the People's Republic of China on Labor Contracts (《中華人民共和國勞動合同法》) (the “**Labor Contract Law**”), which was promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and effective from July 1, 2013, together with the Implementation Regulations for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council on September 18, 2008, regulate parties to the labor contracts (namely, employers and workers) and contain specific provisions involving the terms of the labor contract. Pursuant to the Labor Contract Law and its implementation regulations, labor contracts must be executed in written form.

Laws and Regulations Governing Social Insurance and Housing Provident Funds

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, latest amended on December 29, 2018 and effective on the same date, employers shall apply for social insurance registration with social insurance agencies within 30 days of establishment and contribute to a number of social insurance funds for their employees (including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance). Employers failing to pay the social insurance premiums in full and on time may be ordered to make the payment or make up the difference within a stipulated period. Where the payment is still not made within the stipulated period, the employers may be imposed fines by relevant administrative authorities.

Pursuant to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, latest amended on March 24, 2019 and effective on the same date, employers shall register for housing provident fund contributions with housing provident fund administration centers and establish housing provident fund accounts for their employees. Employers and employees shall jointly contribute to the housing provident fund. Contributions made by both employers and employees belong exclusively to the employees. Where an employer fails to register for housing provident fund contributions or establish housing provident fund accounts for employees, it will be ordered to complete such procedures within a prescribed time limit by the housing provident fund administration center; where such procedures are still not completed within the stipulated time limit, the employer may

REGULATORY OVERVIEW

be subject to a fine ranging from RMB10,000 to RMB50,000. The contribution ratio for both employees and employers shall not be less than 5% of the employee's monthly average wage from the previous year. Employers failing to pay or underpay the housing provident funds shall be ordered to make the payment within a stipulated time limit. Where payment is not made within the stipulated period, the competent administrative authorities may apply to the people's courts 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)》) effective on September 1, 2025, where an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the people's court shall deem such agreement or undertaking invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item 3 under the first paragraph of Article 38 of the Labor Contract Law, the people's court shall support such request in accordance with the law. Where the circumstances specified in the preceding paragraph apply, if the employer has made up the social insurance contributions in accordance with the law and requests the employee to return the social insurance compensation already paid, the people's court shall support such request in accordance with the law.

Interim Provisions on Labor Dispatch

Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated on January 24, 2014 and effective on March 1, 2014, employers may only use dispatched workers for temporary, auxiliary or substitutive positions, and they shall strictly control the number of dispatched workers, which shall not exceed 10% of the total number of employees.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a provider of home care medical devices in China. According to Frost & Sullivan, in terms of the 2024 domestic revenue, we ranked second among all home care medical devices providers in China, with a market share of 2.1%.

Our journey traces back to 2007 when Hunan Haohushi Medical Treatment Appliance Co., Ltd. (湖南好護士醫療器械連鎖經營有限公司) (“**Haohushi**”), a subsidiary of our Company, was established by Mr. Zhang and Ms. Nie (the spouse of Mr. Zhang). In 2009, our predecessor, Hunan Cofoe Medical Technology Development Co., Ltd. (湖南可孚醫療科技發展有限公司), was established. In December 2019, our Company was converted into a joint stock company and was renamed as Cofoe Medical Technology Co., Ltd. (可孚醫療科技股份有限公司). Since 2021, our A Shares have been listed and traded on the ChiNext Market of the Shenzhen Stock Exchange (深圳證券交易所創業板) with the stock code 301087.SZ. For details of the background of Mr. Zhang, see “Directors and Senior Management” of this prospectus.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group’s key corporate and business development milestones:

2007	Haohushi (a wholly-own subsidiary of our Company) was established, primarily engaging in the operation of retail stores for home care medical devices.
2009	The predecessor of the Company, Hunan Cofoe Medical Technology Development Co., Ltd. (湖南可孚醫療科技發展有限公司) was established. We adopted “Cofoe” as our own brand for home care medical devices.
2014	We set up our first online store, Haohushi Medical Device Flagship Store (好護士器械旗艦店), on Tmall, becoming one of the earliest companies in the industry to establish a flagship store for home care medical devices.
2017	We completed business integration, determined five core therapeutic domains as our strategic development, and commenced the capital market activities.
2021	Our A Shares were listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 301087.SZ) and raised approximately RMB3.7 billion proceeds.
2022	The Changsha Intelligent Equipment Headquarter Base (可孚醫療智能裝備長沙總部基地) was set up and put into production, which substantially enhanced our self-production capacity.
2024	Joyor Hearing, a subsidiary of the Company, experienced rapid development, with its directly-operated chain of hearing aid fitting centers ranking the top three in the industry in terms of the number of chain stores by the end of 2024. We successively developed and registered new products, including ventilators and blood glucose and uric acid dual-test strips.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

2025

We completed the acquisitions of Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd. (上海華舟壓敏膠製品有限公司) and Humana Medical Systems Limited (喜曼拿醫療系統有限公司).

We have established a strategic partnership with Royal Philips and obtained brand authorization for seven health monitoring products in the Greater China region, including blood pressure monitors, blood glucose meters, thermometers, and pulse oximeters.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Incorporation of our Company

Our Company, then known as Hunan Cofee Medical Technology Development Co., Ltd. (湖南可孚醫療科技發展有限公司), was established in the PRC on November 19, 2009 as a limited liability company with an initial registered capital of RMB2 million. Upon the establishment, our Company was owned as to (i) 95% by Mr. Zhang, our executive Director, chairman of the Board and general manager; (ii) 4% by Mr. Zhang Zhiming, our executive Director and vice-chairman of the Board; and (iii) 1% by Mr. Zeng Ziyun, an employee of our Company and Independent Third Party.

Early Development and Conversion into a Joint Stock Company

Between the 2009 and 2019, the Company underwent rounds of capital increases and transfers. Following these changes and immediately before our conversion into a joint stock company as detailed in the paragraph below, our registered capital increased to RMB100,696,000.

On December 25, 2019, our then Shareholders approved the conversion of our Company from a limited liability company into a joint stock company with limited liability. Pursuant to the promoters' agreement entered into by the then Shareholders on December 25, 2019, all promoters of our Company (being the then Shareholders) approved the conversion of net asset value RMB550,696,662.53 of our Company as of October 31, 2019 into 120,000,000 Shares of our Company with a nominal value of RMB1.00 each, with the amount exceeding our share capital recorded as capital reserves of our Company. The conversion was completed on December 26, 2019. Our Company was renamed as Cofee Medical Technology Co., Ltd. (可孚醫療科技股份有限公司). Immediately following the completion of such conversion into a joint stock company, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Equity interest (%)
Changsha Xiezihao ⁽¹⁾	65,446,095	54.54
Changsha Keyuan ⁽¹⁾	9,319,139	7.77
Mr. Zhang ⁽¹⁾	9,319,139	7.77
Ms. Nie ⁽¹⁾	2,681,338	2.23
Ningbo Huaige Gongxin Venture Capital Partnership (Limited Partnership) (寧波懷格共信創業投資合夥 企業(有限合夥)) (“ Huaige Gongxin ”)	8,103,599	6.75
Mr. Zhang Zhiming (張志明)	5,591,483	4.66
Guangzhou Danlu Venture Capital Fund Partnership (Limited Partnership) (廣州丹麓創業投資基金合夥 企業(有限合夥)) (“ Danlu VC ”)	4,676,253	3.90

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholders	Number of Shares	Equity interest (%)
Xiangtan Chanxing Dingxin Private Equity Fund Enterprise (Limited Partnership) (湘潭產興鼎信私募股權基金企業(有限合夥)) (“ Chanxing Dingxin ”)	3,908,795	3.26
Hunan Cultural Tourist Venture Capital Fund (Limited Partnership) (湖南文化旅遊創業投資基金企業(有限合夥)) (“ Hunan Cultural Tourist ”)	3,896,878	3.25
Changsha Yuhua Economic Development Dingxin Private Equity Fund Partnership (Limited Partnership) (長沙雨花經開鼎信私募股權基金合夥企業(有限合夥)) (“ Yuhua Economic ”)	2,392,945	1.99
Hunan Bofu Cultural Industry Investment Funds (Limited Partnership) (湖南泊富文化產業投資基金企業(有限合夥)) (“ Hunan Bofu ”)	2,335,743	1.95
Ms. Hu Hongxia (胡紅霞)	1,549,217	1.29
Hunan Yanjin Puzi Holding Co., Ltd. (湖南鹽津鋪子控股有限公司) (“ Yanjin Puzi ”)	779,376	0.65
Total	120,000,000	100.00

Note:

- (1) Ms. Nie is the spouse of Mr. Zhang. Changsha Xiezihao was owned as to 90% and 10% by Mr. Zhang and Ms. Nie, respectively. Mr. Zhang is the executive partner and the general partner of Changsha Keyuan with 5% partnership interest in Changsha Keyuan and each of Ms. Nie and Mr. Zhang Zhiming (張志明) is a limited partner of Changsha Keyuan with 55% and 40% partnership interest in Changsha Keyuan, respectively.

Listing on the ChiNext Market of the Shenzhen Stock Exchange

In October 2021, we completed the listing of our A shares on the ChiNext Market of the Shenzhen Stock Exchange (深圳證券交易所創業板) with the stock code 301087.SZ (the “**A Share Listing**”). In connection with A Share Listing, we issued an aggregate of 40,000,000 A Shares, accounting for 25% of our Company’s then enlarged share capital immediately following the A Share Listing. Following the A Share Listing, the share capital of our Company was RMB160,000,000, and Mr. Zhang, together with Changsha Xiezihao, Changsha Keyuan and Ms. Nie, was able to exercise approximately 55.22% of our Company’s voting rights.

Subsequent Capital Changes

In March 2022, we granted and issued 375,000 Shares to grantees pursuant to relevant Employee Incentive Schemes. Upon the completion, the share capital of our Company was RMB160,375,000.

In June 2022, we increase the share capital of our Company from RMB160,375,000 to RMB208,487,500 by way of capitalization of the capital reserve of our Company.

In December 2023, we granted and issued 750,750 Shares to grantees pursuant to relevant Employee Incentive Schemes. Upon the completion, the share capital of our Company was RMB209,238,250.

In September 2024, we repurchased and canceled 146,250 Shares. Upon the completion of such repurchase and cancelation, the share capital of our Company was RMB209,092,000 comprising 209,092,000 Shares with a nominal value of RMB1.00 each.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In August 2025, we repurchased and canceled 195,000 Shares. Upon the completion of such repurchase and cancellation, the share capital of our Company was RMB208,897,000 comprising 208,897,000 Shares with a nominal value of RMB1.00 each.

EMPLOYEE INCENTIVE SCHEMES

For the purpose of attracting and retaining talents and motivating our employees, we have established certain Employee Incentive Schemes. Below sets forth the effective schemes as of the Latest Practicable Date:

- (i) on December 21, 2021, our Shareholders passed a resolution to implement Employee Incentive Scheme 2021 to grant up to 3,000,000 options to eligible participants to subscribe Shares. These options have a exercise period of no more than 48 months since the date of the grant. As of the Latest Practicable Date, 3,120,000 options (taking into account the adjustment pursuant to the Capitalization Issue 2022 and Dividends Distributions) had been granted. Out of such granted options, 897,000 options has been exercised, and the remaining 2,223,000 options has been canceled or void. No further options will be granted under the Employee Incentive Scheme 2021, and no Shares will be issued pursuant to any options granted thereunder.
- (ii) on March 21, 2024, our Shareholders passed a resolution to implement Employee Incentive Scheme 2024 to grant up to 6,633,000 options to eligible participants to subscribe Shares. These options have a exercise period of no more than 49 months since the date of the grant. As of the Latest Practicable Date, all options had been granted. No other option would be granted under Employee Incentive Scheme 2024. Out of such granted options, 4,481,200 options are yet to be exercised (excluding an aggregate of 330,800 options held by 46 departed employees which are subject to cancellation).

MAJOR SUBSIDIARIES

As of the Latest Practicable Date, our Group comprised our Company and 99 subsidiaries. Details of the major subsidiaries of our Company which, among other things, made material contribution to our results of operations during the Track Record Period, are set out as below.

Name of company	Principal business activities	Date of establishment	Jurisdiction of establishment	Equity Interest attributable to our Group
Hunan JOYOR HearingCare Co., Ltd. (湖南健耳聽力助聽器有限公司) (“Joyor Hearing”)	Sales of medical supplies and equipment	March 1, 2018	PRC	100%
Hunan Keyuan Medical Equipment Selling Co., Ltd. (湖南科源醫療器材銷售有限公司) (“Hunan Keyuan”)	Sales of medical supplies and equipment	January 18, 2010	PRC	100%
Haohushi	Sales of medical supplies and equipment	November 27, 2007	PRC	100%
Hunan Cofoe Medical Equipment Co., Ltd. (湖南可孚醫療設備有限公司) (“Hunan Cofoe”)	Manufacturing of medical equipment and instruments	July 7, 2017	PRC	100%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of company	Principal business activities	Date of establishment	Jurisdiction of establishment	Equity Interest attributable to our Group
Acorn Trade (SHANGHAI) Co., Ltd. (橡果貿易(上海)有限公司) (“ Acorn Trade ”)	Sales of daily necessities	December 13, 2007	PRC	100%
Changsha Jiannuo Medical Device Sales Co., Ltd. (長沙健諾醫療器械銷售有限公司) (“ Changsha Jiannuo ”)	Sales of medical supplies and equipment	December 30, 2015	PRC	100%

MAJOR ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any major acquisitions or disposals that would require disclosure under the Listing Rules. However, we remain committed to pursuing strategic opportunities to enhance our market presence and drive long-term growth.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

Since 2021, our Company has been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 301087.SZ). Since our A-Shares Listing and as of the Latest Practicable Date, our Directors confirmed that we had no instance of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respect, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. As advised by our PRC Legal Advisor that during the Track Record Period and as of the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by relevant PRC securities regulatory authorities. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor’s view, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to cast doubt on our Directors’ confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange in any material respect.

We seek to list our H Shares on the Stock Exchange to accelerate the Company’s internationalization strategy and overseas business expansion, enhance the Company’s offshore financing capabilities, and align with the Company’s overall development strategy and operational needs. See “Business — Development Strategies” and “Future Plans and Use of Proceeds” in this prospectus for more details.

PUBLIC FLOAT

Rule 19A.13A of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our A Shares are listed on the Shenzhen Stock Exchange. The total number of the 27,000,000 H Shares to be issued pursuant to the Global Offering represents approximately 11.45% of the total issued share capital of our Company (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes). Based on the maximum Offer Price of HK\$39.33 per H Share, the expected market capitalization of the Company's H Shares would not exceed HK\$3 billion at the time of Listing. Therefore, Rule 19A.13(2)(a) of the Listing Rules applies to the Company, which requires that at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares). Immediately following the completion of the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes), the total number of the 27,000,000 H Shares expected to be held by the public represents approximately 11.67% of the total issued share capital of our Company (excluding 4,496,131 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date), which is higher than the prescribed percentage of H Shares required to be held in public hands of 10.00% under Rule 19A.13A(2)(a) of the Listing Rules, thereby satisfying Rule 19A.13A of the Listing Rules.

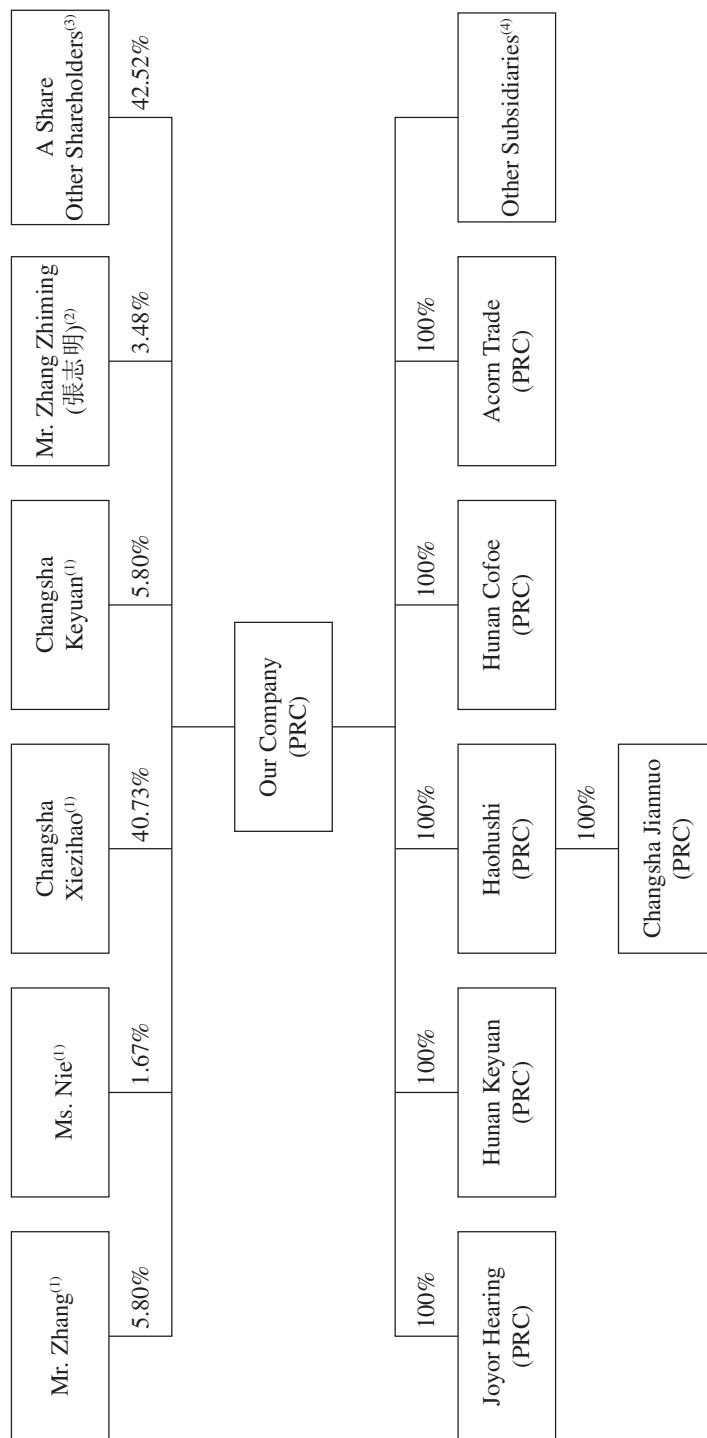
FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

Based on the maximum Offer Price of HK\$39.33 per H Share, the Company will satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY BEFORE THE GLOBAL OFFERING

The following chart depicts our simplified corporate and shareholding structure immediately prior to the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes):

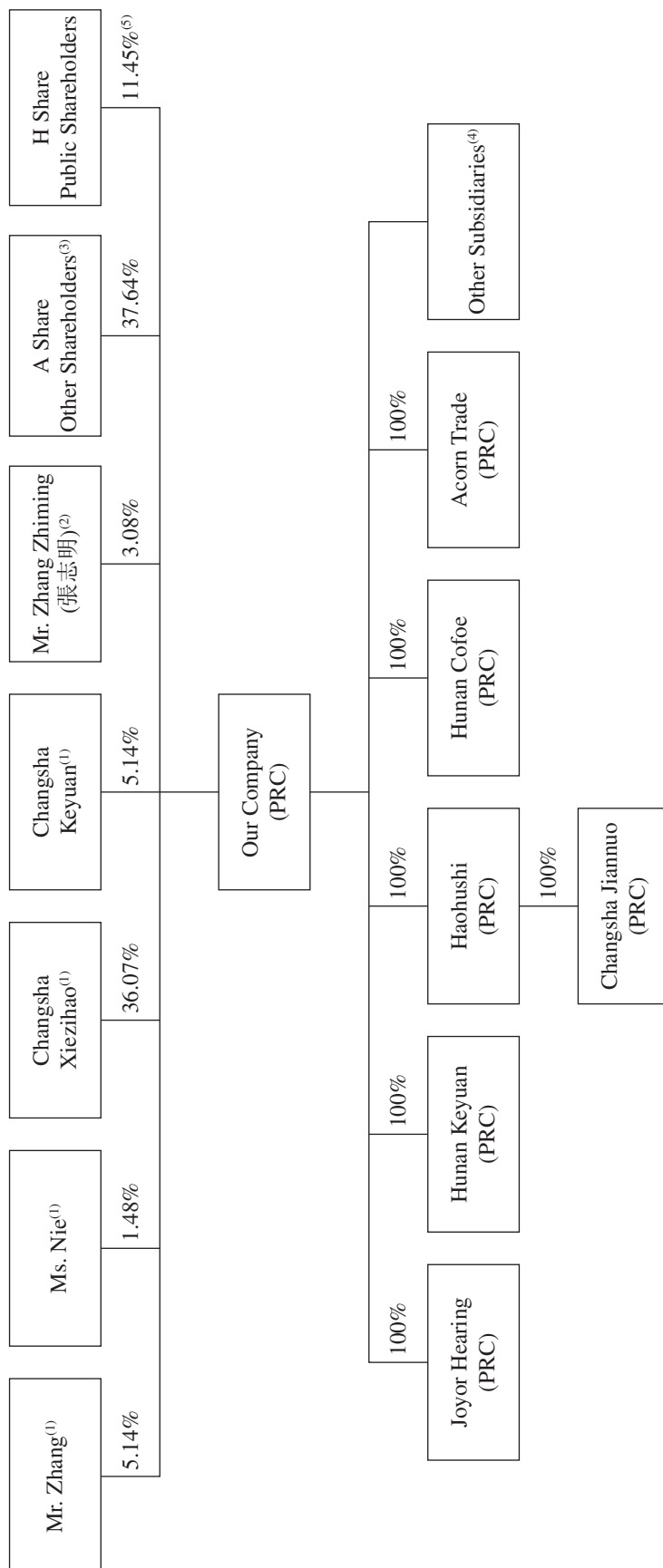


Notes:

- (1) Ms. Nie is the spouse of Mr. Zhang. Changsha Xiezhao was owned as to 90% and 10% by Mr. Zhang and Ms. Nie, respectively. Mr. Zhang is the executive partner and the general partner of Changsha Keyuan with 5% partnership interest in Changsha Keyuan and Ms. Nie is a limited partner of Changsha Keyuan with 55% partnership interest in Changsha Keyuan.
- (2) Mr. Zhang Zhiming (張志明) is our executive Director.
- (3) Include Directors, namely, Mr. Xue Xiaoqiao (薛小橋) and Mr. He Bangjie (賀邦傑), each hold approximately 0.02% and 0.02% equity interest of our Company, respectively.
- (4) As of the Latest Practicable Date, our other subsidiaries include 93 subsidiaries established in the PRC, Hong Kong, Macau, Singapore and Malaysia.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following chart depicts our simplified corporate and shareholding structure immediately following the completion of the Global Offering without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes:



Notes:

See notes (1) - (4) of the sub-section headed "Our Shareholding and Corporate Structure Immediately before the Global Offering" for details

(5) The calculation is based on the total number of 208,897,000 A Shares (including 4,496,131 A Shares repurchased by our Company as treasury shares) and 27,000,000 H Shares in issue upon completion of the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes).

OVERVIEW

We are a provider of home care medical devices in China. According to Frost & Sullivan, in terms of the 2024 domestic revenue, we ranked second among all home care medical devices providers in China, with a market share of 2.1%. The global home care medical devices industry is highly competitive, particularly the home rehabilitation aids, home respiratory support products, and home medical care supplies. According to Frost & Sullivan, the home rehabilitation aids industry and home medical care products industry in which we operate are highly competitive, each with over 300 market participants in China.

As of the Latest Practicable Date, our product portfolio encompassed over 200 product types with over ten thousand SKUs.

We implement a multi-brand marketing strategy to cater to the diverse needs of patients and customers. Assigning distinctive market positioning and targeted customer groups to each brand, while ensuring that all of them share a common value that possess our master brand, Cofee “”, we have successfully established a product portfolio comprising a large number of branded products. To implement our multi-brand marketing strategy, we also acquired brands with distinguished position in respective product lines, including “babaka (背背佳)” for orthopedic/posture correction products in 2022, and “Huazhou (華舟)” for medical dressing material in 2025. In 2025, we also established a strategic partnership with Royal Philips, under which we are authorized to distribute Philips-branded health monitoring products in the Greater China region. During the Track Record Period, we had primarily 11 proprietary brands and sold products mainly under 16 third-party brands. For details, see “Business — Sales and Marketing — Our Brand Value Promotion — Our Brand Portfolio”. In 2023, 2024 and 2025, the revenue derived from the sales of our own-brand products amounted to RMB2,101.3 million, RMB2,221.4 million and RMB2,435.3 million, accounting for 73.6%, 74.5% and 71.9% of our total revenue in the same year, respectively; while the revenue derived from the sales of third-party brand products amounted to RMB540.2 million, RMB515.9 million and RMB530.9 million, accounting for 18.9%, 17.3% and 15.7% of our total revenue in the same year, respectively.

During the Track Record Period, we have been actively expanding our presence in overseas markets and attracted a growing base of loyal users worldwide.

COMPETITIVE STRENGTHS

With nearly 20 Years of Dedication to Home Care Medical Devices Industry, We Have Established Leadership at Many Sectors in China. Our Product Portfolio Can Effectively Serve Home Care Needs of Consumers and Patients Throughout Their Life Cycle.

We have been focusing on home care medical devices industry since our inception in 2007 and are dedicated to bringing convenient solutions for consumers and patients looking for quality and advanced home care medical devices. Leveraging our profound insight of market demands across different demographic groups, and successful track record in solving complexity and challenges in relation to different products, we have established strong competitive advantages in many vertical sectors of home care medical devices industry. According to Frost & Sullivan, we ranked second among all home care medical devices enterprises in terms of domestic revenues in 2024 in China. Specifically, in terms of domestic revenue in 2024, our home rehabilitation aids products ranked first, with a market share of 2.4%. China’s home rehabilitation aids products market accounted for 23.5% of China’s home care medical devices market in 2024.

We believe our strengths and sustainable development prospect are solidly rest upon our integrated business structure and extensive distribution network across China with global reach, which allows us to produce and distribute a broad range of quality medical products to consumers and patients in a highly efficient way, satisfying a great variety of home care needs. In particular, we strategically focus on five main categories of home care medical products that we believe enjoy

strong growth potential and significant market demands in line with evolvement of demographic groups structure and popular life style of modern society. Leveraging our dedicated pursuance on continuous innovation to improve convenience and function of medical products, backed by our strong manufacturing capabilities and extensive distribution network, we have successfully achieved leading market position on multiple specific sectors. According to Frost & Sullivan, in terms of the 2024 domestic revenue in home care medical devices industry, we ranked first among all rehabilitation aids products providers in China, 4th among all medical care products providers in China, 5th among all health monitoring products providers in China, 7th among all respiratory support products providers in China and second among all TCM physiotherapy providers in China.

Furthermore, we have been actively expanding our presence in overseas markets and attracted a growing base of loyal users worldwide. Our global footprint now spans over 60 countries and regions across Asia, Africa, Europe, and the Americas.

Aligning with Our Strategic Commitment to Offer Consumers Convenient Selection of Quality Home Care Medical Devices with Great Variety of Choices, We Have Developed and Offered A Product Portfolio of Over 200 Types of Products across Over 10,000 SKUs, Structured within Five Core Therapeutic Domains.

Leveraging our industry-leading home care medical products portfolio comprising over 200 types of products with over ten thousand SKUs, we are able to effectively serve needs from family members of different ages. In addition, our successful track record also exhibited our capabilities of capturing consumers' trust to be the chosen product provider for evolving home care medical needs at different stages of their life cycles. This comprehensive coverage, in particular rich varieties for each type of product designed for different using scenarios, makes our stores the go-to places for patients and/or consumers to seek one-stop solutions for their related medical needs, creating strong synergies among different products on both cross-selling opportunities and brand value promotion.

During the Track Record Period, we continued to expand and optimize our product mix by launching a series of well-received products exhibiting improved functions that are backed by advanced technologies, and/or new specification and packaging designed to bring delightful and convenient use, all of which share a common theme of promoting quality home care environments for patients and his/her family members. In determining our R&D strategy and product launching plan, we focus on below factors that we deem essential for successful market leadership, namely:

- *Advanced Technology Exhibition.* We place particular emphasis on incorporating innovations supported by the latest technological developments into our products to improve user experience, real-time tracking and portability and the ability to seamlessly integrate such products into daily life of citizens of this modern society that featuring convenience brought up by digital and information technology. For instance, in 2024, we launched our proprietary blood glucose and uric acid dual-test strip, a home-based POCT product, which can complete the accurate detection of both blood glucose and uric acid indicators within 10 seconds with only one test paper and one drop of blood. As a result, it can provide an efficient solution for management of chronic diseases. In addition, it is the first blood glucose and uric acid dual-test strip products across the world. Furthermore, utilizing IoT technology and intelligent features, our wheelchair products allow patients to enjoy advanced functions like voice interaction, automatic obstacle avoidance, positioning and navigation. We also equip electronic thermometer with an independently developed prediction algorithm, enabling accurate temperature measurement within 15 seconds. To solve challenges associated with “cooling effect” problem of traditional ear thermometers that are caused by excessively low probe temperature, we innovatively designed pre-warmed ear thermometer, employing probe-constant-temperature preheating technology that could rapidly stabilizes the probe at a set temperature prior to measurement and thereby minimizing ambient-temperature

interference with ear-canal readings. The outstanding performance, combining aesthetic product design make our electronic thermometer one of the most well received products in the market, which ranked second in terms of revenue in 2024 in China.

- *High Quality Performance.* We set strict performance standards for medical performance of our products to ensure expected function and therapeutic outcomes in relation to disease prevention and health management could be precisely delivered. In pursuit of this target, we invested in R&D on developing and utilization of advanced material and technology. For instance, in developing medical care products like wound dressing products, we use our proprietary polyurethane foam layer material that has a loose and porous structure, which can not only fit the wound softly to reduce tenderness, but also absorb secretions vertically, effectively preventing skin maceration. In addition, the hydrocolloid formulation we use for our ostomy skin barrier delivers high-strength adhesion, corrosion resistance, and low sensitization in one integrated system, which can maximize the comfort of the human body and improve the quality of life of patients.
- *Consumer-Centric Design with Aesthetic Value.* We closely study exact demands developing choreographing aesthetically refined interfaces, ergonomic materials, and intuitive packaging to elevate user engagement across diverse scenarios, thereby enhancing consumers' adherence through thoughtfully designed interactions. For instance, to meet market demands for convenient use during traveling, we developed ready-to-use products such as portable ventilators and nebulizers, individually packaged cotton swabs, spray-type disinfectants, and single-piece packaged wet wipes, successfully winning favorable feedback from customers from all age groups. In addition, we have developed invisible adhesive bandages (which fit the skin better and are not easy to fall off) and waterproof dressings (which can still protect wounds when taking a bath) to address key concerns from relevant consumer groups. Our thermometer and audiometer products have also won MUSE Design Awards Gold Award (USA) granted by International Awards Associates (IAA), in recognition of their functional design with visual appeal while ensuring quality performance. By developing and launching products tailor to the needs of specific demographic groups, we successfully distinguished our products from generic commodities, and have made each popular hit product series an entry point to attract and retain relevant consumers into our medical product portfolio.

During the Track Record Period, we took proactive measures to expand our product portfolio by launching over 100 new products and/or SKUs, exhibiting our strong commitment on product innovation based on technology capability, experience in serving clinic needs and insight on evolving consumer preference. This lays a solid foundation for our sustainable development.

Leveraging Successful Development of Omni-Channel Backed by Strong Technology Capability, and Our Well-Recognized Brand, We Have Been Leading Development of Omni-Channel Commercialization of Home Care Medical Devices in China Since Our Inception and Set Successful Leadership in Many Product Categories.

We are committed to developing and improving our sales network since our inception and recognize it as an essential anchor for success of our business, because convenient and efficient delivery of home care medical devices are one of the key pursuance of consumers and patients. Through years of efforts, we have established a sales network with coverage and deep penetration in China, with significant overseas reach, which comprises both offline store chains and online channels. Leveraging this, we are able to effectively attract and serve needs from a broad range of demographic groups who hold distinctive shopping preferences, making us a preferred choice for consumers to seek home care related solutions. According to Frost & Sullivan, in 2024, based on domestic online revenue from home care medical devices, we ranked second in China home care medical devices market.

We are one of the first home care medical devices providers in China to obtain online sales licenses for medical devices and to explore online sales model. To accommodate consumers' evolving shopping habits and provide a convenient multi-channel shopping experience, we directly sell our products through our self-owned online stores on major domestic third-party e-commerce platforms. These stores provide a holistic view of, and facilitate easy access to our products, enabling consumers to make purchases directly through the platforms at their convenience. As of the Latest Practicable Date, we have established full coverage across all major e-commerce platforms, including Tmall, JD.com, Douyin, Rednote, Pinduoduo and YSB. Through years of online stores operations, we have established a professional e-commerce sales team, covering stages in e-commerce system, including platform operations, digital marketing and customer services, which successfully propel us to identify opportunities and adapt to evolving e-commerce market changes. In 2024, our online sales amounted to RMB1,980.7 million, ranking second among home care medical devices providers in China. Capitalizing on our category-focused market insight and industry experience, our strong infrastructure layout ensures swift and efficient logistics arrangements, and technology-backed analysis capabilities, we have successfully established a leading position in online sales of home care medical devices across different e-commerce platforms. In terms of sales in 2025, our branded products ranked first in 10 product categories and top 3 in 18 product categories in home care medical devices industry on Douyin; ranked top 3 in 25 product categories and top 10 in 43 product categories in home care medical devices industry on Tmall; and ranked top 3 in 11 product categories and top 10 in 27 product categories in the industry on JD. Our strong market share and penetration in online sales allows us to make quick response towards market needs while optimizing costs efficiency.

In the mean time, we fully recognize importance of offline coverage for sales of home care medical devices, which is particularly essential for those products that require pre-purchase diagnosis and post-purchase services, such as hearing aids, as well as hospital visitors and community residents who prefer quick pick-up and convenient pick-up and one-stop selections on products they need. As of December 31, 2025, we had 668 self-owned stores, among which, 618 of them were our "JOYOR HearingCare (健耳聽力)" centers covering 128 cities across China, where we offer professional audiology services and selection of great variety of quality hearing aids, including our proprietary Cofoe brands. According to Frost & Sullivan, in terms of the number of hearing aid fitting center outlets in China, JOYOR HearingCare ranked among Top 3 in the industry by the end of 2024. Besides, we also collaborate with reputable third party pharmacy store chain operators and reliable offline distributors, to fully leverage their market penetration and geographic coverage to improve sales of our products. As of December 31, 2025, we cooperated with over 80 pharmacy store chain operators that are ranked as "Top 100 pharmacy store chain operators" according to Frost & Sullivan in China and facilitated distribution of our products to 31 provinces and municipalities in China through over 200 thousand pharmacy stores. As of the same date, the number of our offline distributors reached nearly 200 and our distributor network effectively supplements our cooperation with third party pharmacy store chain operators, constituting a broad distribution network where we have more direct influence on service quality and product delivery.

In recognizing the critical value of quality services that contribute significantly towards consumer loyalty and sustainable development of brand value, we treat our marketing and sales measures as an integrated part of consumer services, to ensure consumers may select the exact type of products suitable for treatment and care they are looking for when they make purchasing decision. In addition, our post-sales customer service team may offer necessary follow-up assistance, proactive feedback collection and quick response to enquiries from users, all of which are supported by our technology-backed system. These measures assist us to form a well-trusted consumer relationship and lay a solid foundation for cross-selling opportunities, continuous production innovation and iteration, as well as mouth-to-mouth recommendations among public. Furthermore, we actively participated in and/or hold various marketing and sales campaigns that we deem suitable for our brand image and core corporate value. In particular, our pursuit to establish us a platform offers a product portfolio that effectively addresses home care medical needs for consumers and patients of all ages, providing patients and their families with diverse options to choose from.

Capitalizing on Our Devotion in Innovative Research and Development, Emphasizing on In-Depth Integration of intelligent features with Medical Hardware, We Are Able to Continuously Launch Products Catered to The Most Frontier Market Demands.

Our successful track record and strong growth potential rest upon our commitment to continuously develop and improve R&D capabilities. We fully recognize the importance of material science, hardware and software engineering, as well as clinical performance, and have an in-house R&D team with cross-principle academic background and/or practice experience. Led by our key scientists, namely Dr. Yang Quangang and Dr. Xu Binjie, we have also established three research institutes each focuses on a select area, including medical electronics and rehabilitation medicine, biosensing and innovative materials, and respiratory support. By setting dedicated R&D teams with a culture that promotes cross-departmental collaboration, we managed to achieve technology breakthroughs, as well as new product launching and iterations at different business lines. During the Track Record Period, our R&D expenditure amounted to RMB114.3 million, RMB106.7 million and RMB98.7 million, respectively.

These achievements consistently improve public recognition of our brands by translating satisfied using experience into the brand value of always incorporating advanced features and intuitive operation into home care medical devices and bring high adding value to consumers and patients. In particular, we invested in adoption of intelligent features and functions to bring consumers and patients tailor-made assistance to improve their life quality. For instance, by utilizing medical-grade sensors and adaptive signal processing algorithms, our non-invasive ventilators with 47 patents continuously monitor sleep quality of users while autonomously detecting and correcting respiratory events, including snoring, flow limitation, and central sleep apnea, through real-time pressure adjustments. Our proprietary technology and algorithm allow us to effectively eliminate false triggers by dynamically adapting to mask leaks, ensuring therapeutic integrity. In addition, in developing our hearing aids, we use adaptive noise-cancellation technology to reduce noise impact and provide frequency-specific compensation, effectively improving auditory clarity and speech recognition in complex environments like crowded restaurants or traffic which obtain 19 patents for our hearing aids products.

Furthermore, we believe that, for home care medical products, sustained rapid iteration is imperative to dynamically address evolving user expectations and outperform competitors to gain and retain consumer loyalty. To properly deal with related challenges, we streamline the process of transforming R&D results into products for mass production; while establishing technology-backed consumer feedback collection and analysis capabilities to ensure we can precisely focus our R&D efforts on key issues affecting consumers' expectations. For instance, in developing our ostomy care products, we carefully studied clinical requirements and key concerns of patients. Based on these findings, we launched products featuring ostomy care products with upgraded exhaust valves, which facilitate gas discharge and control the risk of bag swelling; adhesive removers that reduce pain during peeling; and leak-proof rings that improve leak resistance. In particular, the hydrocolloid formulation we use for our ostomy skin barrier delivers high-strength adhesion, corrosion resistance, and low sensitization in one integrated system, which can maximize the comfort of the human body and improve the quality of life of patients. Through quick product innovation and iteration, we managed to quickly acquire and expand market share in relevant sectors by leveraging our strong production and distribution capabilities.

As of the Latest Practicable Date, we held 701 patents. These achievements, together with our strong manufacturing techniques, allow us to quickly transfer R&D breakthroughs into competitive features and specifications in products offered to consumers. In 2022, we were awarded as a “National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)” by the CNIPA, in recognition of our strong R&D track record in home care medical devices industry. In addition, based on our notable R&D achievements and capabilities of launching innovative products, we were

awarded the 32nd place in the overall ranking of the “2024 China Medical Device R&D Comprehensive Strength Ranking” recognized by Pharmaceutical Industry Information Release Conference in 2024, where we entered into three sub-lists, namely, equipment, consumables and IVD.

Our Industry-Leading Manufacturing and Logistics Infrastructure That Are Equipped with Advanced Facilities and Software Systems Allow Us to Continuously Drive Cost Efficiency Optimization While Enhancing Stringent Quality Control.

We enjoy distinguished competitiveness in terms of strong production capacity and supply chain management capabilities. Our technology-backed production capacity, embedded in our production plants equipped with advanced production equipment and automated production lines, allows us to quickly transform technology breakthroughs designs into quality products while enjoying competitive affordability. We invested in implementing advanced equipment and latest technologies to enhance the accuracy and efficiency of our quality inspections including high-precision robotic vision and AI-based judgment systems. By doing so, we ensure that our products meet the highest quality standards while effectively reducing waste. As of December 31, 2025, we had four major manufacturing bases in China. In recognizing our advanced manufacturing capacity, we were awarded as a “National Industrial Design Center (國家級工業設計中心)” by the Ministry of Industry and Information Technology of the People’s Republic of China in 2023, and “an enterprise with excellent national intelligent manufacturing scenarios (國家智能製造優秀場景企業)” by the Ministry of Industry and Information Technology in 2022. In addition, we have also been accredited by the Hunan Provincial Department of Industry and Information Technology as the “Single Champion for Manufacturing in Hunan Province — molecular sieve oxygen concentrators (湖南省製造業單項冠軍—分子篩制氧機)”, “Hunan Provincial Intelligent Manufacturing Benchmark Workshop (湖南省智能製造標桿車間)” in 2024, and “Hunan Provincial Advanced-level Intelligent Factory (湖南省先進級智能工廠)” in 2025.

In addition, our logistics and supply chain management capability and technology achievement associated therein are the foundations of our business success. Capitalizing on our well-developed logistics and warehouse infrastructure, we adopted advanced technologies in establishing our smart logistics system capable of service automation and operation digitalization. We invested in developing service automation, setting unmanned logistics capabilities as a key focus of our operations to achieve optimized cost efficiency. We adopted advanced devices and software systems, including sorting robots, smart forklifts, automated sorting systems and goods-to-person systems. In addition, capitalizing on our digitalization systems, we could ensure seamless integration with, and dynamic management on, third party transportation service providers, bringing secure and quick solutions. In 2020, we opened up our logistics capabilities and resources to external customers for home care medical devices related needs, charging fees for using our warehousing and logistics services. We consider this business line effectively supplements our main business operations, by allowing us to effectively tap into their business reach and penetration in covered regions, achieve deep insight into evolving market demands and consumer preferences, while enhancing our business relationships with relevant leading enterprises.

Our Senior Management Team Has Unparalleled Strategic Vision on, and Long-Term Devotion in Home Care Medical Devices Industry. Their Leadership and Commitment, Complemented by Exceptional Organizational Execution, Establishes a Solid Foundation for Us to Achieve Sustainable Success.

We have a team of dedicated founders and senior management with successful experience in home care medical industry. With an average of over 20 years of experience in relevant industries and market sectors, our founder and the core members of our senior management possess a combination of clinical knowledge, keen market acumen, strong manufacturing management capability and dedication to make contribution for welfare of consumers and patients.

BUSINESS

Our founder and chairperson, Mr. Zhang Min (張敏), had over 20 years of experience in home care medical industry across key areas ranging from product development, IP development and management, sales and marketing. His leadership, profound industry insights and innovative and entrepreneurial spirit spearheaded our rapid growth in the past, and will continue to propel our growth in the future. Our vice chairperson, Mr. Zhang Zhiming (張志明), had rich experience in home care medical devices related supply chain, production and logistics, sales, and personnel management. Our vice president, Mr. Xue Xiaoqiao (薛小橋), possessed profound knowledge in home care medical devices related financing, investment and acquisition, as well as corporate governance and legal affairs. Our CFO, Mr. Chen Wangpeng (陳望朋), had nearly 20 years experience in financing and accounting management and was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants, a tax agent, and a senior accountant. They, together with other senior management team members, work closely with our founder and chairperson, led us achieving robust long-term performance across scale, profitability and growth metrics.

We place a high priority on R&D talent recruitment and believe successful R&D and product innovation the key to our sustainable development. We aim to build a highly talented R&D team with an interdisciplinary background and strong expertise. Dr. Yang Quangang (羊全鋼), the Dean of our respiratory support research institute, had cross-discipline expertise across electronics, and semiconductors, ultrasonic micro-motors, artificial intelligence, and medical devices, with particular focus and rich experience in research, development, and design of wearable respiratory equipment and systems. He has also served as a reviewer for several internationally renowned journals and conferences, such as *Mechanical Systems and Signal Processing*. He obtained doctoral degree from University of New South Wales in Australia. Dr. Xu Binjie (徐斌傑), the Dean of our biosensing and innovative materials institute, obtained doctoral degree in microbiology from Ohio State University of the United States. He has been committed to the research and development of medical devices for health monitoring, and has rich experience in the fields of microbiology, medical diagnosis, product optimization and industrialization. He has won more than ten domestic and foreign awards, such as the Silver Award in the iGEM Competition of the Massachusetts Institute of Technology, USA, and the First Prize in the Annual Conference of Chinese Disinfection and Infection Control.

Our management team embraces the value of staying current and adheres to a talent-focused philosophy. They recruit and promote talent, empowering individuals by granting them sufficient authority and autonomy, space for execution. We regularly implement equity incentive plans to boost employees' enthusiasm and initiative, allowing them to share in our growth and achievements. We believe that the expertise, vision and loyalty of our management team are crucial to our success and will continue to drive our future growth. With their leadership, combined with our robust R&D capabilities and diversified product portfolio and customer base, we are confident in our ability to not only maintain our current market position while actively exploring new growth opportunities and seizing market prospects.

DEVELOPMENT STRATEGIES

We plan to steadily expand our global coverage while keep strengthening our leadership in China market, so that we could enhance global influence of “Cofoe” as a leading brand that represent the concept of quality and convenient personal health management with cost of value. To achieve this goal, we have formulated the following measures:

Accelerating global expansion to meet the growing demands for high-quality home care medical devices in overseas markets.

Capitalizing on our established competitiveness in terms of branding, quality product portfolio, manufacturing capabilities, as well as extensive sales and marketing network that not only cover China but also enjoy presence in overseas markets, we plan to further improve sales of our products in overseas markets, with particular focus on those have strong demands and/or growth

potential, including Southeast Asia and Europe. To achieve this, we intend to continue expanding our sales channels in overseas markets by building localized operational teams, forging strategic partnerships with distributors and expanding cross-border e-commerce channels, so that, we may create an integrated international sales ecosystem that synergizes online and offline channels while balancing emerging and mature markets, providing strong channel support for the sustainable growth of overseas revenue. In addition, we plan to actively participate in overseas industry exhibitions, conferences and seminars to showcase our innovative products and technological strengths, deepen strategic cooperation with international customers and enhance our influence in overseas markets.

We will also invest in identifying and studying those home care medical device enterprises with overseas channel networks and mature product portfolios, as well as distributors enjoying advantages in regional markets.

Focusing on R&D and product innovation to capture opportunities brought up by market demands for AI-driven smart functions and pursuit of digitalization across home care medical devices industry.

We plan to further strengthen our R&D capabilities by developing more high-quality medical products that meet the demands of global consumers. We plan to keep iterating existing products while expedite new product development. Our R&D efforts will remain market-driven, with close collaboration between R&D and business departments to accurately align R&D directions and continuously improve R&D commercialization efficiency. We will establish a robust R&D pipeline across various product lines to further consolidate our competitive advantages in a multi-category product structure and promote balanced and sustainable business development.

We will invest in improving application of AI technology in various home care scenarios by enhancing integration of AI-empowered functions into home care medical devices. In line with this strategy, we plan to enhance investment in R&D efforts in relation to areas that are essential for intelligent diagnosis, remote health monitoring, and personalized health management, such as device-IoT platform interoperability, task specific algorithm development and optimization, miniaturization and portability of devices and noise reduction.

Continuously expanding and optimizing the online and offline sales channel network to maintain industry-leading position in terms of sales and marketing capability.

We plan to further enhance and optimize our established omni-channel sales network that enjoy strong synergy effect between online and offline channels. For online channels in China, we plan to keep formulating differentiated operational plans based on specific characteristics of different e-commerce platforms, while optimizing cross-platform product categories and pricing management, so that we may improve growth in various product categories, and strive to improve customer conversion and repurchase rates. In addition, we plan to enhance our brand image in connection with professional home care through strengthening user engagement at various social media e-commerce platforms by launching events KOL tours of our manufacturing bases, creating quality science-based video content and promoting live streaming-based campaign. We will also enhance cooperation with e-commerce platforms to bring more convenient delivery and shopping experience, achieving sustainable development and steady growth.

In developing offline sales network, we plan to enhance our cooperation with third party pharmacy store operators while investing in innovative retail models based on our study on dynamics of retail markets in China. We will continuously optimize distributor network coverage to increase our market penetration and improve penetration in important end-markets. Furthermore, we plan to keep developing innovative and attractive new consumption scenario and retail models, like those feature quick delivery, convenient pick-up and immersive shopping experience. In

addition, we will adopt cautious approach in expanding our “JOYOR HearingCare (健耳聽力)” store network with particular focus on identifying and securing premium locations enjoy convenient consumer and patients visits and good pedestrian flow.

Improving the refined management capabilities and operational efficiency by leveraging digitalization and information technologies.

We plan to continuously enhance operation efficiency by keep improving application of digitalization and advanced information technologies throughout each business segment, as well as further streamlining our business process. We will improve value chain collaboration and cost reduction measures. In particular, we plan to further strengthen coordination and collaboration among teams in charge of procurement, production, quality control and logistics, facilitating seamless intra-group information and data flow. Furthermore, we will enhance cost control measures, improve production-sales coordination, strengthen our capability to manage production and warehousing in a dynamic way, striving to build a highly efficient and agile supply chain system. In addition, for our sales and marketing work, we plan to enhance the application of AI-empowered tools and big-data analysis capability, so that we may access more accurate analysis and forecast to improve user acquisition and management cost efficiency, while enhancing our ability to offer satisfying customer services.

In managing our procurement work, we plan to further optimize our supplier grading evaluation and dynamic management system, while enhancing quality control on raw materials and improving inventory control. We also plan to improve dynamic coordination mechanism between market demand forecast and production planning through leveraging digitalization capabilities, so that we can achieve rapid order response in a more cost-effective way. We will continue investing in digitalization of production management and control, with the aim to optimize technological processes, enhance resource utilization efficiency and product quality, and reduce production costs. In addition, in order to ensure stringent quality control and improve consumer satisfaction, we plan to enhance our technology-back capability by conducting real-time monitoring on critical process parameters and product quality, improving visibility and transparency of our quality traceability mechanism. To enhance our logistics and warehousing capability, we plan to continue enhancing digitalized management capabilities and level of automated operation to achieve improved profitability.

Continuously enhancing brand influence through ensuring premium product quality and public recognition.

In line with our branding strategy of enhancing global influence of our brands, including “Cofoe”, we plan to capitalize on our established competitiveness in China and gradually enhancing global awareness of our brands by connecting our brands with concept of health life, rich collection of quality products and satisfying services. In particular, we plan to keep promoting public recognition on us as a platform offering a product portfolio that effectively addresses home care medical needs for consumers and patients of all ages, providing patients and their families with diverse device options to choose from. Capitalizing on our product portfolio comprising highly diversified product categories and large SKUs, many of which carrying advanced technology-backed functions, we plan to continue launching diversified, multi-tiered branding and marketing campaigns encompassing television outreach, sports events and campaign sponsorship, and public welfare initiatives. This approach can also benefit from our established market reputation proved by large number of positive user feedback that we accumulated through years of efforts. In addition, we plan to continuously improve the global brand reputation of “Cofoe”, by focusing on improving consumers experience in overseas markets, along with our efforts in expanding overseas consumer base in line with expansion of overseas sales network.

BUSINESS

OUR BUSINESS

During the Track Record Period, we derived revenue primarily from R&D, manufacturing and sales of a broad range of home care medical devices. Capitalizing on our extensive online and offline sales network, offered consumers and patients a range of home care medical devices, bringing convenient and quality experience to address their home-based medical needs, effectively covering home care needs for all family members.

In addition, leveraging our deep industry insight on, and established leading position in home care medical devices industry, we offer industry peers logistics services and online store management services. These business lines demonstrate our technological capabilities and competitive edges, while allowing us to strengthen cooperation with enterprises with leading positions in select market sectors, laying solid foundation for our sustainable growth.

For details of our revenue, gross profit and gross profit margin by products during the Track Record Period, please see “Financial Information” to this prospectus.

The tables below set forth the sales volume and average selling price for key products of each product category of our medical and wellness products during the Track Record Period:

	Year Ended December 31,					
	2023			2024		
	Sale volume thousand unit	Average selling price RMB	Percentage of total revenue (%)	Sale volume thousand unit	Average selling price RMB	Percentage of total revenue (%)
Sales of medical and wellness products						
Rehabilitation Aids products						
Orthopedic and posture correction product	2,482	80	7.0	2,997	172	17.3
Hearing aids	110	1,851	7.1	156	1,817	9.5
Medical Care Products						
Dressing products	57,587	2	4.0	68,228	3	6.9
Infection control products	54,420	2	3.8	59,610	2	4.0
Health Monitoring Products						
Thermometer	5,854	15	3.1	4,252	17	2.4
Blood glucose & uric acid monitor	4,517	33	5.2	4,334	31	4.5
Respiratory Support Products						
Ventilator	26	6,090	5.5	16	6,122	3.3
Nebulizer	867	99	3.0	785	96	2.5
TCM Therapy and Other Products ⁽¹⁾						
TCM physiotherapy devices	272	187	1.8	319	230	2.5
				406	287	3.4

Note:

(1) Other products include (i) household and personal care products; (ii) mother and infant products; (iii) daily necessities; and (iv) dietary supplement products.

The sales volume of our orthopedic and posture correction products increased from 2023 to 2025, primarily attributable to the increase in sales of the relevant products following our acquisition of the “babaka (背背佳)” brand in 2022. The average selling price of our orthopedic and posture correction products increased from 2023 to 2024, primarily attributable to our progressive launch and increased sales contribution of higher-end products, such as seamless posture correction products. The average selling price of our orthopedic and posture correction products remain relatively stable at 2024 and 2025.

The sales volume of our hearing aids products increased from 2023 to 2024, primarily driven by increased sales through offline channels, in line with the continued expansion of our network of “JOYOR HearingCare” stores. The sales volume of our hearing aids products further increased from 2024 to 2025, primarily attributable to an increase in sale performance of our “JOYOR HearingCare” stores, driven by enhanced store operational efficiency. The average selling price of our hearing aids products decreased from 2023 to 2025, primarily due to increased sales of products with price competitiveness through e-commerce channels and our continuous adjustment of product matrix.

The sales volume and average selling price of our nebulizer products decreased from 2023 to 2025, primarily attributable to a decrease in market demand following the gradual subsiding of the pandemic.

During the Track Record Period, while setting priority in developing our proprietary brands, we continue our cooperation with selected third-party brands that we deem supplementary to our product offerings, particularly those which exhibits innovative technology achievements and/or premium market reputation. We believe we benefit from this strategy by making our stores the go-to places for patients and/or consumers to seek one-stop solutions for their related medical needs. Furthermore, we strategically engage OEM/ODM suppliers to produce selected types of our branded medical products, particularly those do not carry sophisticated technology specifications and/or demand advanced manufacturing techniques. In this way, we are able to achieve production capacity expansion in a more dynamic and cost-efficient way as we deem appropriate, while focusing on producing products with higher value at our own plants.

For details of our revenue, gross profit and gross profit margin of our products by nature during the Track Record Period, please see “Financial Information” to this prospectus.

Medical and Wellness Products (醫療健康類產品)

As of the Latest Practicable Date, our product portfolio comprised over 200 types of products with over ten thousand SKUs, covering a great variety of home care needs associated with different types of diseases treatment, damage therapy, daily health maintenance and life quality improvement scenarios. Leveraging our dedicated pursuance on continuous innovation to improve convenience and function of medical products, we have successfully achieved leading market position on multiple specific sectors.

Rehabilitation Aids Products (康復輔具類產品)

Rehabilitation aids products refer to products designed to improve, substitute, or compensate for impaired bodily functions, facilitate auxiliary therapeutic interventions, and/or prevent disability progression. In developing our products, we focus on lightweight specifications and technology-backed smart controlling systems, to bring consumers convenient and comfortable user experience in scenarios that we pay particular attention to, including hearing assistance, mobility support, and posture correction. Leveraging our dedicated efforts in bringing products with high quality and commitment to offering premium services, we have achieved quick expansion during the Track Record Period.

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The table below sets out details of our key rehabilitation aids products:

Product	Core Technologies and/or Highlighted Features	Retail Price (excluding VAT)
Hearing Aids . . . 	Our hearing aids have adopted several advanced technologies, including multi-channel fitting and various technologies designed to compress sounds and speech-enhancement in the way to optimize sound output quality and users' comfortableness. In addition, our hearing aids incorporate adaptive noise-cancellation technology to improve speech recognition in noisy environments while reducing background noise. We provide several types of hearing aids, catering to various levels of hearing loss and user preferences, ensuring compatibility with diverse customer needs. In addition, we offer high-end custom hearing aids that utilize 3D ear impression technology, ensuring a precise fit to the physiological structure and enhancing wearing stability and comfort.	RMB2,124 ~ RMB18,071, which is generally determined by products technical level, brand, and after-sales services provided, the degree of consumers' hearing loss.
Electric wheelchair. . . . 	Our electric wheelchairs boast the following features: • <i>Intelligent Control and Operational Convenience.</i> Through the integration of multimodal sensors with algorithms, our wheelchairs achieve stable execution of basic movements including forward, backward, turning, and stopping. • <i>Safety and Stability.</i> We implement active obstacle avoidance design. Equipped with ultrasonic sensors, our products can detect nearby obstacles and alert users, effectively reducing collision risks. • <i>Age-Friendliness and Practicality.</i> We prioritize lightweight and portable design in our wheelchairs. Using lightweight materials such as aluminum alloy frames, our wheelchairs support folding storage for easy carrying and storage.	RMB1,895 ~ RMB4,311, which is generally determined by product materials, performance specifications, battery capacity, and auxiliary functions.
Orthopedic/ Posture correction products 	Our orthopedic and posture correction product boast the following features: • <i>Advanced Material.</i> We utilize advanced technology materials including high-elastic composite fabrics and breathable ice silk materials, balancing lightweight construction with high-strength support to ensure comfort during extended wear. • <i>Ergonomic Structure Optimization.</i> Our products feature precision support design based on the physiological curvature of the spine. The three-force-bearing surface system (lumbar-back, back-shoulder, and front-shoulder areas), achieves three-dimensional corrective force distribution. • <i>Invisible and Comfortable.</i> We implement invisible underwear design and progressive correction logic, avoiding muscle fatigue or skeletal injury caused by aggressive stretching.	RMB28 ~ RMB262, which is generally determined by the applicable scenario, intensity of corrective, materials, and other key specifications of the product.

Medical Care Products (醫療護理類產品)

Medical care products comprise various disposable medical and nursing supplies used for examination, diagnosis, treatment, and care. During the Track Record Period, we focused on developing and utilizing advanced material designed to bring comfortable sensation and convenient user experience. In addition, we also invested in developing products with innovative design, packaging and aesthetic appearance, to address particular and diversified needs from consumers in different home care scenarios.

The table below sets out details of our key medical care products:

Product	Core Technologies and/or Highlighted Features	Retail Price (excluding VAT)
Dressing products . 	<i>Wound Dressing Products.</i> We manufacture wound dressing products in Class 100,000 cleanroom, suitable for various non-chronic wounds and postoperative care. <i>Polyurethane Foam Dressing.</i> This product features a multi-layer composite structure, reducing pain upon contact, ensuring secure fixation and painless removal to avoid secondary injury; and improving breathability and adhesion stability. <i>Sodium Hyaluronate Repair Patch.</i> We use sodium hyaluronate material, thus achieving optimized overall results.	RMB1 ~ RMB69, which is generally determined by products functions, materials, and packaging specifications.
Ostomy Care Products 	We adopt leak-proof sealing structure to facilitate convenient replacement and odor diffusion reduction, making it suitable for daily care of postoperative ostomy patients. The hydrocolloid formulation we use for our ostomy skin barrier delivers high-strength adhesion, corrosion resistance, and low sensitization in one integrated system. Leveraging our technology breakthroughs in relation to optimized baseplate adhesives, we managed to steadily take over market share used to be occupied by overseas brands.	RMB8-RMB109, which is generally determined by products materials, required replacement frequency, and packaging specifications.

Health Monitoring Products (健康監測類產品)

Health monitoring products refer to medical products designed for monitoring human physiological parameters. With growing public awareness on, and increasing willingness to pay for timely monitoring on body conditions to improve health management and prevent negative development of symptoms like high blood pressure, glucose and lipids, market demands for home care products offering convenient and accurate health monitoring results kept increasing. We pay particular attention in developing products with convenient design for home care using scenario, including those products can facilitate multi-test with one device, multi-test with one strip and/or multi-test with one sample.

The table below sets out details of our key health monitoring products:

Product	Core Technologies and/or Highlighted Features	Retail Price (excluding VAT)
Metabolic Disease Testing Products 	Our products offer accurate detection performance and user-friendly operations. In response to the challenges, we successfully developed our blood glucose and uric acid dual-testing product. It can simultaneous measure glucose and uric acid with a single test strip and one drop of blood, fully exhibiting our strong technology R&D and engineering capability. According to Frost & Sullivan, it is the first blood glucose and uric acid dual testing strip around the world.	RMB12-RMB92, which is generally determined by products functions, and instrument — test strip kit configuration quantities.
Thermometers . . . 	Our ear thermometers, with electronic models featuring a proprietary predictive algorithm that delivers accurate readings in just 15 seconds. To address the “cold touch” effect caused by low probe temperatures in traditional ear thermometers, we have developed an innovative pre-heated ear thermometer that uses constant-temperature preheating technology to eliminate ear canal temperature interference, along with an ambient temperature compensation system that stabilizes measurements despite environmental fluctuations such as indoor — outdoor temperature differences in winter.	RMB10-RMB80, which is generally determined by products materials, sensor accuracy and algorithms, and value-added features.

Respiratory Support Products (呼吸支持類產品)

Respiratory support products refer to those designed for managing chronic respiratory health conditions. In recent years, as public interest on high-altitude outdoor activities kept increasing, there are growing demands for products with portable features and/or integrating designs tailored for relevant using scenarios. In addition, demands arising from home care scenario or medical institution-based treatment for sleep apnea-hypopnea syndrome, severe snoring, and respiratory insufficiency remained strong. Capitalizing on our strong technology capability, in particular our experts in respiratory support research institute, we have launched a broad range of products equipped with advanced functions and/or suitable for portable scenarios, successfully wining public recognitions.

BUSINESS

The table below sets out details of our key respiratory support products:

Product	Core Technologies and/or Highlighted Features	Retail Price (excluding VAT)
Non-invasive ventilators 	We successfully (i) introduced “first-time user mode” for our ventilators, that allows the ventilator helps users gradually get adapted through slow pressurization, avoiding sudden discomfort; and (ii) optimized and continuously iterated pressure regulation logic of algorithm to improve the sensitivity of hypopnea event and snoring event recognition and the timeliness of pressure output, allowing stable response of our ventilators in various sleep scenarios. In addition, we developed cotton-free noise reduction design, adopting a silicone honeycomb air-channel noise reduction solution, realizing both quietness and safety. We also developed ventilator IoT cloud platform that integrates LLM-backed functions, which can monitor sleep quality and breathing pattern information.	RMB1,666-RMB3,791, which is generally determined by the products motor and noise-reduction technologies, algorithm sophistication, and supporting consumables and accessories.
Nebulizers 	Utilizing pulsed nebulization technology and intelligent breath-actuated system, our devices can deliver precision aerosolization by activating mist emission during inhalation while halting output during exhalation. This innovation achieves a clinically validated 137% drug utilization rate with minimal wastage. We set three adjustable nebulization rates to accommodate diverse patient needs, and a suspended shock-absorbing pump and silencer channels to reduce operation noise. We introduced various advanced design to optimize pediatric applications and using experiences in home care scenarios, including voice guidance, soothing music therapy, programmable timers, child-lock safety, and fault protection.	RMB76 ~ RMB376, which is generally determined by nebulization technology pathways the proportion of effective aerosolized particles the durability of compressors.

TCM Therapy and Other Products (中醫理療類及其他類產品)

We offer a broad range of TCM therapy products to meet consumers’ growing demand for traditional physiotherapy and health preservation, including infrared physiotherapy devices using infrared radiation for physical therapy, helping to reduce inflammation, relieve pain, and alleviate muscle spasms; plaster series products that utilize the synergistic effects of far-infrared radiation, herbal ingredients, and acupoint application technology to relieve chronic pain, promote blood circulation and metabolism, remove blood stasis, accelerate lactic acid clearance, and alleviate muscle fatigue; as well as moxibustion products, cupping devices and scraping tools.

BUSINESS

The table below sets out details of our key TCM therapy and other products:

Product	Core Technologies and/or Highlighted Features	Retail Price (excluding VAT)
Physiotherapy Devices 	Our infrared physiotherapy devices combine far-infrared rays with specific electromagnetic wave therapy, allowing it to achieve rapid heating to therapeutic temperature.	RMB119 ~ RMB683, which is generally determined by products therapeutic functions, output power, and brand.

OEM/ODM Business

During the Track Record Period, we are engaged by clients to provide OEM/ODM services in recognition of our strong manufacturing capability with stringent quality control measures. We provide both design and manufacturing services, and our OEM/ODM products include standard products as well as customised variants modified based on customers' requirements. Under the ODM model, we collaborate with our customers to develop designs of products and then we manufacture; whereas under the OEM model, our customers provide us their designs and we are only responsible for manufacturing. During the Track Record Period, our OEM/ODM business customers primarily consist of manufacturers of consumer healthcare products, suppliers to chain supermarkets, and e-commerce trading companies.

Our products are generally customised to meet customers' specific requirements, including variations in product configuration, materials and production processes based on different usage scenarios. For rehabilitation aids products, such as wheelchairs, customer may choose between different configuration options, including materials, battery capacity and motor types. For medical care products, customisation may involve variations in base materials and processing techniques and conditions to meet customer requirements. During the Track Record Period, we primarily provided this business through our subsidiary, Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd. (“上海華舟壓敏膠製品有限公司”) (“**Shanghai Huazhou**”). During the Track Record Period, we primarily sold rehabilitation aid products (electric wheelchairs) to customers located in India, Thailand, Turkey and other Asian countries. Following the acquisition of Huazhou in 2025, we also commenced sales of medical care products, including wound dressings, to customers located in the United Kingdom and North America.

On December 17, 2024, we entered into the equity transfer agreement and subsequently completed the transaction in January 2025, acquiring a 94.35% interest in Shanghai Huazhou. During the Track Record Period, we did not conduct any acquisition that would constitute a major acquisition under Rule 4.05A of the Listing Rules. Please refer to the section headed “History, Development and Corporate Structure” for details of our historical acquisitions. We acquired Shanghai Huazhou in line with our business strategy to establish and enhance a vertically integrated business structure that allows us to enjoy strong quality and cost-efficiency control, a key foundation to ensure our sustainable development, particularly for successful development of home care medical devices where good quality, quick iteration and great value-for-money plays a vital role to win consumer loyalty. In the meantime, we benefit from this business by optimizing our product capacity utilization in a dynamic way, while getting access to recent industry trends and market preferences through offering manufacturing services to relevant clients. Our brand, “Huazhou”, is positioned to operate under Shanghai Huazhou and its affiliated subsidiaries.

BUSINESS

Other Business

During the Track Record Period, we derived revenue primarily by offering (i) logistics and warehousing services to third party medical product companies, where we charge clients generally based on orders of services at a fixed rate. Leveraging our extensive experience in the medical device sector, customised information systems, and warehousing and logistics facilities, we provide medical devices companies that lack the capability or qualifications to establish in-house distribution systems that meet the stringent quality control standards, regulatory compliance requirements and professional operational requirements; and (ii) online store management services, where we are engaged by third parties to run online home care medical product stores that they established on e-commerce platforms and charge them at a fixed rate of service fees and float fees based on sales performance. Our logistics and warehousing services to third parties are primarily provided by our subsidiary, Hunan Cangtianxia Intelligent Logistics & Storage Co., Ltd., a professional smart supply chain service provider registered in Kaifu District, Changsha, Hunan Province, delivering warehousing and distribution solutions including order processing, inventory management, transportation and delivery and supply chain optimization. Leveraging its rich service experience, advanced technology and sophisticated operation management system, we are recognized as a trustworthy logistics and warehousing services provider for medical products. For details, please see “— Our Logistics And Supply Chain Management” below.

Medical Device Risk Categories of Our Products

During the Track Record Period, our product portfolio includes home care medical device of all three risk categories pursuant to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) promulgated by the State Council, exhibiting our strong technology and quality control capabilities. This lays a solid foundation for our future development at each vertical sector and quick expansion of product portfolio. Pursuant to applicable laws and regulations, our products classified as Class I medical devices are required to be filed with the municipal-level drug administration authorities. Our products classified as Class II medical devices are required to obtain registration certificates from the provincial-level drug administration authorities. Our products classified as Class III medical devices are required to obtain registration certificates from the National Medical Products Administration. According to our PRC legal adviser, during the Track Record Period and up to the Latest Practicable Date, we have complied with all applicable laws and regulations regarding regulatory filing and registrations of medical devices in all material aspects. A portion of our medical device products intended for auxiliary home treatment for consumers with underlying medical conditions, such as oxygen concentrators, ventilators, nebulizers and therapeutic devices, are recommended for use under the guidance of a physician. Such requirement is explicitly stipulated and highlighted within the relevant Instructions for Use for these products.

The table below sets out breakdown of our revenue by risk categories of our products during the Track Record Period.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of medical and wellness products						
Class I ⁽¹⁾	409,333	14.3	419,926	14.1	419,980	12.4
Class II ⁽²⁾	1,714,332	60.1	1,414,635	47.4	1,552,649	45.9
Class III ⁽³⁾	180,215	6.3	88,019	3.0	125,516	3.7
Others	337,640	11.8	814,683	27.3	868,087	25.6
Subtotal	2,641,520	92.6	2,737,263	91.8	2,966,232	87.6
OEM/ODM Business	64,152	2.2	104,286	3.5	285,410	8.4
Others⁽⁴⁾	148,023	5.2	141,382	4.7	135,857	4.0
Total	2,853,695	100.0	2,982,931	100.0	3,387,499	100.0

BUSINESS

Notes:

- (1) mainly comprising stethoscopes, ostomy bag, colling antipyretic patch, cotton balls, bandages, medical tapes, cupping devices, walking aids and medical crutches, etc.
- (2) mainly comprising blood pressure monitors, thermometers, pulse oximeters, blood glucose and uric acid monitoring devices and test strips, sterile dressings, gauze dressings, sodium hyaluronate repair patches, medical protective masks, ventilators, oxygen concentrators, nebulizers and infrared therapy devices, etc.
- (3) mainly comprising influenza A and influenza B virus antigen test reagents, Mycoplasma pneumoniae antigen test kits, disposable sterile syringes and injection needles, and disposable insulin pen needles, etc.
- (4) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

OUR SALES NETWORK

We sell our products through an extensive sales network integrating offline and online channels. Our offline channels comprise (i) direct sales primarily via our self-owned stores, (ii) sales to third party pharmacy chain operators, and (iii) sales to offline distributors. Our online channels cover e-commerce platforms such as Tmall, JD.com, Douyin, Rednote, Pinduoduo and YSB through (i) direct sales via online stores, and (ii) sales to online distributors. To the best knowledge of our Directors, all of our distributors are independent third parties during the Track Record Period and up to the Latest Practicable Date and none of the distributors is our employee or former employee. During the Track Record Period, our relationships with our distributors are seller-buyer relationships. During the Track Record Period, our revenue generated from sales to distributors were recognized upon control of the asset transferred to the distributors, generally on delivery of the goods or upon the confirmation by the distributors.

The following table sets forth the breakdown of our revenue by sales channel for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Online Channels						
Online direct sales	775,654	27.2	1,068,881	35.8	1,130,522	33.4
Sales to online distributors	1,051,144	36.8	911,804	30.6	1,036,786	30.6
Subtotal	1,826,798	64.0	1,980,685	66.4	2,167,308	64.0
Offline Channels						
Offline direct sales	292,661	10.3	351,288	11.8	432,872	12.8
Sales to third party pharmacy store operators	468,281	16.4	333,554	11.2	304,464	9.0
Sales to offline distributors	53,780	1.9	71,736	2.4	61,588	1.8
Subtotal	814,722	28.6	756,578	25.4	798,924	23.6
OEM/ODM business	64,152	2.2	104,286	3.5	285,410	8.4
Others⁽¹⁾	148,023	5.2	141,382	4.7	135,857	4.0
Total	2,853,695	100.0	2,982,931	100.0	3,387,499	100.0

Note:

- (1) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

Online Sales Channel

We conduct our product sales via online channels in two manners, namely (i) direct sales via our online stores and (ii) sales to online distributors. Building on the solid brand image, product strengths and consumer trust established in our reliable quality, our online channels remain stable during the Track Record Period.

Online Direct Sales

To accommodate consumers' evolving shopping habits and provide a convenient multi-channel shopping experience, we directly sell our products through our self-owned online stores on major domestic third-party e-commerce platforms. These stores provide a holistic view of, and facilitate easy access to our products, enabling consumers to make purchases directly through the platforms at their convenience. As of the Latest Practicable Date, we had established online stores on all major e-commerce platforms, including Tmall, JD.com, Douyin, Rednote, Pinduoduo and YSB. According to Frost & Sullivan, in 2024, based on domestic online revenue from home care medical devices, we ranked second in China home care medical devices market.

We have entered into agreements with the e-commerce platforms to operate and manage our online store. The salient terms of our standard agreements with e-commerce platforms mainly include: (i) duration: the terms of our agreements with e-commerce platforms are typically one year; (ii) service fees: the e-commerce platforms generally charge us with a service fee both in fixed amount and as a percentage of sales amount; (iii) termination: the service agreements can generally be terminated upon prior written notice or in the event of a material breach.

Sales to Online Distributors

In line with market practice, during the Track Record Period, we also engaged online distributors, mainly e-commerce platforms and online stores operators, to improve our market coverage and penetration in a cost efficient way, including overseas regions. Some of our online distributors operate their own stores on the e-commerce platforms and sell our products to end consumers, whilst some sell our products to other merchants which in turn operate their own stores on the e-commerce platforms and sell our products to end consumers. Our end customers are mainly individual customers. As of December 31, 2023, 2024 and 2025, we engaged 26, 32 and 73 online distributors, respectively. To manage and mitigate potential competition between the our self-operated online stores on third-party e-commerce platforms and the online stores operated by our online distributors, we have adopted the following strategies: (i) We maintain control over product supply prices and recommended retail prices to avoid unhealthy price competition across different online sales channels; (ii) We offer different products in terms of models and specifications through our self-operated online stores and those sold by our online distributors, which helps reduce direct product overlap; (iii) We provide professional pre-sales consultation and after-sales support, which enhances the overall customer experience through self-operated online channels.

The following table sets out the number of our online distributors and their movements for the years indicated:

	Year ended December 31,		
	2023	2024	2025
As of the beginning of the year	20	26	32
Additions of new distributors.	8	8	50
Terminations of existing distributors	2	2	9
As of the end of the year	26	32	73

* The reasons for termination of existing distributors during the Track Record Period is that we focus on developing the distributors with certain scale to optimize our distributor network and expect to build long-term relationship with our selected distributors.

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Our additions of new distributors increased from 8 in 2024 to 50 in 2025, primarily attributable to an increase in online distributors with comparatively smaller scale who approached us to establish distribution cooperation, as we strategically implemented a targeted promotion initiative for such distributors in 2025 in connection with our newly launched dynamic glucose monitoring devices, a new category under our uric acid and blood glucose management product portfolio. We generated revenue of over RMB10.0 million from sales to such distributors in 2025.

In line with market practice, we primarily enter into standard distribution agreements with our online distributors, which are sales and purchase agreements in nature. The salient terms of the standard distribution agreements (including consignment agreements) we enter into with online distributors mainly include: (i) duration: the term of our agreements with online distributors typically ranges from one year to two years; (ii) payment and credit terms: for sales and purchase agreements, we generally grant a credit period ranging from 30 days to 90 days; (iii) minimum purchase requirements: the contract does not specify any minimum purchase quantity. All purchases are made according to the actual requirements and purchase orders; (iv) product delivery: we shall arrange the transportation of the goods to distributors. According to our agreement with the distributors, either the distributors or we shall arrange the transportation of goods to the end customers. The party responsible for arranging the transportation shall bear the associated costs; (v) product return: we allow return defective products to us; (vi) termination: online distribution agreements can be terminated upon contract expiration, due to significant breach by the online distributor, or if the annual review is unsatisfactory.

According to Frost & Sullivan, our engagement and practice of online distributors are in line with industry norm.

Offline Sales Channel

We primarily focus on the expansion and enhancement of our store network in offline channels to reinforce our brand image and positioning. We also collaborate with reputable premium third party pharmacy chain operators and reliable offline distributors to expand our offline sales coverage.

Our Self-owned Stores

Our self-owned stores network primarily comprise our “JOYOR HearingCare (健耳聽力)” stores, where we offer a broad range of hearing aids, including our own Cofe branded products. Targeting mid-to-high-end hearing aid fitting market sector, we offer precise and tailor-made hearing solutions for individual consumers. Our “JOYOR HearingCare (健耳聽力)” stores generally have a store area of 60 to 200 square meters, and staffed with well-trained sales team, who have completed necessary training to provide hearing aids related services, including pre-sales consultation, hearing testing, hearing aid selection and fitting, effect verification and evaluation, and after-sales guidance and follow-up. Furthermore, in line with our strategy of offering premium services, we possess a team of hearing instrument specialists with national certificates, who can offer highly professional hearing health management services to our clients, through which, we successfully distinguished us from other industry peers. As of December 31, 2025, we operated a total of 668 self-owned stores, among which, 618 are “JOYOR HearingCare (健耳聽力)” stores across 128 cities across China. According to Frost & Sullivan, in terms of the number of hearing aids centers, the JOYOR HearingCare ranks among the top three in the home care medical devices industry by the end of 2024.

We adopt hearing fitting process following the international standards, which covers entire chain of hearing health solutions including the establishment of personalized hearing files, professional hearing aid fitting, and lifelong hearing tracking services. As of December 31, 2025, we had 878 hearing instrument specialists with certificate, whom we dispatch to our stores to take charge of hearing fitting work and customer services. In recognition of our high quality of services and rich industry experience, we have been designated a “Hearing and Language Industry Base (聽力語言產業基地)” by Beijing Language and Culture University, one of the top linguistics research institutions in China.

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In addition, we also operate a few offline home care medical devices shopping centers and retails stores primarily in Hunan province, as well as Guizhou province nearby. These stores either serve as exhibition hall of our product offerings and development history, such as the shopping center opened at our headquarter building in Changsha where we provide a range of products covering the majority of our products, or offer convenient pick-up and access of commonly used medical products, including oxygen concentrators, ventilators, blood pressure monitors, blood glucose products, thermometers and wheelchairs, etc., for hospital visitors and residents in nearby communities, like our retails stores with the trade name of “Goodhushi (好護士)”. During the Track Record Period, we steadily reduced scale of these offline stores, in line with our business strategy of promoting online sales channel to fit evolving shopping habits of consumers, as well as focusing on offline sales of products that demand professional value-added services such as hearing aids. As of December 31, 2025, we operated two home care medical product shopping centers and nine “Goodhushi (好護士)” retails stores.

Furthermore, we expanded our offline store network into Hong Kong upon completing acquisition of an 87.6% stake in Humana Medical Limited (喜曼拿醫療系統有限公司), a reputable retailer and wholesaler of medical products in Hong Kong, by the end of June 2025. As of December 31, 2025, through Humana Medical Limited, we operated over 30 medical product retail centers, seven professional podiatry centers and one extracorporeal counterpulsation treatment center in Hong Kong.

The following table sets forth the movement in the number of our “JOYOR HearingCare (健耳聽力)” stores during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
As of the beginning of the period	411	682	759
Additions of new stores	275	136	3
Terminations of existing stores	4	59	144
As of the end of the period	682	759	618

In 2024 and 2025, we terminated 59 and 144 existing stores, respectively, primarily because we identified these existing stores failed to meet profitability expectations due to insufficient foot traffic at their locations or limited local market capacity, during our regular performance evaluations of distribution channels. We strategically terminated such stores to optimize our offline stores portfolio and enhance operational efficiency. Specifically, by terminating such stores, we were able to reallocate management, sales and marketing personnels towards stores that achieved higher profits, thereby improving cash flow and overall profitability of our offline “JOYOR HearingCare” stores.

The following table sets out the average spending per customer of our “JOYOR HearingCare” stores during the Track Record Period:

	Year Ended December 31,		
	2023	2024	2025
	(RMB)		
Average spending per customer ⁽¹⁾	6,603.2	6,876.0	7,570.0

Note:

(1) Calculated by dividing revenue for the period by total customer traffic for the period.

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The average spending per customer at our “JOYOR HearingCare” stores demonstrated sustained growth from 2023 to 2024, driven by (i) our enhanced brand recognition and continuous expansion of our stores network, and (ii) continued product optimization and enrichment of hearing aids related services we offered at stores. The average spending per customer increased from 2024 to 2025, primarily because we enhanced sales efforts to promote sales of products with price competitiveness. From 2023 to 2024, our same-store sales decreased by 8.6% primarily because the new stores we opened in 2023 and 2024 were still in their early operational ramp-up phase and contributed limited revenue in the respective years. From 2024 to 2025, our same-store sales increased by 14.8% primarily due to the improved operational efficiency and revenue contribution from the new stores we opened in 2023 and 2024.

The following table sets out the average daily revenue per store generated through our “JOYOR HearingCare” stores during the Track Record Period:

	Year Ended December 31,		
	2023	2024	2025
	(RMB)		
Average daily revenue per store⁽¹⁾			
Stores opened in 2022 and before	1,174.1	1,243.4	1,309.2
Stores opened in 2023	567.3	594.7	812.3
Stores opened in 2024	N/A	489.0	857.0
Stores opened in 2025	N/A	N/A	675.1

Note:

- (1) Calculated by dividing the revenue generated from stores for a given period by the number of days of operation for such store in that period.

Sales to third party pharmacy stores

We have established strategic collaboration with reputable third party pharmacy store chain operators in China, to fully leverage their market penetration and geographic coverage to improve sales of our products. As of December 31, 2025, we cooperated with over 80 third party pharmacy store chain operators that are ranked as “Top 100 pharmacy store chain operators” in China, and our medical products had been sold at over 200 thousand offline pharmacy stores across 31 provinces and municipalities in China.

The table below sets out the number of cooperated third party pharmacy store chain operators that are ranked as “Top 100 pharmacy store chain operators” in respective years, and their movements for the years indicated.

	Year ended December 31,		
	2023	2024	2025
As of the beginning of the year	70	72	77
Additions of new pharmacy store chain operators	9	7	9
Termination of existing pharmacy store chain operators	7	2	5
As of the end of the year	72	77	81

- * The reasons for termination of existing distributors during the Track Record Period is that we focus on developing the distributors with certain scale to optimize our distributor network and expect to build long-term relationship with our selected distributors.

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In 2023, 2024 and 2025, we ceased collaborations with seven, two and five third-party pharmacy stores, respectively, who did not meet our expected sales performance or whose development strategies were no longer in alignment with our development objectives.

The salient terms of our standard agreements with third party pharmacy store chain operators mainly include: (i) duration: the terms of our agreements with third party pharmacy stores range from one year to four years; (ii) minimum purchase requirements: we generally do not set minimum purchase requirements; (iii) product return: after we have duly delivered the goods pursuant to the contract, the third party pharmacy store shall not return or exchange the goods unless there is a quality issue. If it is a quality issue, both parties will confirm return or exchange through negotiation; and (iv) termination: the contract may be terminated by mutual agreement between both parties or upon expiry.

According to Frost & Sullivan, our engagement and practice of third party pharmacy store chain operators are in line with industry norm.

Offline Distributors in China

As of December 31, 2023, 2024 and 2025, we engaged 126, 186 and 191 offline distributors in China, respectively. Our offline distributors are mainly medical device distributors with medical device distribution qualifications and established sales channels across China, who in turn distribute our products to regional pharmacy chains, independent pharmacies, and clinics. Our end customers are mainly individual customers. In 2023, 2024 and 2025, our revenue generated from sales to offline distributors amounted to RMB53.8 million, RMB71.7 million and RMB61.6 million, respectively, accounting for 1.9%, 2.4% and 1.8% of our revenue generated from the product sales of the same years.

The following table sets out the number of our offline distributors in China and their movements for the years indicated:

	Year ended December 31,		
	2023	2024	2025
As of the beginning of the year	98	126	186
Additions of new distributors	44	71	20
Terminations of existing distributors	16	11	15
As of the end of the year	126	186	191

* The reasons for termination of existing distributors during the Track Record Period is that we focus on developing the distributors with certain scale to optimize our distributor network and expect to build long-term relationship with our selected distributors.

In 2023, 2024 and 2025, we ceased collaborations with 16, 11 and 15 offline distributors, respectively, who did not strictly follow our management policies for distributors, did not meet our expected sales performance, fail to sustain creditworthiness or were not aligned with our distribution channel development strategies.

The salient terms of our standard distribution agreements with offline distributors mainly include: (i) duration: the term of our agreements with offline distributors is specified as an annual framework cooperation agreement; (ii) designated distribution channel: we typically designate specific hospitals, clinics, pharmacy chains within a particular geographical area to different distributors. The distributors are not allowed to sell our products outside of their designated distribution areas. Parties agreed to set a selling price through negotiation; (iii) minimum purchase requirements: we generally do not set minimum purchase requirements; (iv) sub-distributorship arrangement: we generally do not prohibit our offline distributor to engage sub-distributors; (v)

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product return: for annual framework cooperation agreements with offline distributors, product returns are not permitted for nonquality issues after we fulfill the delivery obligation. For quality-related issues, returns shall be confirmed through mutual negotiation between both parties; and (vi) termination: for annual framework cooperation agreements with offline distributors, the agreements can be terminated upon contract expiration, by mutual agreement.

According to Frost & Sullivan, our engagement and practice of offline distributors are in line with industry norm.

Our Overseas Sales

During the Track Record Period, we sold our products to overseas consumers primarily through our online sales channels directly. During the Track Record Period, we also sell products under OEM/ODM business to overseas clients. Our overseas sales covered a wide range of product categories, including health monitoring products such as our proprietary blood glucose and uric acid dual-test strips and thermometers, wheelchairs, and wound dressing products.

For the details on our revenue by regions during the Track Record Period, please see “Financial Information” to this prospectus.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	2,803,825	98.3	2,923,780	98.0	3,088,756	91.2
Other countries/regions						
Asia	39,217	1.4	38,039	1.3	161,166	4.8
South America	3,157	0.1	8,219	0.3	20,126	0.6
Africa	1,643	0.1	2,847	0.1	8,198	0.2
Europe	3,074	0.1	5,270	0.2	43,188	1.3
North America	2,709	0.1	4,682	0.2	66,013	1.9
Oceania	69	0.0	93	0.0	52	0.0
Subtotal	49,870	1.7	59,151	2.0	298,743	8.8
Total	2,853,695	100.0	2,982,931	100.0	3,387,499	100.0

During the Track Record Period, the U.S. Tariffs, including the corresponding tariff policies introduced by other countries, and export restrictions, assuming they are enforced as proposed, did not have a material and adverse impact on our business, results of operations and expansion plan, on the bases that (i) we make very limited direct exports overseas, and therefore has in significant direct exposure to the tariffs. Specifically, our principal products exported to the European and U.S. markets were tapes, dressings and other products sold by Huazhou. With respect to EU tariffs, during the Track Record Period, our products were subject to an EU tariff rate of 6.5%. With respect to U.S. tariffs, our products were subject to a base tariff rate of 5% plus additional tariffs. Under a series of tariff policies implemented by the U.S. government in 2025, the applicable additional tariff rates applicable to our products ranged from 0% to 54%. As a result, during the Track Record Period and up to the Latest Practicable Date, the total U.S. tariff rates applicable to our products ranged from 5% to 59%; and (ii) downstream customers, who import the end products purchased from us into the U.S. and other countries, are responsible for the tariffs.

Distributor Selection and Management

We have adopted a set of distributor selection criteria and management policies to ensure our distributors are capable, efficient and well-resourced. Factors considered in distributor selection include their geographic coverage, experience in handling home care medical devices, scale of operations, qualifications, existing customer base and market reputation. We regularly review the performance of distributors through a selection process and annual assessment.

We proactively manage our distributors to comply with the requirements of relevant laws and regulations. We adopt and implement a suite of distributor management policies to ensure distributors are in compliance with the legal requirements. Our distributor management policies typically set out a variety of operational guidelines, including promotion activities, and account reconciliation mechanism. In addition, we also implement proactive management measures to mitigate potential competition or market cannibalization among distributors.

We conduct interview and/or on-site visit to understand their inventory level, through which, we may understand prevailing market conditions and check whether they have sufficient stock level. We believe these measures, together with terms of agreements with our distributors as mentioned above, including payment and credit terms, policies on product return, and other distributor management policies, can effectively mitigate risks associated with potential cannibalization and channel stuffing. During the Track Record Period, we did not restrict distributors from appointing sub-distributors and from time to time our distributors may engaged sub-distributors. We did not enter into sub-distribution agreements with sub-distributors.

We believe that our sales reflect the actual demand from end customers, thus minimizing the risk of channel stuffing and inventory backlog within the distribution network, as (i) we require our distributors to report to us on, and to maintain a reasonable level of, their inventory and adjust our supply to them to prevent channel stuffing accordingly; and (ii) we generally do not grant long credit periods to distributors or set minimum purchase requirements, encouraging distributors to be more cautious in their ordering to align their purchases with actual sales patterns and market demand. We believe such arrangements encourage distributors to order products based on actual sales forecasts.

In determining the price of products we sold to distributors and third-party pharmacy stores, we consider the factors including the cost of products, the market price of comparative products, prevailing competitive dynamics, order volumes, and historical relationship. In addition, we provide distributors and third-party pharmacy stores with recommended retail pricing guidelines, allowing them to adjust the designated retail prices within 20% relative to the recommended retail price. As distributors and third-party pharmacy stores incur operating costs in distribution our products, we generally sell products to distributors and third-party pharmacy stores at prices lower than our retail prices through direct sales, allowing them to retain a reasonable profit margin. This pricing approach helps align the retail prices of products sold through distributors and third-party pharmacy stores with those sold directly by us, thereby maintaining overall consistency in brand product retail pricing. In addition, we grant distributors and third-party pharmacy stores pricing flexibility of up to 20%, enabling them to respond to local competition, customer demographics and promotional costs.

Our Acquisition of Humana Medical Limited (喜曼拿醫療系統有限公司)

We have completed the acquisition of an 87.6% stake in Humana Medical Limited (喜曼拿醫療系統有限公司) by the end of June 2025. Founded in 1986, Humana Medical Limited has a history of nearly 40 years. It is a reputable retailer and wholesaler of medical products in Hong Kong operating over 30 medical product retail centers, seven professional podiatry centers and one extracorporeal counterpulsation treatment center. We benefit from this acquisition by quickly exploring into and expand business reach in Hong Kong market leveraging its industry experience and local resources, further promoting market influence of our brands. In the meantime, we plan to invest in improving store chain management and supply chain optimization for operations of Humana Medical Limited, to strengthen synergy between our business operations in China and overseas.

RESEARCH AND DEVELOPMENT

During the Track Record Period, we have been focusing on developing high-performance home care medical devices with emphasis of R&D activities in parallel. We have established an in-house R&D team of more than 350 staff and three research institutes each focuses on a select area, including medical electronics and rehabilitation medicine, biosensing and innovative materials, and respiratory support. Through relentlessly efforts, we have achieved distinguished R&D breakthroughs across different business lines. Leveraging continued successful innovation and iteration, we have achieved enhanced competitiveness in existing product portfolio, continuous expansion of application for new products, and optimization of cost efficiency.

During the Track Record Period, we conduct our product R&D primarily through our in-house team, and also through collaboration with external research parties, including the Central South University, Xiangya Second Hospital of Central South University and Beijing Institute of Fashion Technology. In particular, we collaborated with Xiangya Second Hospital of Central South University on research projects, such as a machine learning-based pressure-sensing intelligent correction device aimed at optimizing the force distribution and support structure of our posture correction products; and artificial intelligence home care products aimed to integrate AI technology into our nursing bed products, optimizing the product support performance based on human pressure distribution. As of the Latest Practicable Date, our collaborative research projects with external research partners are still ongoing and have not resulted in any commercialized products.

We typically enter into collaborative research agreements with external partners. The salient terms of our collaboration agreement mainly include: (i) intellectual property: the intellectual property arising from the research and development shall be jointly owned by us and the collaborating party; (ii) confidentiality: the engaged party is responsible for keeping strict confidentiality of all the information provided by us, and would be responsible for any breach of confidentiality. The confidentiality clause applies for two to five years from the provision of information; (iii) termination: the agreements will be terminated by mutual agreement, or by other means as set forth in the agreements.

Key R&D Programs

Our R&D efforts will continue to focus on the intelligentization and lightweighting of products, as well as their close integration with digital medical services. In addition, we will take enhancing the quality of consumer experience and improving long-term treatment compliance as important R&D directions. We will also continue to conduct research and development on key components of medical products and major AI algorithms to achieve continuous innovation in five categories of products. As of the Latest Practicable Date, our key on-going R&D projects are set out below:

Product/Technology	Key Features	Key Applications	Status and Expected Market Release Time
Sleep Therapy Ventilator Products	We plan to deeply integrate AI technology into our products, which will realize a full-process innovation from data collection to annual diagnosis. Users will not only be able to view ventilator sleep reports, but also obtain AI-generated health trend analyses and personalized improvement suggestions. We will optimize the ventilator algorithm, focusing on: (i) the intelligence of temperature and humidity control, dynamically adjusting the heating and humidification output to avoid airway dryness or excessive condensation; (ii) the leak compensation algorithm. In addition, we will optimize the mute engineering, safety design and humanized functions to enhance customers' user experience.	It can be used for home care scenario or medical institution-based treatment for sleep apnea-hypopnea syndrome, severe snoring, and respiratory insufficiency.	Engineering prototype stage Around 2026 and 2027
Portable Oxygen concentrators	We plan to develop an AI-Pulse oxygen supply technology, which identify user's breathing status in a highly intelligent way to sense slow and weak breathing through integrated advanced sensors, based on which, it may use built-in multi-level sensitivity adjustment to operate at different status that are suitable for various user groups. In addition, with the constant flow control algorithm and the built-in environment sensor, this device automatically adjusts the operating parameters of the device.	NOT (nocturnal oxygen therapy) population; AOT (ambulatory oxygen therapy) population; SBOT (short-burst oxygen therapy) population; Population engaging in plateau outdoor travel and tourism	Engineering prototype stage 2026

Product/Technology	Key Features	Key Applications	Status and Expected Market Release Time
	We plan to make this device a smart terminal for cloud platform to enhance respiratory health ecosystem, where users can conveniently observe real-time user breathing parameters, device flow, oxygen concentration, and device operation data, generating professional improvement suggestions.		
Immunochromatographic detection kits for infectious diseases	Through immunochromatography technology, consumers can perform infectious disease detection at home, with the detection range covering infectious diseases, respiratory system infections, digestive system infections, etc. In addition to ensuring accuracy, product development also achieves the optimal user experience for consumers by optimizing product design, simplifying operating steps, and adding intelligent functions.	Detection of infectious diseases such as infectious diseases, respiratory system infections, and digestive system infections	As of the Latest Practicable Date, we have completed applications for medical device registration for two products, and have commenced R&D for other product candidates in this category Expected to launch between 2026 – 2028
Research on Rapid Detection Technology for Metabolic Disease Indicators	We plan to develop a series of technologies and products focusing on metabolic diseases, including hyperglycemia, hypertension, hyperlipidemia, and hyperuricemia. We plan to realize functions such as multi-test with one device, multi-test with one strip, multi-test with one blood sample, and multi-test with one urine sample, and achieve intellectualization, so as to assist consumers quickly understand their own health status and obtain health guidance.	Detecting diseases like hyperglycemia, hypertension, hyperlipidemia, hyperuricemia, kidney disease, and anemia.	Multiple single-item detection products have been approved for market launch. We are still researching other product candidates Around 2027 and 2028

Product/Technology	Key Features	Key Applications	Status and Expected Market Release Time
AI-Driven Capability Enhancements for Power Wheelchairs	We plan to develop carbon fiber lightweight electric wheelchairs with a self-weight of no more than 13 kg, as well as wheelchairs with a high battery life of 100 km. In addition, we plan to develop AI functions for our wheelchair products, facilitating voice control, AI image recognition for automatic obstacle avoidance, positioning and navigation. We are also in the process of developing new intelligent electric wheelchairs with self-driven and self-controlled wheel hubs, enhancing our market share in high-end market sector.	Lightweight design facilitates travel, and AI functions enable personalized operation, enhancing the intelligence level of the product.	Testing and sampling stage Expect to launch between 2026 and 2027

OUR PRODUCTION

In line with our development strategy, we invested in developing and enhancing automated, digitalized, and lean manufacturing management across multiple production bases. In particular, we focus on achieving improvement in cost efficiency by continuously optimizing processes and formulations, and adopting highly flexible and transparent inventory management policy. In the meantime, we emphasize on implementing standardized workflow, and technology-backed automation, through which, we can achieve mass production capability with premium product consistency.

Our Manufacturing Bases

As of December 31, 2025, we had four major manufacturing bases in China. We strategically locate our manufacturing bases to places with close proximity to our clients, allowing coverage of, and quick response to, their production need and supply chain management demands.

Bases	Location	Descriptions
Changsha Intelligent equipment headquarter Base	Changsha, Hunan province	This plant commenced commercial production since December 2022 and mainly produce rehabilitation aids products, health monitoring products and respiratory support products. In addition, this plant also serves as an advanced logistics hub supporting online sales and offline distribution of our products, as well as offering logistics services to select industry peers.
Yueyang Smart Healthcare Plant	Yueyang, Hunan province	This plant commenced commercial production since October 2020 and mainly produce rehabilitation aids products, medical care products and respiratory support products.
Nantong Jerry Medical Plant	Nantong, Jiangsu province	This plant commenced commercial production since December 2020 and mainly produce wheel chair products. We implement advanced manufacturing equipment and highly automated production technologies in the plant to ensure quality of our products.
Qidong Huazhou Plant	Qidong, Jiangsu province	This plant commenced commercial production since May 2015 and mainly produce medical care products.

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The following table sets forth the production capacity and utilization rate of our manufacturing bases and other related metrics during the years indicated.

			For the year ended December 31,		
			2023	2024	2025
Medical and Wellness Products					
Rehabilitation Aids Products	Production volume	Units in thousand	4,202	4,761	5,114
	Production capacity	Units in thousand	5,415	6,118	6,801
	Utilization rate ⁽ⁱ⁾	%	78%	78%	75%
Medical Care Products	Production volume	Units in thousand	2,971,112	3,661,313	4,414,458
	Production capacity	Units in thousand	3,846,238	4,729,310	5,695,971
	Utilization rate ⁽ⁱ⁾	%	77%	77%	78%
Health Monitoring Products	Production volume	Units in thousand	141,450	143,647	187,665
	Production capacity ⁽ⁱⁱ⁾	Units in thousand	187,245	188,567	242,988
	Utilization rate ⁽ⁱ⁾	%	76%	76%	77%
Respiratory Support Products	Production volume	Units in thousand	71,982	53,297	62,342
	Production capacity ⁽ⁱⁱ⁾	Units in thousand	97,697	71,013	83,381
	Utilization rate ⁽ⁱ⁾	%	74%	75%	75%
TCM Therapy and Other Products	Production volume	Units in thousand	29,425	19,791	22,668
	Production capacity ⁽ⁱⁱ⁾	Units in thousand	37,633	26,047	29,159
	Utilization rate ⁽ⁱ⁾	%	78%	76%	78%

(i) Assuming that the relevant production lines operate 250 days per year and 8 hours per day.

(ii) Calculated based on the total available operating hours of each production line within the standard time frame multiplied by the standard output per unit of time for each production line.

During the Track Record Period, our overall production capacity increased, primarily due to (i) our expansion of production capacity to meet the growing market demand for our products; (ii) in accordance with our development strategy, we increased in-house manufacturing of certain products previously outsourced, which required higher production capacity; and (iii) our continuous optimization of production processes to improve production efficiency.

In particular, the production capacity of our TCM therapy and other products production lines decreased from 2023 to 2024, primarily because we changed certain lower value-added products from in-house manufacturing to outsourced procurement, in order to reduce production costs and improve overall production efficiency. The production capacity of our respiratory support product line decreased from 2023 to 2024, primarily because, based on our assessment of market conditions and the progress of our research and development efforts, we strategically reduced the production and sales of certain existing products in preparation for the manufacturing and launch of upgraded products, to optimizing our product offerings.

While we primarily rely on our in-house production capacity to manufacture our home care medical devices, we also engage OEM/ODM suppliers to produce select types of our branded medical products, particularly those do not carry sophisticated technology specifications and/or demand advanced manufacturing techniques, including walking aids, elbow crutches and canes under rehabilitation aids products; anti-decubitus mattresses, urine collectors, drainage tubes, drainage bags and irrigation devices under medical care products; mouth-closing orthotic patches under respiratory support products; as well as hot compress eye masks, acupuncture needles and

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cupping devices under TCM therapy and other products. In this way, we are able to achieve production capacity expansion in a more dynamic and cost-efficient way when we deem appropriate, allowing us to focus on producing products with higher value at our own plants.

The following table sets forth the procurement volume and procurement costs of the our own-brand products produced by OEM/ODM suppliers during the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Procurement volume (<i>thousand units</i>) . . .	139,949	89,704	102,548
Procurement costs (<i>RMB'000</i>)	411,331	255,223	325,887

The procurement costs of our own-brand products produced by OEM/ODM suppliers continuous decreased from 2023 to 2024, primarily because (i) we progressively transitioned certain product lines, including wheelchairs, the infection control series, wound dressings/bandages, and oral care products, to in-house manufacturing, consistent with our strategic development goal of enhancing quality control and improving delivery efficiency; and (ii) following the adjustments to epidemic prevention and control policies, market demand for health protection products such as antigen rapid test kits, masks, and gloves gradually declined, which allowed us to commensurately reduce the procurement volume of these products. The procurement costs increased from 2024 to 2025, primarily because we introduced new products, including continuous glucose monitoring devices and adult care products, through external procurement to enrich our product portfolio.

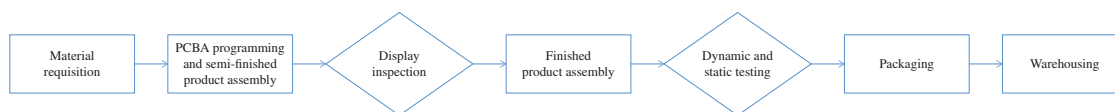
The procurement volume of our own-brand products produced by OEM/ODM suppliers slightly increased from 2023 to 2024, primarily due to increased procurement of disposable consumables products.

The salient terms of the standard agreements with OEM/ODM suppliers mainly include: (i) terms: the agreement generally has a term ranging from a few months to 2 years; (ii) minimum purchase commitment: we typically do not set minimum purchase requirement; (iii) logistics arrangement: our suppliers are generally responsible for arranging delivery of the products to locations designated by us, and be responsible for any risk of loss or damage upon acceptance; (iv) termination: we generally have the right to terminate the agreement with supplier who breach the supply agreement that frustrate the purpose of the agreement and (v) product return: we are entitled to return the products if the products are defective, and the suppliers are responsible for any fees incurred by the return.

Manufacturing Process

The charts below set out our key steps of production process of our products.

Blood Pressure Monitor



Ventilator

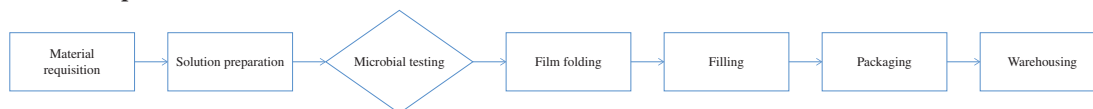


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Hearing Aids



Medical Repair Patch



The lead time of our products from order to delivery varies significantly based on types and complexity of relevant products. During the Track Record Period, for each batch of our products, our lead time range from approximately 30 days to nearly two months.

Our Production Equipment

During the Track Record Period, we source production equipment from diverse suppliers from China. We rely on our in-house technicians to conduct regular maintenance work to ensure safe and proper operations of our equipment and production line. During the Track Record Period and as of the Latest Practicable Date, we did not encounter any major interruptions in the production process due to facility or equipment failures or malfunction, nor did we incur any major accidents.

OUR LOGISTICS AND SUPPLY CHAIN MANAGEMENT

Capitalizing on our well-developed logistics and warehouse infrastructure, we adopted advanced software technologies in establishing our smart logistics system capable of service automation and operation digitalization. We invested in developing service automation, setting unmanned logistics capabilities as a key focus of our operations to achieve optimized cost efficiency. We adopted advanced devices and software systems, including sorting robots, smart forklifts, and automated sorting systems. In addition, capitalizing on our digitalization systems, we could ensure seamless integration with, and dynamic management on, third party transportation service providers, bringing secure and quick solutions. Our warehouse is capable of processing nearly 500 thousand orders per day during peak seasons and our sorting facility can complete tasks for over 30 thousand parcels per hour.

Utilizing our pallet conveyor Line, batch-wall sorter, intelligent automated storage and retrieval system, case conveyor line and cross-belt sorters that are backed by software systems, we are able to handle and sort different types of packages by batches under different warehousing and logistics operating environments, improving sorting efficiency and accuracy and achieving automated goods-to-person sorting. Goods-to-person is a modern method of logistics order fulfillment that combines automated storage with accurate and ergonomic picking processes. By using an automated storage system to deliver goods to a stationary pickup station where the operator fills discrete orders, goods-to person sorting significantly reduced the labor required in our warehouse.

In addition, our high-density storage system consists of hardware equipment and software systems such as multi-tier stacking crane, hoists, workstations and conveying systems, which improve storage utilization, efficiency and safety. We have put in place customized racking systems that allow for product storage on pallets in horizontal rows across vertically stacked levels in an efficient and secure manner. Our racking systems can accommodate a wide array of different customer storage needs.

We believe digitalization of our logistics operations and management is critical to enhancing its accuracy and efficiency and service capabilities. We have developed and/or adopted specialized information technology and digitalization system to streamline and optimize management on different sector of logistics and supply chain management, including (i) warehouse management

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system (WMS), which can undertake AI-empowered automated task solutions for goods pick up, status tracking and order verification, significantly improving real-time inventory visibility; (ii) warehouse control system (WCS), which can precisely and intelligently schedule and monitor the box conveyor line and pallet elevator in accordance with WMS instructions to achieve unmanned management; (iii) electronic business management system (EBMS), which focuses on after-sales return sorting, by accurately matching return details according to the return orders created by after-sales customer service, and synchronizing real return details to after-sales customer service in real time to complete refunds, improving efficiency, accuracy of after-sales processing and customer satisfaction.

QUALITY CONTROL

To ensure production quality, we have established a full-life-cycle quality management process, covering modules such as R&D quality management, material quality management, process quality management, and post-marketing quality management, ensuring the safety and effectiveness of products. We have also built a sound quality system, successfully passing certifications of international standard quality systems such as ISO 13485 and ISO 9001. Meanwhile, the requirements of MDR, CE, TÜV, IVDR, and China's GMP regulations are implemented into daily system requirements to maintain the effective operation of the quality system, safeguarding the compliant sales of products in various regions.

For durable products, such as hearing aids, we generally offer a warranty period, at least of one year or extended period for those products subject to relevant PRC laws and regulations, while for consumables, such as plaster series products, their shelf life is about two to three years. During the Track Record Period and up to the Latest Practicable Date, we did not experience any dispute in relation to our product quality that caused material and adverse impact to our business operations. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material product return or any product recall incidents that had, or would reasonably be expected to have, a material adverse impact on our business or operations.

OUR INFORMATION TECHNOLOGY

We believe that information technology is crucial for maintaining our competitive position. During the Track Record Period, we invested in developing our IT systems to ensure our business management could enjoy technology-backed benefits in terms of automation, informatization, intelligence and digitization. During the Track Record Period and up to the Last Practical Date, our IT systems did not experience any major failures or complete breakdowns that had a significant adverse impact on our overall business operations.

MARKETING, SALES AND CUSTOMERS

Our Customers

In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period contributed 43.8%, 33.7% and 36.1%, respectively, to our total revenue. Sales to our largest customer in each year during the Track Record Period accounted for 27.0%, 18.9% and 21.9% of our total revenue for the respective years.

The following tables set forth the details of our five largest customers in each year during the Track Record Period.

For the year ended December 31, 2023

For the year ended December 31, 2023

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No.	Customer	Customer type	Background	Products/services Purchased from us	Revenue (RMB'000)	% of total revenue
1 . . .	Company A	e-commerce platform	A public company primarily engages in e-commerce platform operations, as well as digital business, cloud computing, smart logistics, and related services in Chinese Mainland, listed on the New York Stock Exchange. We commenced our business relationship with the customer since 2017.	All five categories of home care medical products	769,779	27.0%
2 . . .	Company B	online distributor	A private company primarily engages in medical devices distribution and brand operation in Chinese Mainland. We commenced our business relationship with the customer since 2021.	All five categories of home care medical products	182,240	6.4%
3 . . .	Company C	e-commerce platform	A private company primarily engages in e-commerce for health products, medical devices, and wellness-related services in Chinese Mainland. We commenced our business relationship with the customer since 2018.	All five categories of home care medical products	157,877	5.5%
4 . . .	Company D	Pharmacy chain operators	A public company primarily engages in retail chain business for medicines, medical devices, and health-related products in Chinese Mainland, listed on the Shanghai Stock Exchange. We commenced our business relationship with the customer since 2009.	All five categories of home care medical products	86,342	3.0%
5 . . .	Company E	Pharmacy chain operators	A public company primarily engages in retail chain business for medicines, medical devices, and health-related products in Chinese Mainland, listed on the Shanghai Stock Exchange. We commenced our business relationship with the customer since 2009.	All five categories of home care medical products	53,599	1.9%

For the year ended December 31, 2024

For the year ended December 31, 2024

BUSINESS						
No.	Customer	Customer type	Background	Products/services Purchased from us	Revenue (RMB'000)	% of total revenue
1 . . .	Company A	e-commerce platform	A public company primarily engages in e-commerce platform operations, as well as digital business, cloud computing, smart logistics, and related services in Chinese Mainland, listed on the New York Stock Exchange. We commenced our business relationship with the customer since 2017.	All five categories of home care medical products	564,461	18.9%
2 . . .	Company B	online distributor	A private company primarily engages in medical devices distribution and brand operation in Chinese Mainland. We commenced our business relationship with the customer since 2021.	All five categories of home care medical products	202,347	6.8%
3 . . .	Company C	e-commerce platform	A private company primarily engages in e-commerce for health products, medical devices, and wellness-related services in Chinese Mainland. We commenced our business relationship with the customer since 2018.	All five categories of home care medical products	116,233	3.9%
4 . . .	Company D	Pharmacy chain operators	A public company primarily engages in retail chain business for medicines, medical devices, and health-related products in Chinese Mainland, listed on the Shanghai Stock Exchange. We commenced our business relationship with the customer since 2009.	All five categories of home care medical products	74,771	2.5%
5 . . .	Company E	Pharmacy chain operators	A public company primarily engages in retail chain business for medicines, medical devices, and health-related products in Chinese Mainland, listed on the Shanghai Stock Exchange. We commenced our business relationship with the customer since 2009.	All five categories of home care medical products	47,298	1.6%

For the year ended December 31, 2025

No.	Customer	Customer type	Background	Products/services Purchased from us	Revenue (RMB'000)	% of total revenue
1 . . .	Company A	e-commerce platform	A public company primarily engages in e-commerce platform operations, as well as digital business, cloud computing, smart logistics, and related services in Chinese Mainland, listed on the New York Stock Exchange. We commenced our business relationship with the customer since 2017.	All five categories of home care medical products	740,468	21.9%
2 . . .	Company B	online distributor	A private company primarily engages in medical devices distribution and brand operation in Chinese Mainland. We commenced our business relationship with the customer since 2021.	All five categories of home care medical products	307,954	9.1%
3 . . .	Company C	e-commerce platform	A private company primarily engages in e-commerce for health products, medical devices, and wellness-related services in Chinese Mainland. We commenced our business relationship with the customer since 2018.	All five categories of home care medical products	76,339	2.3%
4 . . .	Company D	Pharmacy chain operators	A public company primarily engages in retail chain business for medicines, medical devices, and health-related products in Chinese Mainland, listed on the Shanghai Stock Exchange. We commenced our business relationship with the customer since 2009.	All five categories of home care medical products	58,007	1.7%
5 . . .	Company E	Pharmacy chain operators	A public company primarily engages in retail chain business for medicines, medical devices, and health-related products in Chinese Mainland, listed on the Shanghai Stock Exchange. We commenced our business relationship with the customer since 2009.	All five categories of home care medical products	39,348	1.2%

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

Overlapping Customers and Suppliers

During the Track Record Period, all of our major customers were also our suppliers in the respective years. This is mainly due to the factors that, our major customers are either (i) e-commerce platforms or online distributors, whom we also engaged for e-commerce platform, advertising and logistics and warehousing solutions services in recognition of their expertise and leading positions; or (ii) third-party pharmacy store chain operators, whom we also engaged for providing sales and marketing services, in recognizing their rich experience and successful track record in offering these service for home care medical devices.

In 2023, 2024 and 2025, our purchase amount attributable to these customer-suppliers in each year during the Track Record Period amounted to RMB261.8 million, RMB181.0 million and RMB254.4 million, respectively, which accounted for 12.1%, 9.4% and 11.2% of our purchases, respectively.

In addition, during the Track Record Period, certain of our major suppliers in each year during the Track Record Period were also our customers in respective year. This mainly because, given the factors mentioned above, (i) two of these suppliers are also leading e-commerce platforms in China where we conduct online sales of our products; and (ii) one of our major suppliers engaging in wheelchair products manufacturing business choose to procure wheelchair related parts and components from us in recognition of our leading market position in this respect. In 2023, 2024 and 2025, our sales amount attributable to these supplier-customers in each year during the Track Record Period amounted to RMB928.6 million, RMB572.4 million and RMB741.4 million, respectively, which accounted for 32.5%, 19.2% and 21.9% of our revenue, respectively. In 2023, 2024 and 2025, the gross profit of our products sold to these supplier-customers in each year during the Track Record Period amounted to RMB331.2 million, RMB232.8 million and RMB383.4 million, and the gross profit margin of such products sold to these supplier-customers in each year during the Track Record Period were 35.7%, 40.7% and 51.7%, respectively.

According to F&S, the overlapping of our customers and suppliers is common in home care medical devices industry, where e-commerce platform management, sales and marketing, and logistics and warehousing services generally demand expertise and professional knowledge on relevant medical products, which are distinctively different from those related with other types of goods. As a result, it is not uncommon for enterprises like us to engage relevant e-commerce platform, online distributors and pharmacy store chain operators to offer ancillary services like e-commerce store management, sales and marketing, as well as logistics and warehousing solutions.

Our Directors confirm that all transactions with these overlapping customers and suppliers were conducted in the ordinary course of business, on normal commercial terms, and were not inter-conditional. The contractual terms were substantially the same as those with our other customers and suppliers.

Sales and Marketing

We implement a multi-brand marketing strategy to cater to the diverse needs of patients and customers. Assigning distinctive market positioning and targeted customer groups to each brand, while ensuring that all of them share a common value that our master brand, Cofoe “ 可孚”, we have successfully established a product portfolio comprising large number of branded products. This strategy allows our brands enjoy distinguished market recognition in their select sectors, while effectively complementing each other to cover home care medical products from consumers and patients at different life stages and/or seeking different solutions re specific disease or restrictions.

Customer Services

We treat our marketing and sales measures as an integrated part of consumer services, to ensure consumers may select the exact type of products suitable for treatment and care they are looking for when they make purchasing decision. For devices with sophisticated functionality and/or designed to assist post-surgery recovery at home, we also offer video content together with specific customer service support to ensure consumers and patients can use them safely and correctly in a home environment. We generally require our customer service team to respond to enquiries raised by consumers within 24 hours after reception, ensuring satisfactory consumer experience.

During the Track Record Period and up to the Latest Practicable Date, our online stores have not received any penalties, while key performance metrics, such as complaint and return rates, consistently outperformed industry average.

Our Brand Value Promotion

Furthermore, we actively participated in and/or hold various marketing and sales campaigns that we deem suit our brand image and core corporate value. In particular, our pursuit to establish us a platform offers a product portfolio that effectively addresses home care medical needs for consumers and patients of all ages, providing patients and their families with diverse device options to choose from. For instance, we have participated healthcare program on CCTV, the leading telecommunication station in China, upon passing relevant qualification tests and validation procedures, through which, we managed to convey our scientific and professional brand concepts to audiences across China. In addition, in recognizing impact on public from hybrid video-social platforms, we have built strong presence in Douyin, Kuaishou and Xiaohongshu, enhancing user interactions through methods such as health experts visiting factories and creating popular science content. We also sponsor public events promoting public awareness on healthcare and conveying importance on daily care on body conditions, forming a close tie in consumers' cognition between health and our brands, including Cofee and others. For instance, through participating in events like Mount Everest climbing, the Changsha Marathon, the Changsha Xiangjiang River Crossing Swim, and the Hunan Provincial Youth Basketball League, we have expanded the scene connection of healthy consumption, continuously increased the brand's popularity among sports vertical groups, and conveyed the healthy and positive brand spirit.

In addition, we have participated in industry exhibitions such as Arab Health, MEDICA, CMEF and National Pharmaceutical Trade Fair, showcasing the latest products and cutting-edge technologies to professional and ordinary audiences. In addition, we engaged with celebrity to endorse for babaka 背背佳 babaka, promoting public awareness on importance of "spine protection and upright walk", inspiring consumer across different age groups to pay attention to posture health. Furthermore, we actively fulfill our social responsibilities, and have joined events organized by institutions such as the China Foundation for Disabled Persons and the China Social Assistance Foundation to donate medical supplies such as oxygen concentrators, thermometers, blood pressure monitors, and commode chairs to rural areas and elderly care centers. These measures have accurately helped the disabled and vulnerable groups, demonstrating our attention and devotion social responsibility and further enriching the value connotation of the brand. All of these efforts set out a stringent and dynamic theme of our sales and marketing strategy across our group.

Our Brand Portfolio

We are well aware that in the household medical devices industry, the public's positive perception of a brand is a crucial factor for sustainable success, and have been investing in brand value building. By continuously launching products that feature high quality, deliver outstanding medical efficacy, cater to the daily needs of family members across all age groups in home settings with both aesthetic appeal and user-friendly convenience, we have been steadily enhancing customers' recognition of Cofee as the reliable source of range of home care medical devices, while

trust our other brands with distinguished position in respective product lines, such as “babaka (背背佳)” for orthopedic/posture correction products, “JOYOR HearingCare (健耳聽力)” for hearing aids and related services, “Jerry Medical (吉芮醫療)” for wheelchair products, “Huazhou (華舟)” for medical dressing material and products.

 Our key brands for home care medical devices. It stands for our commitment to bringing trusted medical-health products for lifelong wellness. The Chinese character “孚 (Fu)” means “trustworthy” in Chinese, therefore, “可孚 (Kefu)” signifies “worthy of trust”. The English trademark “Cofoe” is derived from “Comfortable,” implying a sense of ease and comfort.

Positioned to seamlessly combine innovation and reliability, we deliver high-quality branded medical products that are characterized by creative design addressing evolving user needs, advanced technology ensuring clinical efficacy and superior quality compliant with global standards. We are dedicated to become a the trustworthy source for consumers to seek personal health management products and solutions, and have been invested in developing and launching a broad range of home care medical devices exhibiting advanced technologies and convenient operations at home care scenario.

 Founded in 1997, “babaka (背背佳)” brand is one of China’s earliest brands focusing on posture health management. In April 2022, we acquired this pioneering brand and implemented a strategic repositioning, establishing it as a “Posture Management Expert”. Focusing on dual domains of Scientific Shaping + Wellness Aesthetics (科學塑形+健康美學), we are committed to building an integrated posture health ecosystem that combines correction, sculpting, and maintenance. This initiative has successfully expanded public understanding of posture-correcting products, raising awareness of posture improvement needs across diverse age groups and professions while fostering strong recognition of “babaka (背背佳)” branded products’ functionality and quality.

 “JOYOR HearingCare (健耳聽力)” is our national hearing service chain brand focusing on hearing aid fitting services and hearing rehabilitation. As of December 31, 2025, we operated a total of 618 “JOYOR HearingCare (健耳聽力)” stores across 128 cities across China. According to Frost & Sullivan, we are one of the few enterprises in China that simultaneously owns independently developed hearing aid fitting tools, hearing aid products, and a chain of hearing aid fitting centers.

 Founded in 2013, “Jerry Medical (吉芮醫療)” brand has become a leading brand in the electric wheelchair industry, with a rich product system that has obtained domestic registrations and overseas certifications. It boasts a complete intellectual property system, leading technological R&D capabilities, and efficient manufacturing processes. Our subsidiary, Jerry Medical Instrument (Shanghai) Co., Ltd, is a high-tech enterprise and a “specialized, sophisticated, distinctive, and novel (專精特新)” enterprise. Its products have passed international authoritative certifications including US FDA, UKAS “ISO13485” and “CE” in Germany.

 We acquired our brand “Huazhou (華舟)” in 2025, focusing on high-quality medical dressing products for hospitals and consumers, including silicone adhesive bandages, hydrocolloid dressings, foam dressings, and suture-free tapes. With the brand mission of meeting the health needs of consumers for efficiency, comfort, safety, and aesthetics in wound healing scenarios, we have built a strong market reputation through continuous research and development and high-quality production. Our customer base covers well-known domestic and foreign medical products brand owners, including Fortune 500 companies.

Our In-House Sales Team

As of December 31, 2025, our sales and marketing team consisted of over 3,000 employees, supporting our extensive sales network that possesses online coverage, broad offline reach and a strong team of hearing instrument specialists and orthotists.

During the Track Record Period, as we were engaged in the sale of medical devices, we have obtained (i) the filing for the operation of Class II medical devices, and (ii) the permit for the operation of Class III medical devices in accordance with applicable PRC laws and regulations. Our hearing instrument specialists at our “JOYOR HearingCare (健耳聽力)” stores, who are responsible for the provision of hearing aid related services, have obtained the professional qualification certificates of hearing aid fitters (助聽器驗配師) in accordance with applicable PRC laws and regulations. Our Directors confirm, and our PRC Legal Adviser is of the view, that during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations applicable to our sales activities and sales personnel in all material respects.

We pay close attention to develop and enhance our in-house capability in managing short-video and livestreaming practice to achieve market position strengthening. By encouraging and promoting capable staff to join short-video and livestreaming campaigns and host sales events on platforms, we have created close tie with consumers and established a distinctive advantages that highly value product quality and effectively mitigate risks associated with reliance with external KOLs and KOCs. As of December 31, 2025, we had over 10 million followers on Tmall, JD and Rednote, collectively. Our livestreaming efforts have driven exceptional campaign performance.

In particular, we recognize the importance of utilizing advanced technology in implementing sales and marketing strategy to optimize cost efficiency and enhance consumer experience. We have engaged AI-empowered functions to assist our staff to give accurate response to consumers with trackable records, and prepare quality scripts for short-video and livestreaming events, resulting in highly promoted working efficiency.

KOL Endorsements

We partner with reputable KOLs who test and endorse our products through short videos, posts, or livestreaming sessions on popular social media platforms. These endorsements resonate with their followers and enhance our brand’s visibility and credibility. Our KOL partners are carefully selected based on their expertise, influence, and alignment with our brand values. By leveraging their marketing perspectives and creative content, we can reach a wider audience and foster a deeper connection with our target consumers.

As advised by our PRC Legal Advisor, the PRC government is progressively refining the laws and regulations associated with KOLs and their operations. See “Regulatory Overview — Online Sales and Online Marketing of Medical Devices”. Our Directors and our PRC Legal Advisor are of the view that we have been conducting business in compliance with the relevant laws and regulations regarding KOL endorsements in all material respects during the Track Record Period and up to the Latest Practicable Date, considering that: (i) we require the KOLs with whom we collaborate with to comply with relevant laws and regulations in our agreements with them; (ii) we have established internal review procedure and conduct regular monitoring to ensure KOL’s endorsement comply with relevant laws and regulations; and (iii) during the Track Record Period and up to the Latest Practicable Date, we were not subject to any material administrative penalties or regulatory measures imposed by relevant PRC authorities regarding our KOL endorsements.

As part of our marketing strategy, we collaborate with KOL agencies to engage KOLs for promotional activities. The salient terms of the typical agreements with KOL agencies mainly include: (i) duration: agreements generally range from one month to one year; (ii) service scope: KOL agencies engage KOLs to conduct marketing campaigns through livestreaming sessions, short videos, or social media posts to promote our brand and products. We provide promotional materials

and guidelines, based on which KOLs create and disseminate content such as social media posts, short videos, posters, or scripts for livestreaming sessions; (iii) fee arrangement: Fees are typically structured in the following formats: (a) a fixed fee for livestreaming services, and (b) a promotional service fee in a fixed amount or as a percentage of sales generated; (iv) intellectual property: we generally retain the intellectual property rights for materials supplied to KOLs for the creation of promotional content. KOLs typically retain the intellectual property rights for their work products, excluding materials provided by us. Both parties are obligated to maintain the confidentiality of trade secrets, including customer and transactional information; (v) product sales and customer services: we are responsible for providing products for sale and for post-sale customer services and (vi) termination: agreements can typically be terminated upon expiry, by mutual consent, or in the event of a substantial breach by either party.

We do not have a significant concentration of KOLs or KOL agencies in terms of the gross merchandize value (“GMV”) they contributed during the Track Record Period.

Purchase Rebates

In line with industry practice, we offer rebates to customers in consideration of the long-term good business relationship with them and to reward their successful achievements on purchase amount or payment amount. According to our internal policy, rebate are granted once quantity of products purchased or the payment amount during the period exceeds a threshold specified in relevant agreements, which are offset against amounts payable by the customer, or when customers purchase our designated products. The rates of such rebates are determined with reference to the rates those customers enjoyed historically, and thus vary among relevant customers. Under our internal policy, such rebates typically amounted to approximately 1% to 5% of the aggregated procurement amounts during the specified period. During the Track Record Period, 202, 203 and 164 customers qualified to receive rebate respectively, with the total amount of rebate reached RMB18.7 million, RMB17.1 million and RMB26.5 million, respectively. As advised by F&S, our practice of, and internal policy in relation to, rebates are generally in line with industry practice.

Pricing

In determining the pricing of our products, we take into account of a broad range of factors, including strategic value and our business relationship with relevant customer, prevailing market competition of similar products, costs of raw material price, manufacturing complexity and costs, as well as our production capacity and backlog. We believe our long-standing relationship, product quality, wide coverage of product use cases and unique value propositions to customers help us negotiate for more premium pricing for our products while remaining competitive in the market. While we promulgate and regularly update guided selling price of our products for our sales team, we allow them to make flexible adjustment within a specified range to ensure negotiation efficiency.

OUR SUPPLIERS

Major Suppliers

Our major suppliers primarily include suppliers for finished goods and raw materials providers, services providers, and packaging material suppliers. In 2023, 2024 and the 2025, our five largest suppliers in each year during the Track Record Period contributed 22.3%, 24.7% and 23.1%, respectively, to our total purchases.

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year during the Track Record Period were Independent Third Parties.

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We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid overreliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

The salient terms of standard agreements with our raw materials suppliers during the Track Record Period mainly include: (i) terms: the agreement generally has a term of one year; (ii) payment and credit terms: we typically are required to settle the payment within 90 days upon the receipt of invoice and goods; (iii) product liability and warranty period: we are entitled to request compensation or replacement for defective products at the time of acceptance; (iv) return policy: we are entitled to return the products if the products are defective, and the suppliers are responsible for any fees incurred by the return; (v) minimum purchase commitment: we typically do not set minimum purchase requirement; (vi) logistics arrangement: our suppliers are generally responsible for arranging delivery of the products to locations designated by us, and be responsible for any risk of loss or damage upon acceptance and (vii) termination: we generally have the right to terminate the agreement in the event of a delay in delivery by the suppliers exceeding 30 days.

Raw Material Procurement

Our business requires the procurement of raw materials and we procure from suppliers a variety of materials necessary for the manufacturing of our products. During the Track Record Period, we mainly procured our raw materials in Chinese Mainland. We have established a rigorous procurement and supply system and systematic procurement policies, with which we seek to ensure the integrity of our raw materials and packaging materials. We have developed an evaluation system to evaluate our raw material suppliers. We require them to provide their legal qualifications and product qualification certificates, and only purchase raw materials from qualified suppliers. Our technology department formulates internal control quality standards for raw materials, auxiliary materials and packaging materials, and our quality management department is responsible for the acceptance and inspection of the materials. We will return defective goods to suppliers if we discover any products that do not conform to our internal requirements to prevent any defective goods from entering the process of manufacturing.

We generally enter into legally binding framework agreements with our suppliers, based on which we issue purchase orders for different batch of procurement, where we set price, volume and other conditions. The suppliers are typically responsible for the delivery of products to our designated location specified in each purchase order, and we accept goods upon completion of inspections. The duration of the framework supply agreements typically spans a period of one year. During the Track Record Period and up to the Latest Practicable Date, we had not experienced significant difficulties in maintaining reliable sources of supplies, and we expect to be able to maintain adequate sources of quality supplies in the future.

SEASONALITY

Sales of home care medical devices might be affected by seasonality depending on their product categories. For instance, in winter, due to climatic factors, the incidence of respiratory diseases, cardiovascular and cerebrovascular diseases is relatively high, leading to a higher level of consumption of related home care medical devices. In addition, affected by special periods such as “618” and “Double Eleven (雙十一)” shopping festivals, online sales may experience a significant increase. As we continue to enrich our product portfolio, we expect to reduce the impact of seasonality with increased diversity.

LICENSES, PERMITS AND APPROVALS

We are required to maintain various licenses, approvals and permits in order to operate our business. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

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As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses, approvals and permits required for our business operations in the PRC. We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry. For details of our material license, permits and approvals that we have obtained for our business operations, please see “Appendix VI — Statutory and General Information”.

INTELLECTUAL PROPERTIES

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual properties, including patents, registered trademarks, software copyrights and domain names in Chinese Mainland and overseas. Specifically, our research and development efforts have produced 701 patents, 799 registered trademarks, 127 software copyrights, as well as 146 patent applications as of the Latest Practicable Date. We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights. We have also adopted a set of internal rules for intellectual property management. Our legal department is primarily responsible for protecting our intellectual properties. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual properties and trade secrets.

AWARDS AND RECOGNITION

Our leading market position and brand recognition are reflected in the numerous awards we have received. The following table sets forth a selection of the notable awards and recognitions we received in the recent years:

Year of Award	Awards and Recognition	Issuing Authority/Institution
2023.	National Industrial Design Center	Ministry of Industry and Information Technology of the People’s Republic of China
2023.	Awarded “Top 50 Enterprises in Medical Devices Industry” in the 2022-2023 China Pharmaceutical Industry Most Influential List Selection	Pharmaceutical Chamber of Commerce of All-China Federation of Industry and Commerce
2023.	National E-Commerce Demonstration Enterprise	E-Commerce and Informatization Department of the Ministry of Commerce
2023	Top 100 Private Enterprises in Sanxiang	People’s Government of Hunan Province
2024.	Top 100 Manufacturing Enterprises in Hunan	Hunan Enterprise and Industrial Economy Federation
2025.	National “Specialized, Refined, Differential and Innovative” Little Giant Enterprise in Sports Field	General Office of the General Administration of Sport of China
2025	Top 30 independent innovation brand in China Brand Value Evaluation	China Council for Brand Development
2025	Top 100 Pharmaceutical Enterprises by Revenue	the Medical and Pharmaceutical Chamber of Commerce of the All-China Federation of Industry and Commerce
2025	National Green Factory	Ministry of Industry and Information Technology of the PRC

BUSINESS

COMPETITION

We operate in a highly competitive market. Our ability to maintain and grow our market share depends on us competing effectively against our competitors. The competitive landscape is shaped by multiple factors. Despite high barriers to entry, new market participants may emerge, introducing innovative or cost-effective products that challenge existing players. See “Industry Overview” in this prospectus for details relating to our competitive landscape. Our Directors believe that we will maintain our competitiveness over other competitors and our market position by strengthening and developing our competitive strengths. For more information, please see “— Competitive Strengths” in this section.

EMPLOYEES

As of December 31, 2025, we had 5,081 employees. The following table sets forth a breakdown of our employees by function as of December 31, 2025:

Function	As of December 31, 2025	
	Number	%
R&D	361	7.1
IT and supporting	83	1.6
Finance	88	1.7
Sales and Marketing		
– E-commerce business operations	917	18.0
– Offline stores sales team	579	11.4
– Hearing Instrument Specialists and Orthotists	1,213	23.9
– Logistics and Warehouse Management	523	10.3
Manufacturing	1,199	23.6
Administrative	118	2.3
Total	5,081	100.0

As of December 31, 2025, our employees located in the Chinese Mainland and other countries/regions are 4,889 and 192, accounting for 96.2% and 3.8% of our total employees, respectively.

We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. We generally offer employees competitive salaries, performance-based bonuses, and other incentives and continually refine our remuneration and incentive policies through market research. As required under PRC labor laws, we participate in various employee social security plans, including housing, pension, medical, work-related injury, maternity, housing provident funds and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. We have established a system for employee training and development, including general training covering corporate culture, employee rights and responsibilities, workplace safety, data security and other logistics aspects.

In line with industry practice, we hire dispatched employees for certain entry-level and non-technical positions. We regularly review the qualifications of dispatch agencies and specify the rights and obligations of dispatch agencies, dispatched employees and us in the dispatching agreements. Our employees are currently represented by our internal labor union. We believe that we maintain good working relationships with our employees and we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations during the Track Record Period and up to the Latest Practicable Date.

DATA PRIVACY AND CYBERSECURITY

We collect and store business data, management data and transaction data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. In order to effectively provide our services, we may collect and use personal information. We only collect the personal information and data necessary for the use of our business and transaction.

Our data usage and personal information protection policy, which is provided to every users of our platform and applications, describes our data security and personal information protection practices. Specifically, we undertake to manage and use the data collected from users in accordance with applicable laws and make reasonable efforts to prevent the unauthorized access, breach, tampering, or loss of personal information. We will desensitize important data with encryption, masking, or replacement techniques.

We collect and use personal information for the stated purpose as authorized by users, or with other legal bases as provided by laws and regulations. The personal information and user data we collect are all stored in cloud data centers deployed within the territory of Chinese Mainland. We have implemented a set of data-security safeguards, including deploying firewalls, encrypting stored data, retaining network-operation logs, and assigning role-based access rights. Usually, employees cannot export users' personal information and such information is encrypted and may be accessed only by authorized staff. For all other non-personal data, we apply equally rigorous protective measures, defining distinct data-processing roles and corresponding permissions in line with each employee's responsibilities. In addition, we conduct regular training for employees on cybersecurity, data security, and privacy protection to continuously strengthen their awareness of data-security obligations.

Our Directors and data compliance advisor are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws on cybersecurity and data security in all material respects in Chinese Mainland, where we operate our principal business. The PRC laws and regulations in relation to cybersecurity, data security and privacy protection will not have a material adverse impact on our business operations. During the Track Record Period and up to the Latest Practicable Date, as advised by PRC Legal Adviser, personal data collected within China is stored and processed domestically, we had not engaged in cross-border transfer of personal data, and we were not subject to any claims by users or administrative penalties from regulatory authorities regarding personal information leakage, misuse or any other related matters, and we had not received any third-party claim against us on the ground of infringement of such party's right to data protection as provided by any applicable laws and regulations. We regularly track laws, regulations and policies in relation to cybersecurity and data security to ensure our compliance. For details of laws and regulations on cybersecurity, data security, and privacy protection, see "Summary of Principal Legal and Regulatory Provisions — Laws and Regulations Relating to Cybersecurity, Data Security and Personal Information Protection" in Appendix IV to this prospectus.

Attributable to our efforts in ensuring compliance with applicable data production and security related regulations, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties in relation to applicable data protection and cybersecurity requirements in all jurisdictions where we operated.

INSURANCE

We believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities, including but not limited to all property-related risks insurance, employee-related insurance, employer liability insurance. Our employee-related insurance includes pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by PRC laws and regulation. During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business. See "Risk Factors — Our insurance coverage may be insufficient to cover the risks or losses related to our business and operations" in this prospectus.

PROPERTIES

We are headquartered in Changsha, Hunan province, China, and own and lease certain land parcels and buildings in Chinese Mainland for our business operations. These owned properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

Owned Properties

As of the Latest Practicable Date, we owned 5 land parcels with a total site area of 422,435.6 sq.m. and 52 properties with a total gross floor area of 365,492.0 sq.m. in Chinese mainland and Hong Kong. These properties are primarily used as our production facilities warehouses, offices and employees dormitories to support our business operations.

Leased Properties

As of the Latest Practicable Date, we leased seven properties from third parties with area exceeding 1,000 sq.m., with an aggregate gross floor area of approximately 52,883.1 sq.m. in Chinese mainland and Hong Kong, for use as our offices, production facilities, warehouses, offline stores, and workshops.

As of December 31, 2025, we have not completed the registration of certain lease agreements for the above leased properties. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties shall be registered with the relevant real estate administration bureaus in China.

As advised by our PRC Legal Advisor, the lack of registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register.

As at December 31, 2025, certain of our above leased properties had not provided us with the relevant title certificate or proof of lease authorizations. As advised by our PRC Legal Advisor, without title certificates or proof of authorizations from the relevant lessor or property owner, we may not be entitled to use the leased property or may be affected by third parties' claims or challenges against the relevant lease. Nevertheless, we would not be subject to any administrative penalties with respect to these properties. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our leases with respect to these defective leased properties had never been challenged by any third parties.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages or losses which would have a material adverse effect on our financial position or results of operations as whole. As of the Latest Practicable Date, no material litigation, arbitration or administrative proceedings had been threatened against us.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain of our employees, as required by relevant laws and regulations, mainly due to (i) our labor force, especially in sales and production roles, is highly mobile, which has made it infeasible for us to make full contributions in time for the relevant employees that left us shortly after joining; (ii) certain employees were not willing to bear their share of social insurance and housing provident funds strictly in portion to their salary, and (iii) a certain number of our employees are migrant workers who are typically not willing to participate in the social welfare schemes of the city where they temporarily reside as such contributions are not transferable among cities.

The shortfall amount of contributions of social insurance and housing provident funds was RMB6.0 million, RMB5.7 million and RMB5.1 million in 2023, 2024 and 2025, respectively. For the shortfall of social insurance and housing provident funds, as advise by our PRC Legal Adviser, pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribe period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the outstanding amount. 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.

As advised by our PRC Legal Advisor, considering that (i) during the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaint, litigation or arbitration brought by any of our employees against us regarding our social insurance and housing provident fund contributions; (ii) none of the Company nor its major subsidiaries had been subject to any administrative actions or penalties in relation to social insurance and housing provident fund contributions during the Track Record Period; (iii) we and our relevant major subsidiaries have obtained relevant confirmations from or conducted consultations with relevant authorities, the likelihood that the Company and its major subsidiaries would be subject to material administrative penalties due to failure to provide full social insurance and housing provident fund contributions is remote.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

ESG Governance

We are enhancing our ESG governance structure, with the Board being responsible for ESG strategy, the management framework and reporting, and material ESG matters. We will set and track ESG goals and establish a cross-functional ESG working group to identify ESG risks, develop policies and action plans, and report progress to the Board.

Environmental Matters¹

We comply with applicable environmental and energy conservation laws and regulations, including the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) and the Energy Conservation Law of the People’s Republic of China (《中華人民共和國節約能源法》), and the requirements of ISO 14001.

Environmental Management

We have set environmental targets in key areas.

Emission target

Based on expected business growth and the planned adoption of energy-saving and carbon-reduction technologies, and assuming stable renewable electricity from distributed PV projects at our facilities, the Group has set the following targets:

Using 2023 as the baseline, the Group targets an 8% reduction in carbon intensity per unit of output value and 10% green electricity usage by 2025; by 2030, it aims to peak operational carbon emissions, reduce carbon intensity by 30%, and increase green electricity usage to 20%.

¹ The environmental data covers the Changsha headquarters, which, as the Group’s principal manufacturing and operational base, accounts for the majority of its environmental footprint during the Track Record Period and is therefore considered representative based on the principle of materiality.

BUSINESS

Energy use efficiency target	Based on an expected stable core business mix, historical energy consumption trends, and the planned implementation of energy-saving technologies, the Group has established the following targets: We are committed to promoting the efficient use of resources and promise to achieve a energy consumption of no more than 0.0231 tons of standard coal per output value of RMB10,000 by 2025.
Water efficiency target	Based on an expected stable core business mix and the planned implementation of water-saving projects and technological improvements during the target period, the Group has established the following targets: We are committed to improving water management and water-use efficiency, and aim to reduce annual water consumption by 1% from the previous year's level by 2030 from the 2023 baseline.
Waste reduction target	Based on the expectation of stable environmental regulatory frameworks and continued compliant third-party waste disposal, the Group has established the following targets: We are committed to reducing operational waste, disposing of all waste in full compliance with environmental protection requirements and applicable laws, and maintaining 100% compliant disposal of solid waste.

Emissions Management

We strictly abide by the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》). We have formulated internal management systems such as the Waste Management Regulations (《廢棄物管理規定》), the Water Pollution Management Regulations (《水污染管理規定》) and the Air Pollution Management Regulations (《大氣污染管理規定》) to ensure that our solid waste disposal and pollutant discharges comply with applicable regulations.

We manage solid waste through recycling and by handing it over to qualified hazardous waste treatment enterprises for disposal, and ensure compliant emissions of exhaust gas and wastewater through emissions monitoring and the installation of additional treatment facilities.

Our emissions data for previous years are recorded as follows:

	Unit	2023	2024	2025
Hazardous waste generated ¹	Ton	1.22 ²	5.01 ²	7.77
Hazardous waste generation intensity	Ton/RMB10,000 revenue	0.000004	0.000017	0.000023
Non-hazardous waste generated ³	Ton	997.00	2,850.00 ⁴	2,105.00
Non-hazardous waste generation intensity	Ton/RMB10,000 revenue	0.003494	0.009554	0.006214

BUSINESS

- 1 The hazardous waste generated by the Company includes used batteries, contaminated waste, and waste solvent packaging. The classification and statistical criteria for these wastes are based on the latest version of the National List of Hazardous Wastes issued by the Ministry of Ecology and Environment of the People's Republic of China. Hazardous waste data is sourced from hazardous waste transfer manifests.
- 2 In 2023, the total amount of hazardous waste generated by the Company decreased year-on-year due to a decline in product orders involving the generation of hazardous waste. In 2024, the total amount of hazardous waste generated by the Company increased accordingly due to a significant rebound in product orders involving the generation of hazardous waste.
- 3 The non-hazardous waste generated by the Company includes domestic waste, kitchen waste, production scraps, used packaging, cardboard boxes, etc. Data is sourced from internal records.
- 4 In 2024, the total amount of non-hazardous waste generated by the Company increased accordingly compared to that in 2023 due to a significant rebound in product orders involving the generation of non-hazardous waste.

Use of resources

In accordance with the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), we have formulated the Energy Management Rules (《能源管理規章》).

We optimize the operating parameters of natural gas steam boilers, use clean energy, and set up water conservation reminder signs, while strengthening water- and power-saving measures to reduce resource consumption.

Our resource use data for previous years are recorded as follows:

	Unit	2023	2024	2025
Total energy consumed¹	MWh	10,707.31 ²	9,482.54	10,711.74
Energy consumption intensity	MWh/revenue in RMB10,000	0.04	0.03	0.03
Water resource consumed	m³	157,964.00 ³	97,410.00 ⁴	127,367.00
Water resource consumption intensity	m³/revenue in RMB10,000	0.55	0.33	0.38
Packaging material consumed⁵	Ton	912.00	1,020.00	1,055.00
Packaging material consumption intensity	Ton/revenue in RMB10,000	0.0032	0.0034	0.0031

- 1 The direct energy used by the Company is natural gas, and the natural gas consumption link includes canteens and gas boilers; the indirect energy used by the Company is purchased electricity. Energy-related data is sourced from electricity/natural gas utility bills.
- 2 In December 2022, the Headquarters Base of Cofee Intelligent Equipment was put into use, and the increase in the number of employees in the new park caused an increase in natural gas consumption of canteens. At the same time, new gas boilers are installed in the new park to heat the plant area and provide steam for the clean workshop, causing an increase in total consumption of natural gas. In the same month, the Headquarters Base of Cofee Intelligent Equipment was put into use, and a number of new facilities and equipment were purchased, resulting in an increase in total purchased electricity. At the same time, due to the relocation of the warehousing and logistics center to the Changsha Park, a new automatic warehousing and sorting system has been added, causing an increase in total purchased electricity. As a result, these factors led to a significant increase in total energy consumption in 2023.
- 3 In December 2022, the Headquarters Base of Cofee Intelligent Equipment was put into use, and the purchase of four pure water equipment in the new park caused an increase in water consumption. At the same time, the warehousing and logistics center was relocated to the Changsha Park, causing an increase in total consumption of domestic water in 2023. Water consumption data is sourced from water utility bills.
- 4 In 2024, the Company strengthened the implementation of water-saving measures, including the boiler circulating water treatment system, upgrading water-efficient fixtures, and optimizing the timed power supply for pure water equipment, resulting in a decrease in total water consumption.
- 5 The packaging materials used by the Company include plastic, paper, and metal. Consumption data for packaging materials is sourced from internal records. In 2023 and 2024, increased production volume and value of plastic packaging-related products led to higher packaging material consumption of the Company, but the packaging material consumption intensity remained within a reasonable fluctuation range.

BUSINESS

Addressing climate change

Through our climate risk identification process, we identified physical risks such as extreme precipitation and extreme weather, and mitigated them by strengthening plant resilience, establishing an early-warning mechanism, and purchasing climate risk insurance. For transition risks such as carbon pricing and emissions compliance, we introduced a carbon management system and a policy-tracking team to ensure ongoing compliance. We also seize opportunities from rising demand for green products by developing green products deploying distributed photovoltaic projects to enhance sustainability.

Our greenhouse gas emissions data for previous years are recorded as follows:

	Unit	2023	2024	2025
Scope 1 greenhouse gas emissions ¹ . . .	tCO ₂ -e	927.76 ²	854.64	889.18
Scope 2 greenhouse gas emissions ³ . . .	tCO ₂ -e	4,021.23 ⁴	3,481.25	4,117.35
Scope 3 greenhouse gas emissions ⁵ . . .	tCO ₂ -e	62,283.71	62,559.77	61,646.04
Total greenhouse gas emissions (Scope 1 + Scope 2)	tCO ₂ -e	4,948.99	4,335.89	5,006.53
Greenhouse gas emission intensity (Scope 1 + Scope 2)	tCO ₂ -e/ RMB10,000 revenue	0.017342	0.014536	0.014779

1 The Company's Scope 1 greenhouse gas emissions mainly come from natural gas consumption, and the natural gas consumption link includes canteens and gas boilers. The calculation parameters for Scope 1 greenhouse gas emissions are selected from general documents such as the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the Provincial Greenhouse Gas Inventory Guidelines (Trial).

2 In December 2022, the Headquarters Base of Cofee Intelligent Equipment was put into use, and the increase in the number of employees in the new park caused an increase in natural gas consumption of canteens. At the same time, new gas boilers are installed in the new park to heat the plant area and provide steam for the clean workshop, causing an increase in total consumption of natural gas, thus leading to an increase in the Company's Scope 1 greenhouse gas emissions in 2023.

3 The Company's Scope 2 greenhouse gas emissions mainly come from purchased electricity, and the greenhouse gas emission factor of purchased electricity is calculated according to the 0.5856 tCO₂/MWh stipulated in the Announcement on the Release of Carbon Dioxide Emission Factors for Electricity in 2022 issued by the Ministry of Ecology and Environment.

4 In December 2022, the Headquarters Base of Cofee Intelligent Equipment was put into use, and a number of new facilities and equipment were purchased, resulting in an increase in total purchased electricity. At the same time, due to the relocation of the warehousing and logistics center to the Changsha Park, a new automatic warehousing and sorting system has been added, causing an increase in total purchased electricity. For the above reasons, the Company's Scope 2 greenhouse gas emissions increased in 2023.

5 Scope 3 greenhouse gas emissions are indirect emissions related to operations and supply chains. Within our capabilities, we have collected and calculated the greenhouse gas emissions data of procurement of goods and services and business travel in Scope 3, which are a major component of our Scope 3 emissions. In the future, we will gradually expand the collection and statistical scope of emissions data for Scope 3.

Comparison of ESG Performance with Peer Companies

By benchmarking against four listed peer companies¹ with similar business profiles, we found that our major environment metrics were within the range disclosed by our major peers for 2024.

1 Certain ESG indicators of the peer companies were not directly disclosed; the relevant figures have been derived through unit conversions or indirect calculations based on the original disclosed data.

Social Matters

Employees

We comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Ordinance, and the Regulations on the Prohibition of Child Labor. We have established and implemented internal policies such as the Employee Entry Management System (《員工入職管理制度》) and the Employee Resignation Management System (《員工離職管理制度》) to protect employees' lawful rights and interests. In accordance with the Recruitment and Engagement Management System (《招聘與錄用管理制度》), we strictly prohibit any form of child labor or forced labor. If any such cases are identified, we will take protective measures to ensure the safe removal of child labor from the workplace and provide necessary support.

The Company strictly complies with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and has established the Hazard Source Identification and Control Procedures (《危險源辨識與控制程序》) to safeguard employees' occupational health and safety. We provide employees with personal protective equipment, conduct safety training and emergency drills, and offer health examinations to safeguard their safety and health. During the Track Record Period, there were no incidents or complaints that had a material adverse effect on our business, financial condition, or results of operations.

In accordance with the Training Management System (《培訓管理制度》), We provide customized training according to the level and job requirements of employees.

Supply Chain Management

We have established the Procurement Control Procedures (《採購管制程序》), Packaging Materials Incoming Inspection Standards (《包材類來料檢驗規範》), Safety Inventory and Strategic Inventory Management Procedures (《安全庫存及戰略庫存管理流程》) and the Supplier Screening and Evaluation Procedures (《供應商選擇與評價程序》) to ensure procurement activities aligning with sustainability principles.

We conduct annual supplier assessments, and suppliers that fail to meet our quality requirements are required to submit improvement reports. We also adhere to the concept of a green supply chain by prioritizing suppliers with outstanding environmental performance.

Product Responsibility

In accordance with the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and medical device management regulations, we have developed internal systems such as the Advertising Review System (《廣告審查制度》), the Customer Complaint Handling Procedures (《客戶投訴處理程序》), and the Process Inspection Management Regulation (《制程檢驗管理規定》) to safeguard product and service quality. We have also established the Product Recall Management Procedures (《產品召回管理程序》) to promptly recall defective products when necessary and improve our processes based on recall reports.

Public Welfare and Charity

Guided by the External Donation Management Measures (《對外捐贈管理辦法》), we have actively engaged in social welfare. In 2024, Cofee Medical donated a total of RMB5,104,000 to support the medical and health sector through cash and in-kind donations.

Looking ahead, we will continue to fulfill our corporate social responsibility through sustained health-related public welfare initiatives.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established, and currently maintain, risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented risk management policies in various aspects of our business and operations such as legal, operation, financial reporting, and internal control. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We are dedicated to upholding the legal compliance of our operations and management, safeguarding assets and ensuring the accuracy and completeness of financial reports and related information. Our commitment extends to enhancing operational efficiency and effectiveness, thereby fostering the achievement of the company's strategic development goals.

In particular, to ensure the compliance with relevant laws, regulations and policies in relation to medical devices advertising, we have adopted the following measures:

- ***Internal review procedure for advertising content:*** we have established internal review procedure to ensure all advertising content complies with relevant laws and regulations. After the marketing department and the relevant business units submits draft versions of the proposed advertising content, the internal legal and regulatory team would review and provide revisions and recommendations to ensure that all content is factual, transparent, and non-misleading, avoiding any potential violations that could mislead or deceive consumers. Once the advertising content has been reviewed in accordance of legal and regulatory advice, it undergoes a final examination by the aforementioned departments to ensure complete compliance. Only after this review and approval process is the advertising content authorized for publication.
- ***Employee training:*** we conduct training session for marketing, legal, and relevant business unit employees to keep them informed of current advertising laws and regulations. We also utilize case studies, including past compliance issues and their resolutions, to enhance understanding and application of legal standards in day-to-day operations.
- ***Regular monitoring:*** We use monitoring tools to track and review live campaigns, ensuring they remain compliant as market conditions and regulatory frameworks evolve.
- ***Continuous improvement:*** We regularly review and update internal advertising guidelines to reflect new legal developments and industry trends.

Our Board of Directors is responsible for the establishment and regular updates of our internal control systems, ensuring they remain aligned with our strategic objectives, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiaries and functional departments. Our internal audit department jointly with our Board's Audit Committee regularly assesses and evaluates our internal controls, identifying areas of improvement and ensuring compliance with corporate policies.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors, namely:

Name	Age	Position(s)	Time of appointment as Director	Time of joining our Group	Role and responsibilities	Relationship with other Directors and senior management
Mr. ZHANG Min (張敏)	46	Executive Director, chairperson of the Board and president	September 2017	November 2007	Responsible for the overall management and operation of our Group	None
Mr. ZHANG Zhiming (張志明)	47	Executive Director and vice chairperson of the Board	December 2019	June 2007	Responsible for the supply chain, sales, and personnel management, and assisting the chairperson in coordinating the Group's strategy and daily operations	None
Mr. XUE Xiaojiao (薛小橋)	45	Executive Director, secretary of the Board, vice president and joint company secretary	December 2019	June 2018	Responsible for managing the Group's securities and legal affairs, investment and acquisitions and intellectual property	None
Mr. HE Bangjie (賀邦傑)	46	Executive Director	October 2017	October 2011	Responsible for supply chain-related operations for Jerry Medical, Huazhou, and rehabilitation product categories	None
Mr. NING Huabo (寧華波)	46	Independent non-executive Director	January 2023	January 2023	Responsible for providing independent advice and judgment to our Board	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Time of appointment as Director	Time of joining our Group	Role and responsibilities	Relationship with other Directors and senior management
Ms. SHEN Nan (沈楠)	41	Independent non-executive Director	August 2025	August 2025	Responsible for providing independent advice and judgment to our Board	None
Mr. ZHOU Rong (周榕)	58	Independent non-executive Director	January 2026	January 2026	Responsible for providing independent advice and judgment to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Mr. Zhang Min (張敏), aged 46, is our executive Director, chairperson of the Board and president. From November 2007 to December 2019, he served successively as supervisor, director, and general manager of the Company. From January 2010 to April 2025, he served as the director and general manager at Hunan Keyuan, and since April 2025, he has been serving as a director responsible for the business operations and management. Since December 2019, he has been serving as Director, chairperson of the Board and president of the Company. He was designated as an executive Director on August 26, 2025. He is responsible for the overall management and operation of our Group.

Mr. Zhang had over 20 years of experience in home care medical industry across key areas ranging from product development, IP development and management, and sales and marketing. From October 2005 to March 2012, he served as the supervisor at Changsha Keyuan Medical Equipment Co., Ltd. (長沙市科源醫療器械有限公司), a company principally engaged in the sales of medical equipment, where he was primarily responsible for supervising the company's business operations and management, and reviewing its financial status. Since September 2017, he has been serving as the executive director Changsha Xiezhao, a company principally engaged in investment activities, where he was primarily responsible for the company's business operations and management.

Mr. Zhang obtained his executive master of business administration (EMBA) degree from Central South University (中南大學) in December 2022. He further obtained his executive master of business administration (EMBA) degree from Tsinghua University (清華大學) in June 2025.

Mr. Zhang Zhiming (張志明), aged 47, is our executive Director and vice chairperson of the Board. From June 2007 to January 2020, he served successively as sales director, deputy general manager, and general manager of Hunan Keyuan, and since April 2025, he has been serving as manager, assisting the director in management. From the establishment of the Company in November 2009, he served as executive deputy general manager of the Company, responsible for sales and procurement. From December 2019 to January 2023, he served as director of the Company. From December 2019 to January 2026, he served as executive vice president of the Company. Since January 2023, he has been serving as director and vice chairperson of the Board of the Company. He was designated as an executive Director on August 26, 2025. He is responsible for the supply chain, sales, and personnel management, and assisting the chairperson in coordinating the Group's strategy and daily operations.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining the Group, from March 2004 to June 2007, he served as the government official at Meicheng Town Government, Anhua County, Yiyang City, Hunan Province.

Mr. Zhang graduated from Hunan Agricultural University (湖南農業大學) in June 2006, majoring in agricultural economics and management. Mr. Zhang obtained a master's degree in executive master of business administration (EMBA) at The University of Hong Kong in November 2025.

Mr. Xue Xiaoqiao (薛小橋), aged 45, is our executive Director, secretary of the Board, vice president and joint company secretary. He joined the Group in June 2018 and has served as the vice president of the Company since then. Since December 2019, he has been serving as Director, secretary of the Board and vice president of the Company. He was designated as an executive Director on August 26, 2025. He is responsible for managing the Group's securities and legal affairs, investment and acquisitions and intellectual property.

Prior to joining the Group, from November 2004 to March 2016, he successively held the positions including securities affairs representative and head of the board office at China Calxon Group Co., Ltd. (嘉凱城集團股份有限公司) (formerly known as Hunan Ava Holdings Co., Ltd. (湖南亞華控股集團股份有限公司)) (a company previously listed on the Shenzhen Stock Exchange, stock code: 000918, which was delisted in July 2023), where he was primarily responsible for corporate governance, information disclosure, regulatory communication and investor relations management. From March 2016 to May 2018, he served as the assistant to the general manager, general manager of the investment and financing company and board secretary at Aerospace Kaitian Environmental Technology Co., Ltd. (航天凱天環保科技股份有限公司), a company principally engaged in developing environmental technology, where he was primarily responsible for investment and acquisitions, as well as bank financing and securities affairs.

Mr. Xue obtained a master's degree in business administration from Hunan University (湖南大學) in Hunan in December 2015. He obtained the board secretary certificate (董事會秘書資格證書) accredited by the Shenzhen Stock Exchange in August 2007.

Mr. He Bangjie (賀邦傑), aged 46, is our executive Director. He served as assistant to the general manager and sales director of Hunan Keyuan from November 2011 to January 2019, and as executive general manager from January 2019 to October 2021, primarily responsible for business development and marketing. From October 2017 to January 2023, he served as director and vice president of the Company. Since January 2023, he has been serving as a director of the Company. He was designated as an executive Director on August 26, 2025. He is responsible for supply chain-related operations for Jerry Medical, Huazhou, and rehabilitation product categories.

Prior to joining the Group, from June 2003 to November 2011, he served as the manager and supervisor at Shanghai Qiqiaoban Printing Technology Co., Ltd. (上海七巧板印務科技有限公司) ("Shanghai Qiqiaoban"), a company principally engaged in printing technology, where he was primarily responsible for the company's daily operations and business development. From November 2011 to November 2020, he served as supervisor at Shanghai Qiqiaoban, where he was primarily responsible for supervising.

Mr. He graduated from Hunan University of Chinese Medicine (湖南中醫藥大學) in June 2025, majoring in Chinese Materia Medica.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Ning Huabo (寧華波), aged 46, joined the Group as an independent Director in January 2023 and was re-designated as an independent non-executive Director in August 2025. He is responsible for providing independent advice and judgment to our Board.

Prior to joining the Group, from August 2009 to March 2014, Mr. Ning served as the associate at Hunan Qiyuan Law Firm (湖南啟元律師事務所), a law firm principally engaged in legal services, where he was primarily responsible for legal practice. From April 2014 to February 2016, he served as the assistant to the director at China Light Industry Changsha Engineering Co., Ltd. (中國輕工業長沙工程有限公司), a company principally engaged in engineering services, where he was primarily responsible for legal and commercial matters related to international construction projects. From February 2016 to October 2021, he served as the partner at Beijing Dacheng (Changsha) Law Firm (北京大成(長沙)律師事務所), a law firm principally engaged in legal services, where he was primarily responsible for legal practice. Since November 2021, he has been serving as senior partner at China Commercial (Changsha) Law Firm (廣東華商(長沙)律師事務所), a law firm principally engaged in legal services, where he is primarily responsible for legal practice. Since December 2021, he has been serving as independent director at Kaiyuan Education Technology Group Co., Ltd. (開元教育科技集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300338), where he is primarily responsible for providing independent advice. Since November 2022, he has been serving as independent director at Hunan Kaimeite Gases Co., Ltd. (湖南凱美特氣體股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002549), where he is primarily responsible for providing independent advice.

Mr. Ning obtained a bachelor's degree in English and a master's degree in International Law from Hunan Normal University (湖南師範大學) in December 2004 and June 2009, respectively.

Ms. Shen Nan (沈楠), aged 41, joined the Group as an independent non-executive Director in August 2025. She is responsible for providing independent advice and judgment to our Board.

Prior to joining the Group, from October 2011 to January 2012, Ms. Shen was employed by Dalian Port and Shipping Industry Fund Management Co., Ltd. (大連港航產業基金管理有限公司), a fund management company. From February 2012 to November 2017, Ms. Shen worked at PricewaterhouseCoopers, where she was primarily responsible for audit, and her last position was audit manager. From November 2017 to November 2018, she served as the chief financial officer at China Sino Edu, which runs its domestic entity in Shandong Yingcai University (山東英才學院), a company primarily engaged in university degree education, where she was primarily responsible for overseeing the company's capital markets, financial operations, and strategy. Since December 2018, she has joined Gaotu Techedu Inc. (高途教育科技有限公司), a technology-driven education company listed on the New York Stock Exchange (stock code: GOTU), focused on promoting lifelong learning through AI-powered solutions, as chief financial officer and senior vice president, mainly responsible for overseeing the company's capital markets and financial operations.

Ms. Shen received her bachelor's and master's degrees in financial management from Dongbei University of Finance and Economics (東北財經大學) in July 2006 and March 2009, respectively. She further obtained her executive master of business administration (EMBA) degree from Tsinghua University (清華大學) in June 2025. She was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants in January 2012.

Mr. Zhou Rong (周榕), aged 58, joined the Group as an independent non-executive Director in January 2026. He is responsible for providing independent advice and judgment to our Board.

Prior to joining the Group, from July 1997 to December 1999, Mr. Zhou worked at Powerise Software Park Co., Ltd. (創智軟件園有限公司), a company mainly engaged in computer software development and system integration. From January 2000 to July 2003, he served as the general

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manager at Hunan Guozhiyun Technology Co., Ltd. (湖南省國智雲科技有限公司) (formerly known as Hunan Powerise Digital Technology Co., Ltd. (湖南創智數碼科技股份有限公司)), a company engaged in internet video technology and product R&D, where he was primarily responsible for overall management. From October 2003 to December 2006, he successively served as the IPTV R&D director and product director at Excelland RF (Beijing) Limited (優地瑞峰(北京)有限公司) (formerly known as UTStarcom (China) Co., Ltd. (UT斯達康(中國)有限公司)), a company primarily engaged in the R&D and promotion of communication system technology and products, where he was responsible for the R&D and promotion of IPTV products. From August 2018 to September 2020, he served as the KA marketing director and general manager of Hunan Branch at CloudMinds Robotics (Beijing) Co., Ltd. (達闡機器人(北京)有限公司), a company primarily engaged in the R&D and operation of cloud-based intelligent robots, where he was responsible for the management and promotion of intelligent robot products. Since April 2009, he has been serving as the chairman, executive director and general manager at Changsha Titai Network Technology Co., Ltd. (長沙梯台網絡技術有限公司), a company primarily engaged in computer software development, where he is primarily responsible for overall management. Since April 2022, he has been serving as the independent director at Shenzhen Dongzheng Optical Technology Co., Ltd. (深圳市東正光學技術股份有限公司), a company primarily engaged in the R&D and production of optical lenses and optoelectronic imaging technology, where he is primarily responsible for providing independent advice. Since March 2023, he has been serving as the independent director at Wangshi Technology Co., Ltd. (網是科技股份有限公司), a company specialized in the research, development, production, and sales of data communication network equipment, where he is primarily responsible for providing independent advice.

Mr. Zhou obtained his bachelor's in radio technology from Hangzhou Dianzi University (杭州電子科技大學) (formerly known as Hangzhou Institute of Electronic Engineering (杭州電子工業學院)) in July 1989. He further obtained his master's degree in communication and electronic systems from National University of Defense Technology (中國人民解放軍國防科學技術大學) in May 1992.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix VI to this prospectus, each of our Directors has confirmed that:

- (1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on August 13, 2025, and understood his/her obligations as a director of a listed issuer;
- (2) he/she does not have any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);
- (3) he/she has no interest in the Shares within the meaning of Part XV of the SFO as of the Latest Practicable Date;
- (4) he/she has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as of the Latest Practicable Date;
- (5) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any other Directors, senior management or substantial shareholders of our Company as of the Latest Practicable Date; and
- (6) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

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Each of our independent non-executive Directors has confirmed:

- (1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;
- (2) that he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and
- (3) that there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets forth certain information in respect of the senior management of our Company:

Name	Age	Position(s)	Time of appointment as senior management	Time of joining our Group	Role and responsibilities	Relationship with Directors and other senior management
Mr. ZHANG Min (張敏)	46	Executive Director, chairperson of the Board and president	November 2007	November 2007	Responsible for the overall management and operation of our Group	None
Mr. XUE Xiaojiao (薛小橋)	45	Executive Director, secretary of the Board, vice president and joint company secretary	June 2018	June 2018	Responsible for managing the Group's securities and legal affairs, investment and acquisitions and intellectual property	None
Mr. YU Xiangyu (于翔宇)	44	Vice president	August 2022	August 2022	Responsible for the domestic marketing division	None
Mr. CHEN Wangpeng (陳望朋)	45	Chief financial controller and vice president	May 2017	May 2017	Responsible for the Group's financial strategic planning, capital management, financial reporting, and regulatory compliance	None

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Name	Age	Position(s)	Time of appointment as senior management	Time of joining our Group	Role and responsibilities	Relationship with Directors and other senior management
Mr. OUYANG Jie (歐陽傑)	42	Vice president	January 2023	January 2018	Responsible for the overall management of the Group's human resources and manufacturing center	None
Mr. ZUO Hanqing (左汗青)	36	Vice president	December 2019	October 2012	Responsible for sales	None

The following sets forth the biographies of our senior management:

Mr. Zhang Min (張敏), aged 46, is our executive Director, chairperson of the Board and president. For further details, see “— Board of Directors — Executive Directors” in this section.

Mr. Xue Xiaoqiao (薛小橋), aged 45, is our executive Director, secretary of the Board, vice president and joint company secretary. For further details, see “— Board of Directors — Executive Directors” in this section.

Mr. Yu Xiangyu (于翔宇), aged 44, is our vice president. He joined our Group in August 2022 and has served as the vice president of the Group since then. He is responsible for the domestic marketing division.

Prior to joining the Group, from July 2004 to April 2009, Mr. Yu served as the regional sales manager at ACON Biotech (Hangzhou) Co., Ltd. (艾康生物技術(杭州)有限公司), a vitro diagnostic and healthcare products manufacturer, where he was primarily responsible for sales in the Zhejiang region. From May 2009 to July 2022, he served in the rapid diagnostics department of Abbott (Shanghai) Diagnostic Products Sales Co., Ltd. (雅培(上海)診斷產品銷售有限公司), a company primarily engaged in the sales of diagnostic products. His final role was the national sales manager for the gastrointestinal tumor product line, primarily responsible for sales.

Mr. Yu obtained a bachelor's degree in pharmaceutical engineering from Harbin University of Commerce (哈爾濱商業大學) in July 2004.

Mr. Chen Wangpeng (陳望朋), aged 45, is our vice president and chief financial officer. From May 2017 to January 2023, he served as chief financial officer of the Company. Since January 2023, he has been serving as vice president and chief financial officer of the Company, responsible for the Group's financial strategic planning, capital management, financial reporting, and regulatory compliance.

Prior to joining the Group, from September 2008 to March 2017, Mr. Chen successively held the positions of audit supervisor, supervising officer, minister, and assistant to the chairman of supervisors at SANY Group Co., Ltd. (三一集團有限公司), a company engaged in engineering equipment manufacturing. From July 2015 to July 2018, he served as the supervisor at Hunan SANY Kunlun New Energy Co., Ltd. (湖南三一昆侖新能源有限公司), a company engaged in gas supply.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen obtained a bachelor's degree in corporate financial management from Hunan Agricultural University (湖南農業大學) in 2008. He was accredited as a certified public accountant by the Hunan Provincial Institute of Certified Public Accountants in April 2014, as a certified tax agent by the China Certified Tax Agents Association in June 2008, as a certified internal auditor by the China Institute of Internal Audit and the Human Resources and Social Security Department of Hunan Province in November 2010, as a senior procurement specialist by the China Federation of Logistics and Purchasing in December 2014, and as a senior accountant by the Human Resources and Social Security Department of Hunan Province in December 2023.

Mr. Ouyang Jie (歐陽傑), aged 42, is our vice president. From January 2018 to January 2023, he served as human resources director, responsible for the overall human resources management of the Group. Since January 2023, he has been serving as vice president, responsible for the overall management of the Group's human resources and manufacturing center.

Prior to joining the Group, from July 2006 to April 2009, Mr. Ouyang worked at Jiuzhitang Co., Ltd. (九芝堂股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000989), where he was primarily responsible for recruitment and performance management. In May 2009, he worked at Zoomlion Heavy Industry Science and Technology Co., Ltd. (中聯重科股份有限公司) (a company listed on the Shenzhen Stock Exchange and Hong Kong Stock Exchange, stock codes: 000157.SZ and 01157.HK). From May 2010 to December 2017, he served as the human resources director at Guangdong Haiwu Technology Co., Ltd. (廣東海梧科技有限公司), a company engaged in the manufacturing of electrical machinery and equipment, where he was primarily responsible for the overall human resources management of the company. Since January 2022, he has served as the chairman of the Hunan Bohou Public Welfare Foundation (湖南省博厚公益基金會), a charitable organization, where he was primarily responsible for the overall management.

Mr. Ouyang obtained a bachelor's degree in information management and information systems from Central South University (中南大學) in June 2006.

Mr. Zuo Hanqing (左汗青), aged 36, is our vice president. He has successively held the positions of deputy general manager, supervisor, executive director and general manager of Guizhou Cofee Medical Devices Co., Ltd. (貴州可孚醫療器械有限公司) (previously known as Guizhou Meiwen Medical Devices Co., Ltd. (貴州每文醫療器械有限公司)) from October 2012 to October 2017. He was re-designated as vice president of the Company in December 2019 and responsible for sales.

Mr. Zuo obtained a bachelor's degree in banking and finance from Nanyang Technological University in June 2012.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix VI to this prospectus, each of our senior management members has confirmed that:

- (1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;
- (2) other than being a member of our Group's senior management, he/she does not have any relationship with any Directors, other members of senior management or substantial shareholders or Controlling Shareholders of our Group as of the Latest Practicable Date;
- (3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

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- (4) he/she has not completed his respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Mr. Xue Xiaoqiao (薛小橋) was appointed as one of our joint company secretaries in August 2025. For the biographical details of Mr. Xue, see “— Senior Management” in this section.

Ms. Ha Ching Ching (夏正靜), aged 47, was appointed as one of our joint company secretaries in August 2025. She graduated from The University of Adelaide with a Bachelor of Commence (Accounting) degree. Ms. Ha is a fellow member of Hong Kong Institute of Certified Public Accountants and a member of the Certified Public Accountants of Australia. Ms. Ha has over 20 years’ experience in auditing, financial management, tax planning and corporate governance. Ms. Ha has held senior financial position in several multinational companies, including commodities, manufacturing and real estate industries. She is the chief financial officer of Danok Corporate Services Limited currently.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues, sale or transfer of treasury shares and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Somerley Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date.

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration and appraisal committee, a nomination committee and a Strategy Committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”). The Audit Committee consists of Ms. SHEN Nan (沈楠), Mr. NING Huabo (寧華波) and Mr. ZHANG Zhiming

DIRECTORS AND SENIOR MANAGEMENT

(張志明), with Ms. SHEN Nan (沈楠) being the chairperson of the committee. Ms. SHEN Nan (沈楠) holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which includes amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by our Board.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Mr. ZHOU Rong (周榕), Mr. ZHANG Zhiming (張志明) and Ms. SHEN Nan (沈楠), with Mr. ZHOU Rong (周榕) being the chairperson of the committee.

The primary duties of the Remuneration and Appraisal Committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other duties conferred by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Mr. NING Huabo (寧華波), Mr. HE Bangjie (賀邦傑) and Ms. SHEN Nan (沈楠), with Mr. NING Huabo (寧華波) being the chairperson of the committee.

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The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis, assisting our Board in maintaining a board skills matrix, and making recommendations to our Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors;
- supporting our Company's regular evaluation of our Board's performance; and
- other duties conferred by our Board.

Strategy Committee

Our Board has established a Strategy Committee (the “**Strategy Committee**”) with written terms of reference. The primary duties of the Strategy Committee are to research on making recommendations to our Board on our long-term development strategies, major decisions, and environmental, social and governance matters. The Strategy Committee consists of Mr. ZHANG Min (張敏), Mr. ZHANG Zhiming (張志明) and Mr. ZHOU Rong (周榕), with Mr. ZHANG Min (張敏) being the chairperson of the committee.

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 intends to comply with the corporate governance requirements under the Corporate Governance Code after the Listing.

Code Provision C.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhang Min is the chairperson of the Board and president of our Company. With profound experience in management, Mr. Zhang Min is in charge of the overall management and operation of our Group. Despite the fact that the roles of the chairperson of the Board and president of our Company are both performed by Mr. Zhang Min which constitutes a deviation from paragraph C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of both the chairperson of the Board and president all in Mr. Zhang Min has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of our Group. The balance of power and authority is ensured by the operation of our Board, our senior management, each of which comprises experienced and diverse individuals. Our Board currently comprises four executive Directors and three independent non-executive Directors. Therefore, our Board possesses a strong independence element in its composition. Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code.

DIRECTORS AND SENIOR MANAGEMENT

Board Diversity

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We have adopted a board diversity policy (the “**Board Diversity Policy**”) to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company’s business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, the Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to legal, finance, accounting and corporate governance. They obtained degrees in various majors including business administration and corporate financial management. Furthermore, our Board has a relatively wide range of ages, ranging from 41 years old to 58 years old, and consists of six male members and one female members. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Our Company will, among others, (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS

We offer our Directors remuneration the form of fees, salaries, allowances, benefits in kind, performance related bonuses, retirement benefit scheme contribution, and share-based compensation. Our Directors’ remuneration is determined with reference to the relevant Director’s experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities.

The aggregate amounts of remuneration (including fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions, and share-based payments) which were paid or payable to our Directors for the years ended December 31, 2023, 2024 and 2025 were RMB3.7 million, RMB6.6 million and RMB7.9 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

It is estimated that the aggregate amount of remuneration (including fees, salaries, allowances, benefits in kind, performance related bonuses, retirement benefit scheme contribution, and share-based compensation) payable to our Directors for the year ending December 31, 2026 would be approximately RMB6.6 million under arrangements in force as of the date of this prospectus.

For the years ended December 31, 2023, 2024 and 2025, there were 1, 2 and 2 Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions, and share-based payments) which were paid or payable by our Group to our five highest paid individuals (excluding Directors) for the years ended December 31, 2023, 2024 and 2025 were RMB3.7 million, RMB6.0 million and RMB5.1 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors, or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on remuneration of Directors during the Track Record Period as well as information on the five highest paid individuals, see notes 8 and 9 to the Accountants' Report.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang, Ms. Nie (Mr. Zhang's spouse), Changsha Xiezhao and Changsha Keyuan, collectively being our Controlling Shareholders, were able to exercise an aggregate of approximately 54.00% voting rights in our Company. Immediately upon completion of the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes), Mr. Zhang, Ms. Nie, Changsha Xiezhao and Changsha Keyuan are expected to be entitled to exercise an aggregate of approximately 47.82% voting rights in our Company. Mr. Zhang, Ms. Nie, Changsha Xiezhao and Changsha Keyuan will remain as our Controlling Shareholders upon the Listing.

As of the Latest Practicable Date, save for the interest in our Group, our Controlling Shareholders did not have any interest in a business which competes or is likely to compete, directly or indirectly, with the business of our Group, and which requires disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing, taking into consideration the factors below.

Management Independence

Our Board comprises seven Directors, including four executive Directors, and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

- (a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see "Directors and Senior Management" in this prospectus;
- (c) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;
- (d) 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 shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. For further details, see "— Corporate Governance Measures" in this section.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in the respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and its close associates. We hold the licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers and customers, and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and its close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and its close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Controlling Shareholders nor its close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their 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 close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and our Controlling Shareholders:

- (a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of its respective associates has a material interest, our Controlling Shareholders and its associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of its associates, our Company will comply with the applicable Listing Rules;
- (c) our Board consists of a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors), with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (e) we have appointed Somerley Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interests that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the Listing.

CONNECTED TRANSACTION

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Chumocang Framework Purchase Agreement

Background

As of the Latest Practicable Date, Hunan Chumocang Technology Co., Ltd. (湖南楮墨倉科技有限公司) (“**Hunan Chumocang**”) was owned as to 85% equity interest by Mr. Zhang Chao (張超), brother of Mr. Zhang (our executive Director, chairman of the Board and Controlling Shareholder). As such, Hunan Chumocang is an associate of Mr. Zhang and therefore a connected person of our Company under the Listing Rules.

Hunan Chumocang and Nantong Chuyuncang New Energy Technology Co., Ltd. (南通楮雲倉新能源科技有限公司) (“**Nantong Chuyuncang**”, together with Hunan Chumocang, “**Chumocang Companies**”), a wholly-own subsidiary of Hunan Chumocang, have provided the electricity and related equipment maintenance service for us for manufacturing of our products during the Track Record Period as part of our ordinary and usual course of business.

Historical Transaction Amounts

For the years ended December 31, 2023, 2024 and 2025, the total expenses incurred by us in relation to the provision of electricity by Chumocang Companies was nil, RMB1.6 million and RMB3.1 million, respectively.

Framework Service Agreement

On April 23, 2026, we entered into a framework purchase agreement with Chumocang Companies to govern the terms and conditions of the transactions between the Group on one hand and Chumocang Companies on the other hand in connection with the provision of electricity by Chumocang Companies (the “**Chumocang Framework Purchase Agreement**”). Pursuant to the Chumocang Framework Purchase Agreement, Chumocang Companies have agreed to provide electricity and related equipment maintenance service for the Group. The Chumocang Framework Purchase Agreement will take effect upon Listing and will be valid until December 31, 2028, renewable by mutual agreement of the parties, subject to compliance with the requirement under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing Policies

Pursuant to the Chumocang Framework Purchase Agreement, the electricity purchase price is determined with reference to the prevailing electricity benchmark price quoted by State Grid Corporation of China (國家電網有限公司) (“**State Grid**”) in the relevant region, with a discount of approximately 12% to 14%. The State Grid electricity benchmark price is publicly available and represents the prevailing market price for grid-supplied electricity in the relevant region. Using such benchmark provides an objective and transparent basis for price determination, the discount range was determined after arm’s length negotiations, taking into account the stable demand of the Group and the commercial terms of long-term cooperation. For benchmarking purposes, the Company has reviewed publicly available disclosures of comparable transactions by A-share listed companies purchasing photovoltaic electricity from related parties. The discounts observed ranged from approximately 3% to 15%. The 12% to 14% discount offered by Chumocang Companies falls within this range and is considered consistent with market practice. Further, service fees relating to the related equipment maintenance service provided by Chumocang Companies are determined after arm’s length negotiations with reference to prevailing market rates for comparable services. Where practicable, the Company obtains quotations or conducts price enquiries with Independent Third Party service providers to ensure the fees are no less favourable than those available in the market.

CONNECTED TRANSACTION

Annual Caps

The estimated maximum amount payable by us to Chumocang Companies for each of the three years ending December 31, 2026, 2027 and 2028 in relation to their provision of service to the Group shall not exceed RMB4.5 million, RMB4.7 million and RMB5.9 million, respectively.

The proposed annual caps for the three years ending December 31, 2028, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

- (a) our estimation on the demand for the electricity for our manufacturing and productions;
- (b) the historical purchase amounts paid to Chumocang Companies by our Group for purchasing electricity and related equipment maintenance service during the Track Record Period; and
- (c) a reasonable increment of the purchase price payable to Chumocang Companies taking into account the expected inflation rate for the three years ending December 31, 2028.

Listing Rules Implications

Since one or more of the applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the transactions under the Chumocang Framework Purchase Agreement exceed 0.1% but are all less than 5% on an annual basis with the total consideration is more than HK\$3 million, the transactions under the Chumocang Framework Purchase Agreements will be subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reasons for and Benefits of the Transactions with Chumocang Companies

We have continued procurement relationships with Chumocang Companies primarily because the price of electricity offered by Chumocang Companies has been more cost-effective than State Grid Corporation of China (國家電網有限公司) which contributes to cost saving for us. Further, the related equipment maintenance services bundled with the purchase of electricity leading to a long-term savings, as Chumocang Companies takes care of scheduling, inspections, and repairs which is more efficient and cost-effective than third parties service provider in the event that such service is needed.

INTERNAL CONTROL MEASURES FOR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have established the following internal review procedures to ensure that the terms for the partially-exempt continuing connected transactions we have or may have in the future are on normal commercial terms and no more favorable to the counterparties than terms available to Independent Third Parties:

- If a comparable market price is available, we shall compare the proposed product price or service fee with the market price to ensure that the proposed product price or service fee will not be higher than the selling price of product or service of a similar type or nature provided by independent third-party suppliers or providers;
- Before selecting a product supplier or services provider, our procurement department shall obtain price quotations from suppliers or providers. The factors to be considered by us in conducting internal assessments include price, quality, and value added to us;
- If no comparable market price is available, our procurement department shall conduct arm's length negotiation with the relevant connected persons to determine the terms in line with the relevant pricing policies based on trade cost of the product involved or value of the relevant service and the actual costs and expenses incurred;

CONNECTED TRANSACTION

- After arm's length negotiation with the connected person, our procurement department will report to our senior management who will approve individual transactions as appropriate;
- Our internal audit department will regularly collect and monitor the transaction amount of continuing connected transactions to ensure timely assessment on whether the annual caps are exceeded; and
- Our independent non-executive Directors will also conduct annual review on the non-exempt continuing connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable and conducted according to the terms of the relevant framework agreement. The auditor of our Company will also conduct annual review on the pricing and annual cap of the non-exempt continuing connected transactions.

CONFIRMATION OF DIRECTORS

Our Directors (including our independent non-executive Directors) consider that the continuing connected transaction described under the sub-section entitled “— Partially-exempt Continuing Connected Transaction” in this section have been and will be carried out (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of the continuing connected transaction described under the sub-section entitled “— Partially-exempt Continuing Connected Transaction” in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view that the continuing connected transaction described under the sub-section entitled “— Partially-exempt Continuing Connected Transaction” in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and that the proposed annual caps of such continuing connected transaction is fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

WAIVER APPLICATION FOR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

The transactions described under the sub-section entitled “— Partially-exempt Continuing Connected Transaction” in this section constitute our continuing connected transaction under the Listing Rules, which are exempt from the independent Shareholders' approval requirements but subject to the reporting, annual review, announcement requirements of the Listing Rules.

In respect of the continuing connected transaction, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in “— Partially-exempt Continuing Connected Transaction” in this section, subject to the conditions that the aggregate amounts of the continuing connected transaction for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange 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:

Name of Shareholder	Nature of interest	Number and type of Shares to be held after the Global Offering	Approximate percentage of shareholding in the relevant type of Shares immediately prior to the Global Offering ⁽¹⁾	Approximate percentage of shareholding in the total share capital of our Company immediately after the Global Offering ⁽¹⁾
			(%)	(%)
Mr. Zhang ⁽²⁾	Beneficial owner	12,114,881 A Share	5.80	5.14
	Interest in spouse	100,680,543 A Share	48.20	42.68
	Interest in controlled corporations	97,194,804 A Share	46.53	41.20
Ms. Nie ⁽²⁾	Beneficial owner	3,485,739 A Share	1.67	1.48
	Interest in spouse	109,309,685 A Share	52.33	46.34
	Interest in controlled corporations	97,194,804 A Share	46.53	41.20
Changsha Xiezhao ⁽²⁾ . .	Beneficial owner	85,079,923 A Share	40.73	36.07
Changsha Keyuan ⁽²⁾ . . .	Beneficial owner	12,114,881 A Share	5.80	5.14
Mr. Zhang Zhiming	Beneficial owner	7,268,928 A Share	3.48	3.08
(張志明) ⁽²⁾⁽³⁾	Interest in controlled corporations	12,114,881 A Share	5.80	5.14

Notes:

- (1) The calculation is based on the total number of 208,897,000 A Shares and 27,000,000 H Shares in issue upon completion of the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes).
- (2) Ms. Nie is the spouse of Mr. Zhang. Changsha Xiezhao was owned as to 90% and 10% by Mr. Zhang and Ms. Nie, respectively. Mr. Zhang is the executive partner and the general partner of Changsha Keyuan with 5% partnership interest in Changsha Keyuan, Ms. Nie is a limited partner of Changsha Keyuan with 55% partnership interest in Changsha Keyuan and Mr. Zhang Zhiming (張志明) is a limited partner of Changsha Keyuan with 40% partnership interest in Changsha Keyuan. As such, each of Mr. Zhang and Ms. Nie is deemed to be interested in the 85,079,923 A Shares and 12,114,881 A Shares held by Changsha Xiezhao and Changsha Keyuan, respectively, under the SFO.
- (3) Mr. Zhang Zhiming (張志明) is a limited partner of Changsha Keyuan with 40% partnership interest in Changsha Keyuan. As such, Mr. Zhang Zhiming (張志明) is deemed to be interested in the 12,114,881 A Shares held by Changsha Keyuan under the SFO.

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 — 2. Substantial Shareholders” in Appendix VI to this prospectus.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes), without taking into account the Offer Shares that may be taken up under the Global Offering, 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.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and upon the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered share capital of our Company was RMB208,897,000, comprising 208,897,000 A Shares with a nominal value of RMB1.00 each (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes), all of which are listed on the Shenzhen Stock Exchange.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately upon completion of the Global Offering, and without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
A Shares	208,897,000	88.55
H Shares to be issued pursuant to the Global Offering	27,000,000	11.45
Total	235,897,000	100.00

SHARE CLASSES

Upon the completion of the Global Offering, the Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of the Company. Apart from certain qualified domestic institutional investors in Chinese mainland, the qualified investors in Chinese mainland under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC Law or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons in Chinese mainland.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese mainland and Hong Kong. Our A Shares can be subscribed for and traded by investors in Chinese mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in Chinese mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

A Shares and H Shares are regarded as one class of Shares under the Articles of Association and will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

We have obtained approval from our A Shareholders to issue H Shares and seek the listing of the H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on August 26, 2025 and is subject to the following conditions:

(i) Size of the Offer

The proposed number of H Shares to be issued shall not be more than 15% of the total issued share capital of our Company as enlarged by the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes).

(ii) Method of Offering

The method of offering shall be by way of a public offer for subscription in Hong Kong and an international offering to institutional and professional investors.

(iii) Target Investors

The H Shares shall be issued to Hong Kong public investors, other overseas investors who meet the relevant requirements, qualified domestic investors eligible to invest in overseas securities according to PRC Law and other investors who comply with the relevant regulatory requirements.

(iv) Price Determination Basis

The issue price of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of investors and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) Valid Period

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on August 26, 2025.

There is no other approved offering plans for any other shares except for the Global Offering.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our Shareholders' general meetings are required, see "Summary of the Articles of Association" in Appendix V to this prospectus.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**” and collectively, the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**” and collectively, the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased for an aggregate amount of approximately US\$48.49 million or HK\$379.70 million, calculated based on the conversion rate of US\$1.00 to HK\$7.8305 (the “**Cornerstone Placing**”). The aggregate amount of the investment contributed by the Cornerstone Investors does not include brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee which the Cornerstone Investors will pay in respect of the International Offer Shares to be subscribed by them.

Based on the Offer Price of HK\$39.33 per H Share, being the maximum Offer Price, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 9,654,300 Offer Shares, representing approximately (i) 35.76% of the H Shares offered pursuant to the Global Offering; and (ii) 4.09% of our total issued share capital immediately upon completion of the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes).

Our Company is of the view that the Cornerstone Investment will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Further, we believe that we will benefit from the cornerstone investment, taking into account the business sectors they primarily focus on. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group’s business network or through introduction by the Company’s business partners or Sponsor-Overall Coordinators.

The Cornerstone Placing will form part of the International Offering, and save as otherwise obtained consent by the Stock Exchange, the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and all the H Shares to be subscribed by the cornerstone investors will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any Board representation in our Company; and none of the Cornerstone Investors will become a Substantial Shareholder of our Company. The Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

As confirmed by each of the Cornerstone Investors, there are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company’s H Shares commence on the Stock Exchange. There will be no deferred settlement of the Offer Shares to be subscribed by the Cornerstone Investors. Since there is no over-allotment option in the International Offering, there will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors.

Among the Cornerstone Investors, Vision Capital and CGII (in connection with Vision Capital OTC Swaps) (as defined below) and Changsha Yufeng (as defined below) were existing minority Shareholders of the Company (“**Existing Minority Shareholders**”), respectively, as of the Latest

CORNERSTONE INVESTORS

Practicable Date. As confirmed by the each Existing Minority Shareholders, each of the Existing Minority Shareholders holds less than 5% of the issued share capital of the Company as of the date of this prospectus. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 1C(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders. For further details, please refer to the section headed “Waivers from Strict Compliance with Listing Rules and Exemption from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Allocation of H Shares to Existing Minority Shareholders and Their Close Associates.” Save as otherwise disclosed, to the best of the knowledge, information and belief of our Company, each of the Cornerstone Investors (and, for Cornerstone Investors who will subscribe for our Offer Shares through a QDII, each of such QDIIs) (i) is independent of the Company, its connected persons and their respective associates; (ii) none of them is accustomed to take and has not taken instructions from the Company, our Directors, chief executive, the Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the Offer Shares by the them is directly or indirectly financed by the Company, our Directors, chief executive, the Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates; and (iv) each Cornerstone Investor will be utilizing its internal financial resources, financial resources of its shareholders or (in the case of Cornerstone Investors which are funds or investment managers) the assets managed for its investors as its source of funding for the subscription of the Offer Shares, and it has sufficient funds to settle its respective investment under the Cornerstone Placing.

To the best knowledge of the Company and the Sponsor-Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange’s consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around May 5, 2026.

Set out below forth the details of the Cornerstone Placing, assuming the Offer Price of HK\$39.33 per H Share, being the maximum Offer Price, without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes:

Cornerstone Investors	Total Investment Amount ⁽¹⁾⁽²⁾	Number of Offer Shares ⁽³⁾	Approximate % of the Offer Shares	Approximate % of the issued share capital
	<i>(US\$ in million)</i>			
Lens Technology (HK) Co., Limited (藍思科技(香港)有限 公司) (“ Lens Technology (HK) ”)	10.00	1,990,900	7.37%	0.84%
Changsha Yufeng Technology Co., Ltd. (長沙雨豐科技有限 公司) (“ Changsha Yufeng ”).	6.99	1,390,700	5.15%	0.59%

CORNERSTONE INVESTORS

Cornerstone Investors	Total Investment Amount ⁽¹⁾⁽²⁾	Number of Offer Shares ⁽³⁾	Approximate % of the Offer Shares	Approximate % of the issued share capital
	<i>(US\$ in million)</i>			
Vision Capital Management Co., Ltd. (遠信(珠海)私募基金管理有限公司) (“ Vision Capital ”) and China Galaxy International Investment Company Limited (“ CGII ”) (in connection with Vision Capital OTC Swaps).	6.51	1,296,000	4.80%	0.55%
Panjing Harbourview Investment Fund (盤京港景投資基金) (“ Panjing Fund ”)	5.00	995,400	3.69%	0.42%
FR M CONSULTING CO., LTD (“ FR M CONSULTING ”)	3.00	597,200	2.21%	0.25%
HongKong HQD Industry Limited (香港漢清達實業有限公司) (“ HQD Industry ”)	2.50	497,700	1.84%	0.21%
Da Cheng International Asset Management Company Limited (大成國際資產管理有限公司) (“ Da Cheng International ”)	2.00	398,100	1.47%	0.17%
Sinohealth Technology Holdings Limited (中康科技控股有限公司) (“ Sinohealth Technology ”)	2.00	398,100	1.47%	0.17%
ODI TRUST LIMITED (“ ODI TRUST ”)	1.00	199,000	0.74%	0.08%
Huang Xuelin (黃雪林) (“ Mr. Huang ”)	5.00	995,400	3.69%	0.42%
Dai Jun'an (戴鈞安) (“ Mr. Dai ”)	2.50	497,700	1.84%	0.21%
Lu Qinchao (陸勤超) (“ Ms. Lu ”)	2.00	398,100	1.47%	0.17%
Total	48.49	9,654,300	35.76%	4.09%

Notes:

- (1) The translations between among each of RMB, U.S. dollars and Hong Kong dollars were made based on the exchange rate as disclosed in the section headed “Information about this Prospectus and the Global Offering” in this prospectus. The actual investment amount may vary due to the exchange rate prescribed in the relevant Cornerstone Investment Agreements.
- (2) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy.
- (3) Rounded down to the nearest whole board lot of 100 H Shares. The actual number of Offer Shares allocated to each Cornerstone Investor may vary due to the actual exchange rates determined pursuant to the terms of the Cornerstone Investment Agreements.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

1. Lens Technology (HK)

Lens Technology (HK) is a company incorporated with limited liability under the laws of Hong Kong and primarily focuses on trade. As of the Latest Practicable Date, Lens Technology Co., Ltd. (藍思科技股份有限公司) (stock code: 6613.HK and 300433.SZ) was held as to approximately 53.07% by Lens Technology (HK). Lens Technology (HK) was wholly owned by Ms. Chau Kwan Fei (周群飛). Each of Lens Technology (HK) and Ms. Chau Kwan Fei is an independent third party.

2. Changsha Yufeng

Changsha Yufeng is a company with limited liability established in the PRC and an Independent Third Party. As of the Latest Practicable Date, Changsha Yufeng is owned as 60%, 20% and 20% by Changsha Yuhua Economic Development Venture Capital Fund Partnership Enterprise (Limited Partnership) (長沙雨花經開創業投資基金合夥企業(有限合夥)) (“**Changsha Yuhua**”), Changsha Yuhua Industry Investment Co., Ltd. (長沙市雨花產業投資有限公司) and Changsha Yuhua Entrepreneurship and Innovation Investment Co., Ltd. (長沙市雨花創業創新投資有限公司), respectively. The executive partner of Changsha Yuhua is Hunan Yuhua Jinchuang Guidance Private Fund Management Co., Ltd. (湖南雨花金創引導私募基金管理有限公司), a company indirectly wholly owned by Yuhua Economic Development Zone Management Committee (雨花經濟開發區管理委員會) (“**Yuhua Committee**”). As of the Latest Practicable Date, Changsha Yuhua has two limited partners with an aggregate of 98% partnership interest in Changsha Yuhua which is indirectly owned by Yuhua District Government of Changsha City (長沙市雨花區人民政府) and Yuhua Committee with each owns 49% partnership interest in Changsha Yuhua.

3. Vision Capital and CGII (in connection with Vision Capital OTC Swaps)

CGII and China Galaxy Securities Co., Ltd. (“**CGS**”) will enter into a series of cross border delta-one equity OTC swap transactions (collectively, the “**Vision Capital OTC Swaps**”) with each other and their ultimate client (the “**CGII Ultimate Client (Vision Capital)**”), pursuant to which CGII will hold the Offer Shares on a non-discretionary basis to hedge the Vision Capital OTC Swaps while the economic risks and returns of the underlying Offer Shares are ultimately borne by Vision Capital, subject to customary fees and commissions. The Vision Capital OTC Swaps will be fully funded by CGII Ultimate Client (Vision Capital). During the terms of the Vision Capital OTC Swaps, all economic returns of the Offer Shares subscribed by CGII will be passed to the CGII Ultimate Client (Vision Capital) and all economic loss shall be borne by CGII Ultimate Client (Vision Capital) through the Vision Capital OTC Swaps, and CGII will not take part in any economic return or bear any economic loss in relation to the Offer Shares. The Vision Capital OTC Swaps are linked to the Offer Shares and CGII Ultimate Client (Vision Capital) may, after expiration of the lock-up period beginning from the date of the relevant cornerstone agreement entered into between CGII and the Company and ending on the date which is six months from the Listing Date, request to early terminate the Vision Capital OTC Swaps at its own discretion, upon which CGII may dispose of the Offer Shares and settle the Vision Capital OTC Swaps in cash in accordance with the terms and conditions of the Vision Capital OTC Swaps. To the best of CGII’s knowledge after having made all reasonable inquiries, each of the CGII Ultimate Client (Vision Capital) is an independent third party of CGII, and the companies which are members of the same group of CGII, and save as Mr. Liu Yan (劉岩), no single ultimate beneficial owner holds 30% or more interests in the CGII Ultimate Client (Vision Capital).

The CGII Ultimate Client (Vision Capital) is a limited liability company established in the PRC, a fund management company focusing on private equity investments with assets under management amounted to more than RMB10 billion, according to the public information. The ultimate beneficial owner of CGII Ultimate Client (Vision Capital) is Mr. Liu Yan (劉岩), who is an Independent Third Party. No other shareholder holds 30% or more of the equity interests in CGII Ultimate Client (Vision Capital).

4. Panjing Fund

Panjing Fund is an exempted company incorporated with limited liability in the Cayman Islands under the Companies Act of the Cayman Islands. Panjing Fund is managed on a discretionary basis solely by its Investment Manager, Harbourview Investment Pte. Ltd. (“**Harbourview Investment**”), who holds a Capital Markets Services Licence issued by the Monetary Authority of Singapore.

Harbourview Investment pursues a long-short investment strategy in managing the assets of Panjing Fund and focuses on equities which are temporarily under-appreciated by the market but whose companies display great upside potential. Panjing Fund invests in a diverse portfolio comprising global listed equity securities and equity-related securities. Panjing Fund’s investments are not subject to any geographic limitation.

XIAO Jian, an Independent Third Party, is the ultimate beneficial owner of Panjing Fund, holding 100% of its interest. XIAO Jian and HUANG Jinwei, each an Independent Third Party, are the ultimate beneficial owners of Harbourview Investment, holding 60% and 40% of its interests, respectively.

As confirmed by Panjing Fund, no sub-fund is involved in this subscription of Offer Shares under its Cornerstone Investment Agreement.

5. FR M CONSULTING

FR M CONSULTING is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investments in the securities market. Its investment portfolio includes investments in Hong Kong-listed companies in the healthcare and biotechnology and mining sectors. Mr. Zhang Guofeng (張國鋒), an Independent Third Party, is the ultimate beneficial owner of FR M CONSULTING. Mr. Zhang is primarily engaged in investment and corporate management and has also made personal investments in among others, companies operating in the healthcare and biotechnology industries.

6. HQD Industry

HQD Industry is a company incorporated in Hong Kong with limited liability and is principally engaged in the import and export trading of electronic products, electronic components, digital products and sports wearable devices. Mr. Hou Shoushan (侯守山), an Independent Third Party, is the ultimate beneficial owner of HQD Industry and holds 100% of its equity interest.

7. Da Cheng International

Established in Hong Kong on March 19, 2009 with registered capital of HK\$200 million, Da Cheng International, a wholly-owned subsidiary of Dacheng Fund Management Company Limited (“**Dacheng Fund**”), strives to provide comprehensive and integrated asset management and investment consultancy services for its clients. No single ultimate beneficial owner holds 30% or more interest in Dacheng Fund. Pursuant to the SFO, Da Cheng International was licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities, and it obtained the qualification as an investment manager of the National Social Security Fund in 2015 to serve as an investment manager of the National Council for Social Security Fund of the People’s Republic of China (全國社會保障基金理事會). Da Cheng International acts as the investment manager or investment advisor, with discretionary investment power for Da Cheng China Balanced Fund which is managed or sub-managed by Da Cheng International. No single ultimate beneficial owner holds 30% or more interests in Da Cheng China Balanced Fund. Da Cheng International has a mature product line, which consists of public funds (including investments in China’s securities markets and overseas securities markets), private funds and portfolios of discretionary accounts. Da Cheng International is one of the eleven Hong Kong

subsidiaries with QFII/RQFII qualifications issued by CSRC and one of the only four holders of the National Social Security Fund Overseas Investment Manager qualification. In October 2018, Da Cheng International became one of the first batch to obtain the Hong Kong Stock Connect Overseas Investment Consultant Qualification.

8. Sinohealth Technology

Sinohealth Technology is a limited liability company incorporated in the Cayman Islands and listed on the Stock Exchange (stock code: 2361.HK). The ultimate shareholder is Mr. Wu Yushu. The company is an AI technology service company based on health industry data elements and ecosystem resources. Adhering to an “AI-driven” development strategy that leverages the most comprehensive industrial big data network, ecosystem platform and leading AI technology, the group focuses on AI agent applications and data value exploration across all healthcare scenarios. It helps clients such as pharmaceutical manufacturers, pharmacies, hospitals and health management institutions to improve operational efficiency and decision-making optimisation, and is committed to building a whole life-cycle health management system, fulfilling the company’s mission of “developing smart healthcare industry and promoting smart healthy life”.

9. ODI TRUST

ODI TRUST is company registered in the Hong Kong and regulated by the Hong Kong Trustee Ordinance with no shareholder with more than 30% equity interest in ODI TRUST. ODI TRUST subscribes the Offer Shares as a proprietary investment. As a professional institution, it provides services to clients in the capacity of a trustee. The company also holds a Trust or Company Service Provider (TCSP) license. ODI TRUST is a global integrated financial group, equipped with comprehensive financial licenses and cross-border financial service capabilities. ODI TRUST is dedicated to serving high-net-worth individuals, businesses, and financial institutions in the Asia-Pacific region, becoming their trusted cross-border financial partner.

10. Mr. Huang

Mr. Huang is the chairman of Shenglan Technology Co., Ltd. (勝藍科技股份有限公司) (“**Shenglan Technology**”), a company listed on the Shenzhen Stock Exchange (stock code: 300843). As of the Latest Practicable Date, Mr. Huang held approximately 45.28% of the total issued share capital of Shenglan Technology and is the ultimate beneficial owner of Shenglan Technology. Shenglan Technology is a high-tech enterprise principally engaged in the research and development, manufacturing and sales of electronic connectors and precision components, as well as new energy vehicle connectors and related components.

11. Mr. Dai

Mr. Dai is an individual investor and an Independent Third Party. Since 2020, Mr. Dai has been a director and general manager of Lucky Crest Limited, a company incorporated in Hong Kong with limited liability. Lucky Crest Limited is a wholly-owned subsidiary of VIVO Group, primarily engaged in global internet-related business, the trading of mobile phones and components, and investment holding. Mr. Dai has been a shareholder of certain PRC-based consumer electronic companies. As of the Latest Practicable Date, Mr. Dai has invested certain listed companies with more than HK\$100 million investment portfolio.

12. Ms. Lu

Ms. Lu is an individual investor and an Independent Third Party. Ms. Lu has over 20 years of experience in fund investment. Ms. Lu is currently the Founder and Executive Partner of Guangzhou Redhill Equity Investment Management Co., Ltd. (廣州丹麓股權投資管理有限公司) (“**Redhill Capital**”), focusing on early-stage equity investments in the medical and healthcare

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industry, Redhill Capital has assets under management of nearly RMB2.0 billion. Its investment portfolio includes but not limited to, Guangzhou Langmu Life Science Technology Co., Ltd. (廣州朗目生命科技有限公司) and Suzhou Liangyihui Network Technology Co., Ltd. (蘇州良醫匯網絡科技有限公司).

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (ii) the Offer Price having been agreed upon between our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);
- (iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (iv) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the Cornerstone Investment Agreement)) accurate and true in all respects and not misleading and that there is no breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that without the prior written consent of our Company, the Joint Sponsors and the Sponsor-Overall Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the respective Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investor, including the Lock-up Period restriction.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial information as at and for the years ended December 31, 2023, 2024 and 2025, included in the Accountants' Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a provider of home care medical devices in China. According to Frost & Sullivan, in terms of the 2024 domestic revenue, we ranked second among all home care medical devices providers in China, with a market share of 2.1%.

As of the Latest Practicable Date, our product portfolio encompassed over 200 product categories with over ten thousand SKUs.

During the Track Record Period, we have been actively expanding our presence in overseas markets and attracted a growing base of loyal users worldwide. Our global footprint now spans over 60 countries and regions across Asia, Africa, Europe, and the Americas.

BASIS OF PREPARATION

Our Company was established in the PRC as a limited liability company on November 19, 2009 and was converted into a joint stock company with limited liability on December 26, 2019. See "History, Development and Corporate Structure — Major Shareholding Changes of our Company".

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from January 1, 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.

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.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Market Demand for Our Products Portfolio and Competition

Our business expansion and revenue have been and will continue to be significantly affected by the trend of growth in the demand for our product portfolio, which is affected by the market growth of home care medical devices. According to Frost & Sullivan, driven by aging population, rising health awareness and increasing demand for better healthcare among the growing middle class, the global home care medical devices market is projected to grow at a CAGR of 6.4% from 2024 to 2030, reaching US\$171.7 billion by 2030. According to Frost & Sullivan, from 2019 to 2024, the home care medical devices market in China increased from RMB122.4 billion to RMB198.2 billion. As the number of individuals with chronic diseases in China continues to rise, together with growing awareness of health management and increasing disposable income among residents, the home care medical devices market in China is projected to grow at a CAGR of 7.9%, reaching RMB313.1 billion by 2030. The rising consumer spending power of home care medical devices worldwide and in China drove the growth in sales of our products throughout the Track Record Period. As we ranked the second in China's home care medical devices industry in terms of revenue in 2024, we believe that our strong brand value, diversified product portfolio, and well-documented business growth collectively place us in an excellent position to seize the opportunities in China's expanding home care medical devices industry.

According to Frost & Sullivan, from 2019 to 2024, the global home rehabilitation aids products market grew from US\$19.0 billion to US\$28.8 billion. The market is projected to grow at a CAGR of 7.1% from 2024 to 2030, reaching US\$43.6 billion by 2030. According to Frost & Sullivan, China possesses a substantial population requiring rehabilitation services, encompassing post-surgical recovery from procedures such as fracture repair, and interventions. Between 2019 and 2024, the home rehabilitation aids products market in China grew from RMB27.2 billion to RMB46.5 billion. As the elderly and disabled population in China continues to grow, along with rising awareness of health management and increasing disposable income among residents, the home rehabilitation aids products market in China is projected to grow at a CAGR of 8.2% from 2024 to 2030, reaching RMB74.5 billion by 2030. As we ranked first in China's home rehabilitation aids products industry by revenue in 2024, we believe we are well positioned to capture the market growth.

Sales and Distribution Network

We sell and market our products worldwide in over 60 countries and regions. In 2023, 2024 and 2025, revenue generated from distributors was RMB1,573.2 million, RMB1,317.1 million and RMB1,402.8 million, respectively, representing 55.1%, 44.2% and 41.4% of the total revenue from the same years, respectively. Our direct sales include sales through our online self-operated stores, as well as our offline self-operated stores. In 2023, 2024, and 2025, revenue generated from direct sales was RMB1,068.3 million, RMB1,420.2 million and RMB1,563.4 million, respectively, accounting for 37.4%, 47.6% and 46.2% of our total revenue of the corresponding years, respectively.

In addition, during the Track Record Period, our online direct sales increased steadily which contributed to the increase in our total revenue. As online direct sales have comparatively higher gross margin and a broader reach of customer base, the significant increase in the revenue contribution from online direct sales both in absolute amount and as a percentage of our total revenue throughout the Track Record Period also resulted in improvements in our overall gross profit margin. As we continue to invest in online marketing efforts, we expect that our online direct sales to grow further in the future which, in turn, will contribute to our business growth as well as improve our results of operations in the long run.

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Our Ability to Expand and Diversify Product Portfolio Supported by R&D Capabilities

As of the Latest Practicable Date, we had a portfolio of over 200 product types with over ten thousand SKUs. Our diversified product portfolio enables us to reach and retain a broad, deeply penetrated customer base across multiple segments. Leveraging our proprietary R&D technology, we will continuously design and develop and launch new products, expanding our product portfolio in the future. See “Business — Development Strategies” and “Future Plans and Use of Proceeds” for details of our future investments in R&D.

Our technological capabilities are crucial to our business operations. In the past periods, we have made investments in our R&D activities as we continued to (i) focus on the development of new product, (ii) update and iterate popular existing products, and (iii) develop and iterate our R&D technology. In 2023, 2024 and 2025, our R&D expenditure amounted to RMB114.3 million, RMB106.7 million and RMB98.7 million, respectively, accounting for 4.0%, 3.6% and 2.9% of the total revenue of the corresponding years, respectively. As of December 31, 2025, we have established an in-house R&D team of over 350 staff and three research institutes each focusing on a select area, including medical electronics and rehabilitation medicine, biosensing and innovative materials, and respiratory support. We attribute our sustained technological edge to the ongoing R&D investments we have made and will continue to make for the long term. Going forward, we will continuously focus on products research and development and recruit seasoned talents and experts to maintain our strong R&D capabilities and market leadership. See “Business — Development Strategies”.

Our Ability to Control our Costs and Expenses

In 2023, 2024 and 2025, our cost of sales amounted to RMB1,681.1 million, RMB1,474.2 million and RMB1,635.9 million, representing 58.9%, 49.4% and 48.3% of the total revenue from the same years, respectively. Our ability to manage our cost of sales is a significant factor affecting our results of operations.

Our cost of sales mainly comprised purchase cost of finished products, direct material costs and direct labor costs of production employee. During the Track Record Period, fluctuations in our cost of sales did not have a material impact on our gross profit margin. We price our products based on market demand and regularly monitor the operating data of our products, and as such, historically, we are able to quickly adjust our strategies to control cost risks in response to changes in the market and costs. For example, we have procured automated production equipment to reduce production costs. Additionally, we implement centralized procurement of certain raw materials to mitigate the associated costs. Fluctuations in the labor costs or any other component of cost of sales that we are unable to recoup through timely pricing adjustments will directly affect our profitability.

In addition, the effectiveness of our sales and marketing activities is critical to our financial performance, and our selling and distribution expenses has affected and is expected to continue to affect our performance. In 2023, 2024 and 2025, our selling and distribution expenses amounted to RMB740.7 million, RMB973.3 million and RMB1,158.2 million, representing 26.0%, 32.6% and 34.2% of the total revenue from the same years, respectively. Such increase was largely in line with our business growth and driven by our increased investment in marketing expenses on online e-commerce platforms and social media. We strive to manage these expenses, such as marketing expenses, by, among other things, continuously monitoring the return on investment of online advertising spend and optimizing the placement strategies to enhance the efficiency of our online marketing expenses. If we fail to manage our sales and marketing expenses, our profitability may be materially and adversely affected.

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MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

Our material accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2.3 to the Accountants' Report in Appendix I to this prospectus.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected consolidated statement of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	2,853,695	2,982,931	3,387,499
Cost of sales.	(1,681,144)	(1,474,227)	(1,635,894)
Gross Profit	<u>1,172,551</u>	<u>1,508,704</u>	<u>1,751,605</u>
Other income and gains.	125,101	103,427	90,022
Selling and distribution expenses	(740,704)	(973,313)	(1,158,175)
Administrative expenses	(130,338)	(143,955)	(196,129)
Research and development expenses.	(114,330)	(96,410)	(87,284)
Impairment losses on financial assets, net	(1,830)	(6,857)	(1,368)
Fair value (losses)/gains on financial assets at fair value through profit or loss.	(1,563)	9,400	49,842
Other expenses	(9,546)	(7,587)	(7,383)
Finance costs	(13,503)	(17,912)	(16,066)
Share of (loss)/profit of associates	(130)	(3,498)	779
Profit Before Tax	<u>285,708</u>	<u>371,999</u>	<u>425,843</u>
Income tax expense.	(32,837)	(59,655)	(55,527)
Profit for the Year	<u><u>252,871</u></u>	<u><u>312,344</u></u>	<u><u>370,316</u></u>

Revenue

Our revenue amounted to RMB2,853.7 million, RMB2,982.9 million and RMB3,387.5 million in the years ended December 31, 2023, 2024 and 2025, respectively.

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Breakdown by Segments

During the Track Record Period, we generated revenue primarily from the (i) sales of medical and wellness products, (ii) OEM/ODM business and (iii) others. The following table sets forth a breakdown of our revenue by segments, both in absolute amounts and as percentages of our revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of medical and wellness products						
Rehabilitation aids products	717,795	25.2	1,039,105	34.8	1,178,153	34.8
Medical care products	734,303	25.7	778,334	26.1	730,155	21.6
Health monitoring products	584,621	20.5	476,649	16.0	555,554	16.4
Respiratory support products	454,803	15.9	264,182	8.9	261,324	7.7
TCM therapy and other products ⁽¹⁾ . .	149,998	5.3	178,993	6.0	241,046	7.1
Subtotal	2,641,520	92.6	2,737,263	91.8	2,966,232	87.6
OEM/ODM business	64,152	2.2	104,286	3.5	285,410	8.4
Others⁽²⁾	148,023	5.2	141,382	4.7	135,857	4.0
Total	2,853,695	100.0	2,982,931	100.0	3,387,499	100.0

Notes:

- (1) Other products include (i) household and personal care products; (ii) mother and infant products; (iii) daily necessities; and (iv) dietary supplement products.
- (2) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

During the Track Record Period, revenue from sales of medical and wellness products accounted for a substantial majority of our total revenue. We categorize the medical and wellness products that we sold into (i) rehabilitation aids products, (ii) medical care products, (iii) health monitoring products, (iv) respiratory support products and (v) TCM therapy and other products.

During the Track Record Period, revenue generated from our OEM/ODM business represents the sales of products we provided under OEM and/or ODM model, in recognizing our strong manufacturing capability with stringent quality control measures. Our OEM/ODM business primarily serves overseas customers, focusing on providing customized products to meet their specific requirements.

During the Track Record Period, revenue from others are mainly revenue generated from offering (i) logistics and warehousing services to e-commerce platforms, where we charged clients generally based on orders of services at a fixed rate; and (ii) online store management services, where we were engaged by third parties to run online home care medical devices stores that they established on e-commerce platforms and charged them at a fixed rate of service fees and float fees based on sales performance.

Breakdown by Distribution Channels

During the Track Record Period, we sold our products through direct sales and sales to distributors. Our direct sales include (i) sales through our online self-operated stores, and (ii) sales through our offline self-operated stores. Our sales to distributors include (i) sales to online distributors, (ii) sales to third-party pharmacy store operators, and (iii) sales to offline distributors.

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The following table sets forth a breakdown of our revenue by distribution channels, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Direct sales						
Online direct sales	775,654	27.2	1,068,881	35.8	1,130,522	33.4
Offline direct sales	292,661	10.3	351,288	11.8	432,872	12.8
Subtotal	<u>1,068,315</u>	<u>37.5</u>	<u>1,420,169</u>	<u>47.6</u>	<u>1,563,394</u>	<u>46.2</u>
Sales to distributors						
Sales to online distributors	1,051,144	36.8	911,804	30.6	1,036,786	30.6
Sales to third-party pharmacy store operators	468,281	16.4	333,554	11.2	304,464	9.0
Sales to offline distributors	<u>53,780</u>	<u>1.9</u>	<u>71,736</u>	<u>2.4</u>	<u>61,588</u>	<u>1.8</u>
Subtotal	<u>1,573,206</u>	<u>55.1</u>	<u>1,317,094</u>	<u>44.2</u>	<u>1,402,838</u>	<u>41.4</u>
OEM/ODM business	64,152	2.2	104,286	3.5	285,410	8.4
Others⁽¹⁾	<u>148,023</u>	<u>5.2</u>	<u>141,382</u>	<u>4.7</u>	<u>135,857</u>	<u>4.0</u>
Total	<u>2,853,695</u>	<u>100.0</u>	<u>2,982,931</u>	<u>100.0</u>	<u>3,387,499</u>	<u>100.0</u>

Note:

(1) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

The revenue contribution through our direct sales demonstrated robust growth throughout the Track Record Period, which was in particular driven by our sales through online self-operated stores where individual consumers purchased our products from our self-operated online stores on major domestic third party e-commerce platforms. For details, see “Business — Our Sales Network — Online Sales Channel — Online Direct Sales”.

- Our revenue from online direct sales increased by 37.8% from RMB775.7 million in 2023 to RMB1,068.9 million in 2024 accounting for 27.2% and 35.8% of our total revenue for the same years, respectively. The growth in online direct sales in 2024 was mainly attributable to our enhanced online marketing efforts. Our online direct sales increased by 5.8% from RMB1,068.9 million in 2024 to RMB1,130.5 million in 2025, accounting for 35.8% and 33.4% of our total revenue for the same years, respectively. Such increase was primarily attributable to our enhanced marketing efforts focusing on key products that we believe have strong market potential.
- Our offline direct sales increased by 20.0% from RMB292.7 million in 2023 to RMB351.3 million in 2024, and further increased by 23.2% to RMB432.9 million in 2025, accounting for 10.3%, 11.8%, and 12.8% of our total revenue for the same years, respectively. The overall stable growth in offline direct sales from 2023 to 2024 was attributable to the increased revenue generated from the sale of our rehabilitation aids products through our offline self-operated stores, especially our “JOYOR HearingCare Stores”, increased steadily, resulting from the significant increase in the number of our offline self-operated stores. The increase in offline direct sales from 2024 to 2025 was primarily attributable to (i) increased revenue generated from the sale of our rehabilitation aids products through our offline self-operated stores, driven by our optimized product portfolio, which led to an increase in the average daily revenue per store, and (ii) our acquisition of Humana Medical Limited in 2025, which mainly generated direct sales from its offline self-owned stores.

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Our sales to distributors decreased by 16.3% from RMB1,573.2 million in 2023 to RMB1,317.1 million in 2024 accounting for 55.1% and 44.2% of our total revenue for the same years, respectively. Our sales to distributors increased by 6.5% from RMB1,317.1 million in 2024 to RMB1,402.8 million in 2025, accounting for 44.2% and 41.4% of our total revenue for the same years, respectively.

- Sales to online distributors decreased from RMB1,051.1 million in 2023 to RMB911.8 million in 2024 accounting for 36.8% and 30.6% of our total revenue for the same years, respectively. Our sales to online distributors increased by 13.7% from RMB911.8 million in 2024 to RMB1,036.8 million in 2025, primarily attributable to increased revenue from our key products driven by our enhanced marketing efforts.
- Offline sales to third party pharmacy store operators decreased by 28.8% from RMB468.3 million in 2023 to RMB333.6 million in 2024, and further decreased by 8.7% to RMB304.5 million in 2025, accounting for 16.4%, 11.2%, 9.0% of our total revenue for the same years, respectively. Such decrease was primarily due to the decrease in sales volume to offline third-party pharmacy store operators, resulting from a decrease in purchases by end customers from these offline pharmacy store operators which coincided with an increase in purchases through online channels.

Breakdown by Nature

The following table sets forth the components of our revenue by amounts and percentages of our total revenue broken down by nature for the years presented:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Medical and Wellness Products						
Own-brand products – Self-produced	1,468,754	51.5	1,750,633	58.7	1,754,890	51.8
Own-brand products – Procured products	632,592	22.2	470,726	15.8	680,428	20.1
Third-party brand products	540,174	18.9	515,904	17.3	530,914	15.7
Subtotal	2,641,520	92.6	2,737,263	91.8	2,966,232	87.6
OEM/ODM business	64,152	2.2	104,286	3.5	285,410	8.4
Others⁽¹⁾	148,023	5.2	141,382	4.7	135,857	4.0
Total	2,853,695	100.0	2,982,931	100.0	3,387,499	100.0

Note:

- (1) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

Revenue from the sales of our self-produced own-brand products increased from RMB1,468.8 million in 2023 to RMB1,750.6 million in 2024, accounting for 51.5% and 58.7% of our total revenue, respectively. We launched our ventilator products in 2024, which contributed to the revenue growth of our self-produced own-brand products in 2024. Revenue from our self-produced own-brand products increased from RMB1,750.6 million in 2024 to RMB1,754.9 million in 2025, accounting from 58.7% and 51.8% of our total revenue, respectively, primarily attributable to the continued growth in sales volume of our own-brand products, particularly ventilator products and thermometers.

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Revenue from the sales of our own-brand products procured from third-party suppliers decreased from RMB632.6 million in 2023 to RMB470.7 million in 2024, accounting for 22.2% and 15.8% of our total revenue, respectively. Such decrease was primarily due to the discontinuation or reduction of the procurement of certain products, which exhibited limited profitability, from third-party suppliers followed by a transition to in-house production of such products. Revenue from our own-brand products procured from third-party suppliers increased from RMB470.7 million in 2024 to RMB680.4 million in 2025, accounting from 15.8% and 20.1% of our total revenue, respectively, primarily due to the increased sales of certain rehabilitation aids products and health monitoring products that we launched in 2024, driven by a surge in market demand.

Revenue from the sales of third-party brand products decreased from RMB540.2 million in 2023 to RMB515.9 million in 2024, accounting for 18.9% and 17.3% of our total revenue for the same years, respectively. The overall decrease from 2023 to 2024 mainly reflected our strategic transition towards the development, production and marketing of own-brand products. Revenue from the sales of third-party brand products increased from RMB515.9 million in 2024 to RMB530.9 million in 2025, accounting for 17.3% and 15.7% of our total revenue for the same years, respectively. The increase from 2024 to 2025 was primarily attributable to our acquisition of Humana Medical Limited in 2025, which primarily sell third-party brand products.

Revenue by Geographic Segments

The following table sets forth our revenue by geographic segments for the years indicated. Geographical location is solely based on the places of registration of our direct sales customers and distributors, which may not align with the delivery destinations or end markets of our products for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	2,803,825	98.3	2,923,780	98.0	3,088,756	91.2
Other countries/regions						
Asia	39,217	1.4	38,039	1.3	161,166	4.8
South America	3,157	0.1	8,219	0.3	20,126	0.6
Africa	1,643	0.1	2,847	0.1	8,198	0.2
Europe	3,074	0.1	5,270	0.2	43,188	1.3
North America	2,709	0.1	4,682	0.2	66,013	1.9
Oceania	69	0.0	93	0.0	52	0.0
Subtotal	49,870	1.7	59,151	2.0	298,743	8.8
Total	2,853,695	100.0	2,982,931	100.0	3,387,499	100.0

During the Track Record Period, the Chinese Mainland was our most important geographic segment by revenue contribution, though our sales were distributed broadly across many regions globally, mainly Hong Kong, the United States and the United Kingdom. We are committed to sustaining and broadening our geographically diversified sales network, which positions us to capitalize promptly on robust regional demand.

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Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of total cost of sales, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Purchase cost of finished products	634,234	37.7	493,935	33.5	537,650	32.9
Direct material costs	600,607	35.7	615,240	41.7	724,188	44.3
Logistics expenses	110,990	6.6	91,455	6.2	99,043	6.0
Direct labor costs of production employee . .	87,546	5.2	74,982	5.1	76,393	4.7
Manufacturing overhead	56,238	3.3	55,581	3.8	61,593	3.8
Miscellaneous costs	62,484	3.7	38,143	2.6	49,286	3.0
Outsourced manufacturing expenses	7,007	0.4	11,658	0.8	8,332	0.5
Other services expenses	122,039	7.3	93,233	6.3	79,409	4.8
Total	1,681,144	100.0	1,474,227	100.0	1,635,894	100.0

We purchase raw materials on an as-needed basis at market prices. Generally, each of our main products require distinct raw materials.

Gross Profit and Gross Profit Margin

Breakdown by Segments

The following table sets forth a breakdown of our gross profit and gross profit margin by types of goods or services for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Sales of medical and wellness products						
Rehabilitation aids products	347,458	48.4	645,161	62.1	744,635	63.2
Medical care products	349,327	47.6	414,040	53.2	384,210	52.6
Health monitoring products	220,838	37.8	196,927	41.3	277,328	49.9
Respiratory support products	170,114	37.4	102,372	38.8	119,800	45.8
TCM therapy and other products ⁽¹⁾	50,931	34.0	73,736	41.2	108,028	44.8
Subtotal	1,138,668	43.1	1,432,236	52.3	1,634,001	55.1
OEM/ODM business	7,899	12.3	28,319	27.2	61,157	21.4
Others⁽²⁾	25,984	17.6	48,149	34.1	56,447	41.5
Total	1,172,551	41.1	1,508,704	50.6	1,751,605	51.7

Note:

- (1) Other products include: (i) household and personal care products; (ii) mother and infant products; (iii) daily necessities; and (iv) dietary supplement products.
- (2) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

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Breakdown by Distribution Channels

The following table sets forth a breakdown of our gross profit and gross profit margin by distribution channels for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Direct sales						
Online direct sales	375,320	48.4	668,482	62.5	692,703	61.3
Offline direct sales	179,521	61.3	222,114	63.2	273,910	63.3
Subtotal	554,841	51.9	890,596	62.7	966,613	61.8
Sales to distributors						
Sales to online distributors	409,969	39	394,692	43.3	539,307	52.0
Sales to third-party pharmacy store operators . . .	165,943	35.4	132,573	39.8	113,982	37.4
Sales to offline distributors	7,915	14.7	14,375	20.0	14,099	22.9
Subtotal	583,827	37.1	541,640	41.1	667,388	47.6
OEM/ODM business	7,899	12.3	28,319	27.2	61,157	21.4
Others⁽¹⁾	25,984	17.6	48,149	34.1	56,447	41.5
Total	1,172,551	41.1	1,508,704	50.6	1,751,605	51.7

Note:

- (1) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

Breakdown by Nature

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Medical and Wellness Products						
Own-brand products – Self-produced	671,867	45.7	982,849	56.1	1,017,487	58.0
Own-brand products – Procured products	228,529	36.1	182,182	38.7	325,051	47.8
Third-party brand products	238,272	44.1	267,205	51.8	291,463	54.9
Subtotal	1,138,668	43.1	1,432,236	52.3	1,634,001	55.1
OEM/ODM business	7,899	12.3	28,319	27.2	61,157	21.4
Others⁽¹⁾	25,984	17.6	48,149	34.1	56,447	41.5
Total	1,172,551	41.1	1,508,704	50.6	1,751,605	51.7

Note:

- (1) During the Track Record Period, we also derived revenue from offering logistics services and online store management services to clients.

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Other Income and Gains

The following table sets forth a breakdown of our other income and gains for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other income			
Government grants	17,027	14,754	30,129
Bank interest income	34,305	42,368	26,429
Value-added tax (“VAT”) additional deduction	6,290	7,679	5,632
VAT refund	11,189	6,612	11,512
Others	3,551	9,768	6,764
Total other income	72,362	81,181	80,466
Gains, net			
Foreign exchange gains/(losses), net	158	523	(4,141)
Gain on disposal of subsidiaries	4,424	—	9,344
Gain on disposal of financial assets at fair value through profit or loss	43,565	15,843	5,722
Gain/(loss) on disposal of property, plant and equipment and intangible assets, net	1	5,086	(1,947)
Gain on termination of leases, net	4,591	794	578
Total gains, net	52,739	22,246	9,556
Total	125,101	103,427	90,022

Selling and Distribution Expenses

The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee payment	258,295	327,382	350,918
Marketing and promotion expenses	312,619	435,679	572,453
Amortization and depreciation	61,203	81,682	86,495
Logistic, warehousing and packaging expenses	43,651	46,458	50,056
Office and utilities expenses	31,157	37,098	33,211
Travel and business development expenses	17,488	17,527	16,493
Share-based payment	—	7,196	11,038
Others	16,291	20,291	37,511
Total	740,704	973,313	1,158,175

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Administrative Expenses

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee payment	51,989	51,797	79,485
Amortization and depreciation . . .	30,997	34,293	40,533
Taxes and other charges	17,518	20,039	19,820
Share-based payment ⁽¹⁾	(1,807)	4,026	15,303
Office and utilities expenses	11,967	9,442	11,095
Professional service fees	4,502	5,166	7,616
Bank charges	1,899	2,523	3,234
Travel and business development .	5,465	9,190	11,888
Others	7,808	7,479	7,155
Total	130,338	143,955	196,129

Note:

- (1) We recorded share-based payment of negative RMB1.8 million in 2023, primarily due to not meeting the exercise conditions, which led to a reversal of previously recognized share-based payment expenses.

Research and Development Costs

The following table sets forth a breakdown of our research and development costs for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee payment	63,558	58,985	57,992
R&D materials	24,899	16,050	13,300
Technology service fees	8,384	4,841	1,936
Share-based payment	—	4,356	4,837
Patent and IP service fees	2,984	1,631	1,268
Depreciation and amortization	10,174	5,896	4,187
Others	4,331	4,651	3,764
Total	114,330	96,410	87,284

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During the Track Record Period, we primarily incurred our R&D expenses internally, while we also collaborated with universities and external research and development institutions, which provided R&D services to us. For details of such R&D collaborations, please see “Business — Research and Development”. The following table sets forth a breakdown of our research and development costs by source for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Internally incurred R&D expenses	111,767	92,245	86,209
R&D expenses paid to external service providers	2,563	4,165	1,075
Total	114,330	96,410	87,284

Our internally incurred R&D expenses decreased from RMB111.8 million in 2023 to RMB92.2 million in 2024 and further to RMB86.2 million in 2025, primarily due to (i) the capitalization of certain R&D expenses since 2024. The amounts capitalized were nil, RMB10.2 million and RMB11.4 million in 2023, 2024 and 2025, respectively; and (ii) the termination of certain R&D projects that we considered to have reduced market potential or unsatisfactory development progress. In particular, we terminated the development of continuous glucose monitoring products by end of 2023, for which the related R&D expenses amounted to RMB16.2 million in 2023, primarily because the development of the project had exceeded our expected timeline for completion and the projected market demand for such product candidate was less favorable than that of other ongoing R&D projects. We terminated the development of ultrasound therapy devices and other R&D projects by the end of 2024, for which the related R&D expenses amounted to RMB3.1 million. We also terminated the development of certain generic testing and diagnostic kits by the end of 2025, for which the related R&D expenses amounted to RMB0.4 million.

Our Directors are of the view that such decrease in our research and development expenses during the Track Record Period was consistent with our R&D strategy and capabilities, and primarily reflected our continued optimization of R&D resource allocation and increased focus on products with comparatively higher market potential. For instance, as of the Latest Practicable Date, we have continued to advance our “AI + healthcare” strategy, including the launch of our first AI-enabled smart ventilator and the establishment of an AI research institute, while maintaining our focus on enhancing key technology areas such as medical electronics and rehabilitation medicine, biosensing and innovative materials, and respiratory support.

Fair Value Gains/(Losses) on Financial Assets at Fair Value through Profit or Loss

We recognize the fair value changes on the following types of investments in profits or losses: (i) unlisted equity investments measured at fair value through profit or loss (“FVTPL”) over which we had no significant influence, and (ii) low-risk wealth management products issued by banks whose returns are not guaranteed. We recognized fair value losses on financial assets at FVTPL of RMB1.6 million in 2023 and fair value gains on financial assets at FVTPL of RMB9.4 million in 2024. We recognized fair value gains on financial assets at FVTPL of RMB49.8 million in 2025.

During the Track Record Period, as part of our investment and treasury policy, we invested in certain wealth management products issued by licensed banks in PRC. The wealth management products we purchased during the Track Record Period are all structure deposits and time deposit, which had a tenure that ranges from six to 12 months.

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Impairment Losses on Financial Assets, Net

We recognized impairment loss on financial assets measured at amortized cost arising from increases in the lifetime expected credit loss allowances calculated for trade receivables and other receivables. In 2023, 2024 and 2025, we recognized impairment loss on financial assets, net of RMB1.8 million, RMB6.9 million and RMB1.4 million, respectively.

Other Expenses

Our other expenses primarily consisted impairment losses on disposal of property and equipment, impairment losses on goodwill, donations, expenses incurred in connection with litigation and arbitration and other miscellaneous expenses. In 2023, 2024 and 2025, our other expenses amounted to RMB9.5 million, RMB7.6 million and RMB7.4 million, respectively.

Finance Costs

The following table sets forth a breakdown of our finance costs for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank borrowings	8,684	12,786	11,071
Interest on lease liabilities	4,819	5,126	4,995
Total	13,503	17,912	16,066

The increase in our finance costs from 2023 to 2024 were mainly attributable to the increase in the aggregate principal amount of interest-bearing borrowings outstanding during the respective years.

Share of Profits and Losses of Associates

In 2023, 2024 and 2025 we recorded share of losses of associates of RMB0.1 million, RMB3.5 million, and share of profit of associates of RMB0.8 million in relation to the losses and profits of our investment in associates accounted for using the equity method.

Income Tax Expense

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

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) (《中華人民共和國企業所得稅法》) and its implementation regulation, the standard EIT rate of the PRC subsidiaries is 25%. Our Company and almost all of our subsidiaries were established in China and are primarily subject to the EIT at a rate of 25% on our taxable income. The Company and certain of our subsidiaries had been subject to a preferential tax rate of 15% given their accreditations as “High and New Technology Enterprise” during the Track Record Period. Certain of our subsidiaries were qualified as small-scaled minimal profit enterprises and had been subject to a preferential tax rate of 20% during the Relevant Periods. For more information, please refer to Note 10 of the Accountant’s Report as Appendix I to this document.

FINANCIAL INFORMATION

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by RMB404.6 million, or 13.6%, from RMB2,982.9 million in the year ended December 31, 2024, to RMB3,387.5 million in the year ended December 31, 2025. Such increase was mainly due to (i) the growth in revenue from our self-owned brand products, particularly ventilator and thermometers, and (ii) the acquisitions of Shanghai Huazhou and Humana Medical Limited, which contributed to our revenue growth during the year.

- ***Rehabilitation aids products:*** Our revenue generated from the sales of rehabilitation aids products increased by RMB139.0 million, or 13.4%, from RMB1,039.1 million in 2024, to RMB1,178.2 million in 2025, primarily due to (i) the growth in sales volume of our signature products, such as orthopedic/posture correction products and hearing aids; and (ii) increased sales volume driven by our optimized marketing strategies and increasing market demand.
- ***Medical care products:*** Our revenue generated from the sales of medical care products decreased by RMB48.2 million, or 6.2%, from RMB778.3 million in 2024, to RMB730.2 million in 2025, primarily as we optimized our product mix and strategic focus on higher-value products that are still at an early stage of market penetration, such as foam dressings and hydrocolloid dressings.
- ***Health monitoring products:*** Our revenue generated from the sales of health monitoring products increased by RMB78.9 million, or 16.6%, from RMB476.6 million in 2024, to RMB555.6 million in 2025, primarily due to the increased sales volume of our new products launched in 2024, such as home testing strips and thermometer, which have gained significant popularity in the market and boomed relevant sales in 2025.
- ***Respiratory support products:*** Our revenue generated from the sales of respiratory support products decreased by RMB2.9 million, or 1.1%, from RMB264.2 million in 2024, to RMB261.3 million in 2025. Such decrease was primarily attributable to the decrease in sales volume of ventilator, as we terminated the distribution of third-party band ventilator products in July 2024, in line with our strategy of steadily promoting our own-brand products. Concurrently, we launched our own-brand self-produced ventilator in 2024, which were in the market development stage and have achieved a comparatively higher sales volume in 2025 as compared to 2024.
- ***TCM therapy and other products:*** Our revenue generated from the sales of TCM therapy and other products increased by RMB62.1 million, or 34.7%, from RMB179.0 million in 2024, to RMB241.0 million in 2025, primarily due to the increased sales volume of our TCM physiotherapy devices, resulting from the increased market demand.
- ***OEM/ODM business:*** Our revenue generated from the sales of products under OEM/ODM business increased by RMB181.1 million, or 173.7%, from RMB104.3 million in 2024, to RMB285.4 million in 2025, primarily reflecting the increased demand of our products under OEM/ODM business in recognizing our strong manufacturing capability with stringent quality control measures, and our acquisition of Shanghai Huazhou in January 2025, which further strengthened our capabilities in operating OEM/ODM business. Our revenue generated from Shanghai Huazhou under the OEM/ODM business amounted to RMB154.9 million, representing approximately 4.6% of the our total revenue in 2025.
- ***Others:*** Our revenue generated from other services decreased by RMB5.5 million, or 3.9%, from RMB141.4 million in 2024 to RMB135.9 million in 2025.

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Cost of Sales

Our cost of sales increased by RMB161.7 million, or 11.0%, from RMB1,474.2 million in 2024, to RMB1,635.9 million in 2025, which was primarily due to an increase in direct material costs of RMB108.9 million, an increase in purchase cost of finished products of RMB43.7 million, and an increase in miscellaneous costs of RMB11.1 million. Such increases were generally in line with the growth of our revenue in 2025 as compared to 2024.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by RMB242.9 million, or 16.1%, from RMB1,508.7 million in the year ended December 31, 2024 to RMB1,751.6 million in the year ended December 31, 2025. Our gross profit margin improved from 50.6% in 2024 to 51.7% in 2025.

- ***Rehabilitation aids products:*** The gross profit of our rehabilitation aids products increased by RMB99.5 million, or approximately 15.4%, from RMB645.2 million for the year ended December 31, 2024 to RMB744.6 million for the year ended December 31, 2025, primarily in line with the increase in revenue generated from rehabilitation aids products. The gross profit margin of our rehabilitation aids products increased from 62.1% in 2024 to 63.2% in 2025, primarily due to the increased sales of products with comparatively higher gross margins, such as hearing aid products, as we optimized our product portfolio.
- ***Medical care products:*** The gross profit of our medical care products decreased by RMB29.8 million, or approximately 7.2%, from RMB414.0 million in 2024 to RMB384.2 million in 2025, primarily in line with the decrease in revenue generated from our medical care products. The corresponding gross profit margin remained relatively stable at 53.2% in 2024 and 52.6% in 2025, respectively.
- ***Health monitoring products:*** The gross profit of our health monitoring products increased by RMB80.4 million, or approximately 40.8%, from RMB196.9 million in 2024 to RMB277.3 million in 2025. The corresponding gross profit margin increased from 41.3% in 2024 to 49.9% in 2025, primarily due to (i) the contribution of our newly launched products, such as blood glucose and uric acid dual-testing products and pre-heated ear thermometer, which have comparatively higher gross profit margin, and (ii) the increased sales of products with comparatively higher gross margins, such as home testing strips, as we optimized our product portfolio.
- ***Respiratory support products:*** The gross profit of our respiratory support products increased by RMB17.4 million, or approximately 17.0%, from RMB102.4 million in 2024 to RMB119.8 million in 2025. The corresponding gross profit margin increased from 38.8% in 2024 to 45.8% in 2025. Such improvement was primarily due to our strategic discontinuation of the distribution of third party-brand ventilator in line with our strategy of steadily promoting our own-brand products, and the subsequent launch of our own-brand self-produced ventilator products in July 2024, which boasted a higher gross profit margin compared to the procured products in 2025.
- ***TCM therapy and other products:*** The gross profit of our medicine therapy and other products increased by RMB34.3 million, or approximately 46.5%, from RMB73.7 million in 2024 to RMB 108.0 million in 2025, primarily due to the increased sales of iterative products with comparatively higher gross margins, such as TCM physiotherapy devices and moxibustion therapy. Such evolution in product mix also resulted in an corresponding increase in the gross profit margins from 41.2% in 2024 to 44.8% in 2025.

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- **OEM/ODM business:** The gross profit of sales of products under OEM/ODM business increased by RMB32.8 million, or approximately 116.0%, from RMB28.3 million in 2024 to RMB61.2 million in 2025. The corresponding gross profit margin decreased from 27.2% in 2024 to 21.4% in 2025, primarily due to changes in our product mix following the acquisition of Shanghai Huazhou, whose products are mainly customized dressing products such as tapes, adhesive bandages and foam dressings, which generally carry relatively lower gross profit margins.
- **Others:** The gross profit of other services increased by 17.2%. The corresponding gross profit margin increased from 34.1% in 2024 to 41.5% in 2025, primarily due to the improved gross profit margin of our warehousing services as a result of warehouse consolidation, improved operating efficiency, cost optimization and a more favorable customer mix in 2025.

Other Income and Gains

Our other income and gains decreased by RMB13.4 million, or 13%, from RMB103.4 million for the year ended December 31, 2024 to RMB90.0 million for the year ended December 31, 2025, primarily due to (i) a decrease in bank interest income of RMB15.9 million, (ii) a decrease in gains on disposal of financial assets at fair value through profit or loss of RMB10.1 million and (iii) an increase in foreign exchange losses of RMB4.7 million recorded in 2025, which were partially offset by (i) an increase in government grants of RMB15.4 million, and (ii) an increase in gains on disposal of subsidiaries of RMB9.3 million.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB184.9 million, or 19.0%, from RMB973.3 million for the year ended December 31, 2024 to RMB1,158.2 million for the year ended December 31, 2025, primarily due to (i) an increase in online marketing and promotion expenses of RMB118.8 million, mainly representing online platform service fees and marketing and promotion expenses, as we continued to focus on our key product and increased our online marketing expenses to consolidate and enhance our market share, and (ii) an increase in employee payments of RMB23.5 million driven by the expansion of our selling and distribution team.

Research and Development Costs

Our research and development costs decreased by RMB9.1 million, or 9.5%, from RMB96.4 million for the year ended December 31, 2024 to RMB87.3 million for the year ended December 31, 2025, mainly due to (i) a decrease in information technology service fees as we reduced procurement of external information technology services and strengthened our in-house R&D capabilities; and (ii) a decrease in depreciation and amortization expenses related to R&D, primarily because depreciation and amortization for certain R&D projects expired in 2025 and we optimized certain business modules.

Administrative Expenses

Our administrative expenses increased by RMB52.2 million, or 36.2%, from RMB144.0 million for the year ended December 31, 2024 to RMB196.1 million for the year ended December 31, 2025, mainly due to (i) an increase in employee benefits expenses primarily attributable to the expansion of our administrative personnel, following the acquisitions of Shanghai Huazhou and Humana Medical Limited, (ii) an increase in share-based payment of 11.3 million in 2025, and (iii) an increase in amortization and depreciation of RMB 6.2 million.

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Fair Value Gains/(Losses) on Financial Assets at Fair Value through Profit or Loss (“FVTPL”)

We recognized fair value gains on financial assets at FVTPL of RMB9.4 million in 2024 and RMB49.8 million in 2025. Such movement was attributable to an increase in fair value through profit or loss of our equity investments and an increase in our investment amount in wealth management products.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net decreased by RMB5.5 million, or 80.0%, from RMB6.9 million for the year ended December 31, 2024 to RMB1.4 million for the year ended December 31, 2025, primarily due to the decrease in impairment losses recognized for trade receivables and prepayments as a result of our improved collection of trade receivables.

Other Expenses

Our other expenses, which consist primarily of charitable giving and e-commerce seller compensation, remain relatively stable at RMB7.6 million and RMB7.4 million as of December 31, 2024 and 2025, respectively.

Finance Costs

Our finance costs decreased by RMB1.8 million, or 10.3%, from RMB17.9 million for the year ended December 31, 2024 to RMB16.1 million for the year ended December 31, 2025, mainly due to the decrease in the interest on interest-bearing bank borrowings of RMB1.7 million, driven by the slight decrease in the aggregate principal amount of bank borrowings.

Share of Profits and Losses of Associates

We had share of losses from associates of RMB3.5 million in 2024 and share of profits from associates of RMB0.8 million in 2025, in relation to profit and losses from our associates in which we have investments accounted for using the equity method.

Income Tax Expense

Our income tax expense decreased by RMB4.1 million, or 6.9%, from RMB59.7 million for the year ended December 31, 2024 to RMB55.5 million for the year ended December 31, 2025.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB58.0 million, or 18.6%, from RMB312.3 million in 2024 to RMB370.3 million in 2025.

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

Revenue

Our revenue increased by RMB129.2 million, or 4.5%, from RMB2,853.7 million in 2023 to RMB2,982.9 million in 2024. Such increase was primarily attributable to the increase in the revenue generated from the sales of our rehabilitation aids products.

- ***Rehabilitation aids products:*** Our revenue generated from the sales of rehabilitation aids products increased by RMB321.3 million, or approximately 44.8%, from RMB717.8 million in 2023 to RMB1,039.1 million in 2024, primarily attributable to the increased sales volume of signature products, orthopedic/posture correction products and hearing aids. The sales volume of orthopedic/posture correction products through

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our online direct sales has increased in 2024, driven by our enhanced marketing efforts on social media-driven e-commerce platforms, concurrent with the launch of new orthopedic/posture correction products. The increase in sales volume of hearing aids was mainly consistent with the expansion of our offline “JOYOR HearingCare” store network.

- **Medical care products:** Our revenue generated from the sales of medical care products increased by RMB44.0 million, or 6.0%, from RMB734.3 million in 2023 to RMB778.3 million in 2024, primarily attributable to the increased sales volume of dressing products, as our own-brand dressing products continued to gain popularity among customers.
- **Health monitoring products:** Our revenue generated from the sales of health monitoring products decreased by RMB108.0 million, or 18.5%, from RMB584.6 million in 2023 to RMB476.6 million in 2024, primarily due to the high sales volume of our virus antigen test strips in the first quarter of 2023, which was driven by the increased demand for home testing in 2023 due to the pandemic outbreak.
- **Respiratory support products:** Our revenue generated from the sales of respiratory support products decreased by RMB190.6 million, or 41.9%, from RMB454.8 million in 2023 to RMB264.2 million in 2024. Such decrease was primarily attributable to (i) the decline in sales volume of oxygen concentrator, as a decrease in consumer demand for such devices; and (ii) as we terminated the distribution of third party-brand ventilator products in July 2024, in line with our strategy of steadily promoting our own-brand products. Concurrently, we launched our own-produced ventilator in July 2024, which were in the market development stage and have consequently achieved a lower comparatively sales volume in 2024.
- **TCM therapy and other products:** Our revenue generated from the sales of TCM therapy and other products increased by RMB29.0 million, or 19.3%, from RMB150.0 million in 2023 to RMB179.0 million in 2024, primarily due to the increased sales volume of our TCM physiotherapy devices, resulting from our enhanced online marketing efforts.
- **OEM/ODM business:** Our revenue generated from the sales of products under OEM/ODM business increased by RMB40.1 million, or approximately 62.5%, from RMB64.2 million in 2023 to RMB104.3 million in 2024, primarily due to the increased sales volume of our products under OEM/ODM model, which resulted from our expansion into additional overseas markets and domestic third party pharmacy operators.
- **Others:** Our revenue generated from other services decreased by RMB6.6 million, or 4.5%, from RMB148.0 million in 2023 to RMB141.4 million in 2024.

Cost of Sales

Our cost of sales decreased by RMB206.9 million, or 12.3%, from RMB1,681.1 million in 2023 to RMB1,474.2 million in 2024, which was primarily due to (i) a decrease in purchase cost of finished products of RMB140.3 million, which was largely in line with the decrease in sales volume of products procured from third party suppliers, (ii) a decrease in other service expenses of RMB28.8 million, and (iii) a decrease in logistics expenses of RMB19.5 million.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by RMB336.1 million, or 28.7%, from RMB1,172.6 million in 2023 to RMB1,508.7 million in 2024, and our gross profit margin improved from 41.1% in 2023 to 50.6% in 2024.

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- **Rehabilitation aids products:** The gross profit of our rehabilitation aids products increased by RMB297.7 million, or approximately 85.7%, from RMB347.5 million in 2023 to RMB645.2 million in 2024, primarily due to (i) the increased sales of our self-produced products, which yield higher gross margins as compared to procured products, particularly our orthopedic/posture correction products, driven by our marketing efforts and the continuous launch of new products, and (ii) the strategic adjustment of our product mix to bolster sales of high-margin products, such as our hearing aids products. Such change in product mix also resulted in an increase in the gross profit margins for medical care products from 48.4% in 2023 to 62.1% in 2024.
- **Medical care products:** The gross profit of our medical care products increased by RMB64.7 million, or 18.5%, from RMB349.3 million in 2023 to RMB414.0 million in 2024, which was in line with the increase in the revenue generated from the sales of medical care products. The corresponding gross profit margin increased from 47.6% in 2023 to 53.2% in 2024, primarily due to the increased sales of own-brand dressing products that command comparatively higher gross margins as compared to procured products, such as sodium hyaluronate repair patches and recombinant collagen repair patches.
- **Health monitoring products:** The gross profit of our health monitoring products decreased by RMB23.9 million, or 10.8%, from RMB220.8 million in 2023 to RMB196.9 million in 2024, generally in line with the decrease in the revenue generated from our health monitoring products. The corresponding gross profit margin improved from 37.8% in 2023 to 41.3% in 2024, primarily due to an increase in the sales mix of higher-margin products, such as thermometers, as we continuously optimized our product portfolio.
- **Respiratory support products:** The gross profit of our respiratory support products decreased by RMB67.7 million, or 39.8%, from RMB170.1 million in 2023 to RMB102.4 million in 2024, primarily due to our strategic discontinuation of the distribution of third-party band ventilator in July 2024. We subsequently launched our own-brand self-produced ventilator products which boasted a higher gross profit margin compared to the procured products in the six months ended June 30, 2025. therefore, the gross profit margin of our respiratory support products correspondingly improved from 37.4% in 2023 to 38.8% in 2024.
- **TCM therapy and other products:** The gross profit of our TCM therapy and other products increased by RMB22.8 million, or 44.8%, from RMB50.9 million in 2023 to RMB73.7 million in 2024, primarily due to the increased sales of products with comparatively higher gross margins, such as TCM physiotherapy devices. Such change in product mix also resulted in an increase in the gross profit margins for TCM therapy and other products from 34.0% in 2023 to 41.2% in 2024.
- **OEM/ODM business:** The gross profit of our products under OEM/ODM business increased by RMB20.4 million, or approximately 2.6 times, from RMB7.9 million in 2023 to RMB28.3 million in 2024, primarily reflecting the increased demand of our products under OEM/ODM business in recognizing our strong manufacturing capability with stringent quality control measures. The corresponding gross profit margin improved from 12.3% in 2023 to 27.2% in 2024, primarily due to (i) an increase in the revenue contribution from customized medical care, health monitoring and respiratory support products, which generated relatively higher gross profit margins, and (ii) an increase in sales volume of higher-end electric wheelchairs among our rehabilitation aids products.
- **Others:** The gross profit of other services increased by RMB22.1 million, or 85%, from RMB26.0 million in 2023 to RMB48.1 million in 2024, while the corresponding gross profit margin improved from 17.6% in 2023 to 34.1% in 2024. The increase was primarily attributable to the RMB10.0 million in increased one-off incentives we received in 2024, resulting from our provision of online store management services.

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Other Income and Gains

Our other income and gains decreased by RMB21.7 million, or 17.3%, from RMB125.1 million in 2023 to RMB103.4 million in 2024, mainly due to (i) a decrease in gain on disposal of financial assets at fair value through profit or loss of RMB27.7 million as the maturity of purchased wealth management products led to the reclassification of fair value gains on financial assets at FVTPL, (ii) a decrease in gain on disposal of subsidiaries of RMB4.4 million, due to a one-off gain recognized in 2023 upon the disposal of a wholly-owned subsidiary of the Group, and (iii) a decrease in gain on termination of leases, net of RMB3.8 million following the early termination of leases for certain warehouses in 2023; partially offset by an increase in bank interest income of RMB8.1 million attributable to the increase in our bank deposit balance.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB232.6 million, or 31.4%, from RMB740.7 million in 2023 to RMB973.3 million in 2024, mainly due to (i) an increase in marketing and promotion expenses of RMB123.1 million as we enhanced our brand presence on social media and e-commerce platforms, as well as an increase in platform service fees due to the expansion of our sales activities on social media platforms which charge higher service fees, and (ii) an increase in employee payment for sales and marketing personnel of RMB69.1 million driven by the enlargement of our sales force.

Administrative Expenses

Our administrative expenses increased by RMB13.7 million, or 10.51%, from RMB130.3 million in 2023 to RMB144.0 million in 2024, mainly due to (i) an increase in share-based payment of RMB5.8 million as we granted equity-settled awards under a new share-based incentive plan in 2024, and (ii) an increase in amortization and depreciation of RMB3.3 million resulting from additional right-of-use asset amortization arising from the expansion of administrative office space and additional depreciation of newly purchased office equipment in 2024.

Research and Development Costs

Our research and development costs decreased by RMB17.9 million, or 15.7%, from RMB114.3 million in 2023 to RMB96.4 million in 2024, mainly due to the capitalization of RMB10.2 million in research and development expenses.

Fair Value Gains/(Losses) on Financial Assets at FVTPL

We recognized fair value losses on financial assets at FVTPL of RMB1.6 million in 2023 and recognized fair value gains on financial assets at FVTPL of RMB9.4 million in 2024. Such fluctuation was attributable to (i) the recognition of fair value gains in 2024 arising from our equity investment, measured at FVTPL, resulting from the appreciation in the market price of such equity investment, and (ii) an increase in investment amount in wealth management products.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net increased by RMB5.1 million, or 283.3%, from RMB1.8 million in 2023 to RMB6.9 million in 2024. This increase was mainly due to impairment for trade receivables from certain third party pharmacy stores. The increased in provision coincided with our strategy of discontinuing direct sales to small-scale third party pharmacy stores and shifting the related business to local distributors.

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Other Expenses

Our other expenses decreased by RMB1.9 million, or 20.0%, from RMB9.5 million in 2023 to RMB7.6 million in 2024. Such movement primarily reflects the expenses arising from litigations of RMB2.5 million incurred in 2023.

Finance Costs

Our finance costs increased by RMB4.4 million, or 32.6%, from RMB13.5 million in 2023 to RMB17.9 million in 2024, mainly due to an increase in the interest on interest-bearing bank borrowings of RMB4.1 million driven by the rise in the aggregate principal amount of interest-bearing borrowings outstanding during the respective years.

Share of Profits and Losses of Associates

The share of losses of associates increased by RMB3.4 million, or approximately 34.9 times, from RMB0.1 million in 2023 to RMB3.5 million in 2024, primarily due to the increase in losses from our associates in which we have investments accounted for using the equity method.

Income Tax Expense

Our income tax expense increased by RMB26.9 million, or 82%, from RMB32.8 million in 2023 to RMB59.7 million in 2024, primarily due to an increase in the profit before tax from 2023 to 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB59.4 million, or 23.5%, from RMB252.9 million in 2023 to RMB312.3 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this prospectus:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,607,743	1,563,690	1,664,984
Investment properties	—	10,300	27,962
Right-of-use assets	372,649	344,955	395,582
Goodwill	242,407	364,342	368,912
Other intangible assets	6,895	17,557	31,386
Trade receivables	—	—	4,932
Investment in associates	64,926	61,428	237,336
Other non-current assets	84,111	89,930	16,013
Financial assets at fair value through profit or loss	—	—	5,962
Deferred tax assets	34,725	44,975	40,525
Total non-current assets	2,413,456	2,497,177	2,793,594

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	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Inventories	634,716	659,584	675,499
Trade and bills receivables	486,000	401,839	447,059
Prepayments, other receivables and other assets	280,605	222,218	267,258
Tax recoverable	2,238	689	2,644
Financial assets at fair value through profit or loss	851,298	1,357,421	1,016,829
Due from related parties	6,452	5,059	4,334
Restricted cash	99,801	99,676	76,042
Cash and bank balance	1,469,625	1,179,004	1,345,657
Total current assets	<u>3,830,735</u>	<u>3,925,490</u>	<u>3,835,322</u>
LIABILITIES			
Current liabilities			
Trade and bills payables	391,206	391,391	568,033
Other payables and accruals	206,779	206,412	227,536
Contract liabilities	15,223	29,375	29,073
Due to a related party	—	—	2,081
Interest-bearing bank borrowings	414,428	662,621	699,830
Lease liabilities	55,007	54,125	58,313
Tax payable	3,757	17,797	3,900
Total current liabilities	<u>1,086,400</u>	<u>1,361,721</u>	<u>1,588,766</u>
Net current assets	<u>2,744,335</u>	<u>2,563,769</u>	<u>2,246,556</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,157,791</u>	<u>5,060,946</u>	<u>5,040,150</u>
Non-current liabilities			
Interest-bearing bank borrowings	94,099	125,174	—
Lease liabilities	77,239	61,477	68,037
Deferred tax liabilities	15,699	15,034	7,750
Deferred income	55,618	55,699	58,592
Provision	210	1,212	—
Other non-current liabilities	6,732	—	2,882
Total non-current liabilities	<u>249,597</u>	<u>258,596</u>	<u>137,261</u>
NET ASSETS	<u>4,908,194</u>	<u>4,802,350</u>	<u>4,902,889</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	209,238	209,092	208,897
Treasury shares	(166,931)	(212,124)	(140,471)
Reserves	4,856,888	4,799,629	4,798,432
	<u>4,899,195</u>	<u>4,796,597</u>	<u>4,866,858</u>
Non-controlling interests	8,999	5,753	36,031
Total equity	<u>4,908,194</u>	<u>4,802,350</u>	<u>4,902,889</u>

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Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) buildings, (ii) machinery, (iii) electronic, office equipment and others, (iv) motor vehicles, (v) general Infrastructure and leasehold improvements, and (vi) construction in progress.

Our property, plant and equipment decreased from RMB1,607.7 million to RMB1,563.7 million as of December 31, 2024, primarily due to the increase in the depreciation of buildings and equipment and electronics, which amounted to RMB15.4 million.

Our property, plant and equipment further increased to RMB1,665.0 million as of December 31, 2025, primarily due to the consolidation of the property, plant and equipment of Humana Medical Limited (“喜曼拿醫療系統有限公司”) (“**Humana Medical Limited**”) and Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd. (“上海華舟壓敏膠製品有限公司”) (“**Shanghai Huazhou**”). For details, see “Business — Our Sales Network — Our Acquisition of Humana Medical Limited” of this prospectus.

Right-of-use Assets

The right-of-use assets mainly related to our leasehold land, office premises and plants. Leases of buildings generally have lease terms between two to 10 years.

Our right-of-use assets amounted to RMB372.6 million, RMB345.0 million and RMB395.6 million as of December 31, 2023, 2024 and 2025.

Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses. Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. As of December 31, 2023, 2024 and 2025, we had goodwill of RMB242.4 million, RMB364.3 million and RMB368.9 million.

We generally determine whether goodwill is impaired at the end of each relevant years. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Our management engaged independent external valuers to assess the recoverable amounts of the goodwill as at the end of each of the relevant years. The recoverable amount of cash-generating units has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period. The cash flows beyond the five-year period are extrapolated using zero growth rate and the business is assumed that it would operate perpetually.

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Guizhou Cofee Medical Equipment Co., Ltd. cash-generating unit
- Shandong Cofee Medical Equipment Co., Ltd. cash-generating unit
- Changsha Jiannuo Medical Device Sales Co., Ltd. cash-generating unit
- Zhuhai Acorn Electronics Technology Co., Ltd. cash-generating unit
- Jerry Medical Instrument (Shanghai) Co., Ltd. cash-generating unit

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- Acorn Trade (SHANGHAI) Co., Ltd. cash-generating unit
- Sichuan Jian'er Hearing Aid Co., Ltd. cash-generating unit
- Sichuan Lixiang Health Technology Co., Ltd. cash-generating unit
- Beijing Haiyinrui Hearing Technology Co., Ltd. cash-generating unit
- Changsha Nuoyake Medical Equipment Sales Co., Ltd. cash-generating unit
- Hunan Zeling Medical Equipment Co., Ltd. cash-generating unit
- Shanghai Tianlaizhiyin Medical Instruments Co., Ltd. cash-generating unit
- Beijing Lingyun Technology Co., Ltd. cash-generating unit
- Inner Mongolia Lingyun Technology Co., Ltd. cash-generating unit
- Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd. cash-generating unit
- Humana Medical Limited cash-generating unit

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Guizhou Cofee Medical Equipment Co., Ltd.	1,232	1,232	1,232
Shandong Cofee Medical Equipment Co., Ltd.	1,551	1,551	1,551
Changsha Jiannuo Medical Device Sales Co., Ltd.	82	82	82
Zhuhai Acorn Electronics Technology Co., Ltd.	8,589	8,589	8,589
Jerry Medical Instrument (Shanghai) Co., Ltd.	36,989	36,989	36,989
Acorn Trade (SHANGHAI) Co., Ltd.	168,293	168,293	168,293
Sichuan Jian'er Hearing Aid Co., Ltd. ...	13,008	13,008	13,008
Sichuan Lixiang Health Technology Co., Ltd.	751	751	751
Beijing Haiyinrui Hearing Technology Co., Ltd.	10,242	10,242	10,242
Changsha Nuoyake Medical Equipment Sales Co., Ltd.	1,670	1,670	1,670
Hunan Zeling Medical Equipment Co., Ltd.	—	64,560	64,560
Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	—	21,135	21,135
Beijing Lingyun Technology Co., Ltd.	—	24,510	24,510

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Inner Mongolia Lingyun Technology Co., Ltd.	–	11,730	11,730
Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd.	–	–	3,616
Humana Medical Limited	–	–	954
Total	<u>242,407</u>	<u>364,342</u>	<u>368,912</u>

Management engaged independent external valuers to assess the recoverable amounts of goodwill as at the end of each year. The recoverable amount of cash-generating units has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period. The cash flows beyond the five-year period are extrapolated using zero growth rate, with the assumption that the business operates perpetually.

The following table sets out the key assumptions adopted by management in the impairment assessment of major cash-generating units:

As at December 31, 2023

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Instrument (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.
	(i)	(ii)	(iii)	(iv)	(v)
Revenue annual growth rate — average of the forecast period	4.03%	11.02%	3.00%	3.69%	4.50%
Average gross margin	56.83%	16.85%	66.87%	73.40%	68.13%
Pre-tax discount rate	11.92%	10.75%	12.37%	11.29%	9.85%

As at December 31, 2024

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Instrument (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Revenue annual growth rate – average of the forecast period.	10.03%	7.30%	3.00%	6.39%	11.24%	5.25%	5.74%	3.22%	4.09%
Average gross margin	40.99%	19.60%	74.77%	74.47%	63.40%	71.69%	61.48%	71.57%	76.73%
Pre-tax discount rate	11.36%	10.87%	13.48%	13.03%	11.56%	11.60%	11.54%	13.43%	12.73%

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As at 31 December 2025

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Instrument (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Revenue annual growth rate — average of the forecast period.	5.19%	7.95%	2.25%	7.50%	10.35%	2.75%	4.01%	1.22%	6.52%
Average gross margin	55.95%	21.21%	75.48%	74.01%	47.93%	61.74%	42.35%	76.99%	76.47%
Pre-tax discount rate	11.57%	12.13%	13.65%	13.41%	11.50%	11.64%	11.61%	13.86%	13.24%

- (i) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Zhuhai Acorn Electronics Technology Co., Ltd. cash-generating unit exceeded its carrying amounts by RMB8,794,000, RMB1,801,000 and RMB2,678,000 respectively.
- (ii) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Jerry Medical Instrument (Shanghai) Co., Ltd. cash-generating unit exceeded its carrying amounts by RMB2,771,000, RMB3,293,000 and RMB13,132,000 respectively.
- (iii) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Acorn Trade (SHANGHAI) Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB515,360,000, RMB541,701,000 and RMB618,660,000 respectively.
- (iv) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Sichuan Jian'er Hearing Aid Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB985,000, RMB2,716,000 and RMB5,839,000 respectively.
- (v) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Beijing Haiyinrui Hearing Technology Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB604,000, RMB530,000 and RMB1,712,000 respectively.
- (vi) As at 31 December 2024 and 2025, based on the value-in-use calculations, the recoverable amount of Hunan Zeling Medical Equipment Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB3,011,000 and RMB6,109,000 respectively.
- (vii) As at 31 December 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Shanghai Tianlaizhiyin Medical Instruments Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB898,000 and RMB3,725,000 respectively.
- (viii) As at 31 December 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Beijing Lingyun Technology Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB26,780,000 and RMB32,007,000 respectively.
- (ix) As at 31 December 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Inner Mongolia Lingyun Technology Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB1,345,000 and RMB1,456,000 respectively.

Assumptions were used in the value-in-use calculations of the CGUs for the Relevant Periods. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting budgeted sales and gross margins and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted sales and gross margins — The basis used to determine the value assigned to the budgeted sales and gross margins is the average results achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

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Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on the market development of the cash-generating units and discount rates are consistent with external information sources.

Sensitivity analysis of goodwill

Management has undertaken a sensitivity analysis on the impairment test of goodwill. The following table sets forth the hypothetical changes to the budgeted sales, gross margins and discount rates that would, in isolation, have removed the remaining headroom respectively as at December 31, 2023, 2024 and 2025:

As at December 31, 2023

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Instrument (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.
Decrease in budgeted sales .	25.54%	0.77%	32.11%	0.35%	2.25%
Decrease in gross margin . .	14.51%	0.13%	21.47%	0.26%	0.71%
Increase in discount rate . .	22.84%	0.22%	41.07%	0.37%	0.43%

As at December 31, 2024

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Instrument (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
Decrease in budgeted sales .	9.80%	1.20%	16.51%	2.16%	0.90%	1.53%	1.98%	34.29%	1.86%
Decrease in gross margin	4.00%	0.24%	12.34%	1.50%	0.57%	1.09%	1.22%	24.54%	1.43%
Increase in discount rate .	2.09%	0.35%	34.38%	9.70%	0.33%	0.36%	0.34%	9.44%	7.90%

As at 31 December 2025

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Instrument (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
Decrease in budgeted sales .	7.90%	4.69%	20.01%	2.96%	4.01%	4.08%	3.47%	19.07%	2.44%
Decrease in gross margin	4.42%	1.02%	15.06%	2.20%	1.85%	2.52%	1.47%	14.68%	1.88%
Increase in discount rate .	3.19%	1.39%	43.51%	2.44%	1.26%	1.01%	1.50%	15.11%	1.12%

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of each CGU to exceed its respective recoverable amount.

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Other Intangible Assets

Our other intangible assets primarily consisted of capitalized R&D costs, software, licenses, trademarks, copyrights and others. We had other intangible assets of RMB6.9 million, RMB17.6 million and RMB31.4 million as of December 31, 2023, 2024 and 2025. Our other intangible assets significantly increased from RMB6.9 million as of December 31, 2023 to RMB17.6 million as of December 31, 2024 reflecting (i) the capitalization of R&D costs amounting to RMB10.2 million, and (ii) the acquisition of software to support our information technology system upgrading and business expansion. Our other intangible assets further increased to RMB31.4 million as of December 31, 2025, primarily due to the capitalization of R&D expenses amounting to RMB11.4 million, and the consolidation of softwares, patents and licences of Shanghai Huazhou and Humana Medical amounting to RMB6.0 million.

Investment in Associates

Our investment in associates represents our investments accounted for using the equity method during the Track Record Period. We recorded investment in associates of RMB64.9 million, RMB61.4 million and RMB237.3 million as of December 31, 2023, 2024 and 2025. For details, see Note 18 in Appendix I to this prospectus.

Inventories

Our inventories primarily consisted of raw materials, work in progress, semi-finished goods, finished goods and goods in transit. We generally maintain a sufficient inventory of our principal raw materials based on market conditions and our order quantity, while we also review our inventory level on a regular basis to maintain a reasonable level of inventory. We make inventory impairment provisions in accordance with the lower of cost and net realizable value principle, primarily with reference to expiry status for inventories with shelf lives and inventory aging for inventories without shelf lives. As at December 31, 2023, 2024 and 2025, our inventories represented 16.6%, 16.8% and 17.6% of our current assets, respectively. The following table sets forth the breakdown of our inventories as of the date indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	202,913	245,555	211,175
Work in progress	1,148	823	6,747
Semi-finished goods	54,184	66,553	70,344
Finished goods	435,371	406,258	440,798
Goods in transit	28,263	24,205	23,875
	<u>721,879</u>	<u>743,394</u>	<u>752,939</u>
Less: allowance for impairment of inventories	<u>87,163</u>	<u>83,810</u>	<u>77,440</u>
Total	<u>634,716</u>	<u>659,584</u>	<u>675,499</u>

Our inventories slightly increased by RMB24.9 million, or 3.9%, from RMB634.7 million as of December 31, 2023 to RMB659.6 million as of December 31, 2024, largely in line with the further expansion of our business operations. During the same year, our finished goods decreased by RMB29.1 million, or 6.7%, from RMB435.4 million to RMB406.3 million as we strengthened store-level inventory management and prioritised the consumption of existing stock to optimize inventory structure.

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Our inventories increased from RMB659.6 million as of December 31, 2024, to RMB675.5 million as of December 31, 2025, primarily attributable to the consolidation of the inventories of Humana Medical Limited and Shanghai Huazhou. This effect was partially offset by a decrease in our raw materials resulting from our enhanced management of inventory level.

The following table sets out an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
Within one year	582,355	558,566	559,261
One to two years	55,788	105,893	111,941
Two to three years	50,366	26,130	42,231
Over three years	33,370	52,805	39,506
Total	721,879	743,394	752,939

The following table sets forth a summary of our inventories turnover days for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
Inventories turnover days*	127	161	149

Note:

- * Inventories turnover days were calculated based on the arithmetic mean of opening and closing balance of inventories for the relevant year, divided by our cost of sales for the same year and multiplied by 365 days for 2023, 2024 and 2025.

Our inventories turnover days were 127 days, 161 days, and 149 days in 2023, 2024 and 2025, respectively. The increase of our inventories turnover days from 2023 to 2024 was primarily attributable to (i) larger proportion of direct sales, as direct sales require us to hold inventories until they are sold to end customers, resulting in relative longer stock turnover days, and (ii) the increased production and sales of our own-produced products, which changed our product mix and lengthened the cycle from the receipt of raw materials into inventory to the sale of finished products. The decrease of our inventories turnover days from 2024 to 2025 was primarily attributable to the improved production efficiency and enhanced management of inventory level, which led to faster inventory turnover.

As of February 28, 2026, RMB205.4 million, or 27.3% of our inventories as of December 31, 2025, had been used, consumed or sold. The subsequent utilization rate was primarily attributable to (i) our strategic stock-up of inventories at the end of 2025 in preparation for the holiday season, taking into account longer supplier shutdown periods, which resulted in higher inventory levels at year end, and (ii) a slight decline in sales volume in January 2026 compared to the end of 2025, following promotional events in prior months.

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Trade and Bills Receivables

The following table sets forth the breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Trade receivables	—	—	5,192
Less: Impairment losses	—	—	260
Subtotal	—	—	4,932
Current:			
Trade receivables	515,747	420,861	454,615
Bills receivables	11,938	27,839	40,785
Less: Impairment losses	41,685	46,861	48,341
Subtotal	486,000	401,839	447,059
Total	486,000	401,839	451,991

Our trading terms with customers are mainly settled in cash or on credit and the credit terms we offer generally ranges from 30 to 90 days after receipt of VAT invoices. For our online direct sales and offline direct sales, we generally do not offer any credit period. The credit period granted for third party pharmacy stores, e-commerce platforms and offline distributors ranges from 30 to 90 days. We seek to maintain strict control over its outstanding receivables to control credit risk. Overdue balances are reviewed regularly by our management. We do not hold any collateral or other credit enhancements over our trade receivable balances. Our trade receivables are non-interest-bearing. Our bills receivable were bank acceptance bills aged within six months.

Our trade and bills receivables decreased from RMB486.0 million as of December 31, 2023 to RMB401.8 million as of December 31, 2024, primarily due to our enhanced management in relation to outstanding receivables. Our trade and bills receivables increased from RMB401.8 million as of December 31, 2024 to RMB452.0 million as of December 31, 2025, primarily due to the consolidation of the trade and bills receivables of our subsidiaries following the acquisition of Humana Medical Limited and Shanghai Huazhou.

The following table sets forth an aging analysis of the trade receivables, based on the invoice date and net of provisions, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	450,461	342,501	407,399
1 to 2 years	30,600	55,023	32,158
2 to 3 years	4,939	4,315	12,434
Total	486,000	401,839	451,991

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The following table sets forth a summary of our trade receivables turnover days for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days*	71	55	46

Note:

- * Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant year, divided by the revenue for the same year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade receivables turnover days were 71 days, 55 days and 46 days in 2023, 2024 and 2025, respectively, which were in line with our credit policy. The decrease of our trade receivables turnover days during the Track Record Periods was mainly due to our enhanced efforts in collection controls and changes in our sales channel mix. In particular, the proportion of revenue generated from direct sales increased from 37.5% in 2023 to 47.6% in 2024 and 46.2% in 2025, while the proportion of revenue generated from distributor and retailer channels decreased from 55.1% in 2023 to 44.2% in 2024 and 41.4% in 2025. As direct sales generally did not involve credit terms and therefore had shorter settlement cycles than sales through distributor and retailer channels, the increase in the proportion of direct sales contributed to the decrease in our trade receivables turnover days during the Track Record Period.

We have set up credit control policies and procedures to minimize our credit risk and maintain control over our outstanding receivables. Our senior management regularly reviews our overdue balances, and we actively follow up with customers with past due trade receivables. We apply the simplified approach in IFRS 9 to measures loss allowances for trade receivables at lifetime expected credit loss, or ECL. We recorded provision for impairment of trade and bills receivables based on ECL model of RMB41.7 million, RMB46.9 million and RMB48.6 million as of December 31, 2023, 2024 and 2025, respectively. For more details, please see Note 22 to Accountants' Report set forth in Appendix I to this document. We believe that we have made sufficient provision for our trade receivables during the Track Record Period.

As of February 28, 2026, RMB223.7 million, or 44.7% of our trade receivables as of December 31, 2025, had been settled. Settlements were made on schedule based on the credit terms granted to our distributors and pharmacy customers, which generally range from 30 to 90 days.

Prepayments, Other Receivables and Other Assets

The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments to suppliers	127,816	136,538	143,518
Deposits and other receivables	58,058	48,710	62,640
Other tax recoverable	97,980	40,607	47,497
Listing expenses	—	—	17,155
Less: Impairment allowance.	3,249	3,637	3,552
Total	280,605	222,218	267,258

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Our prepayments, deposits, and other receivables decreased by RMB58.4 million, or 20.8%, from RMB280.6 million as of December 31, 2023 to RMB222.2 million as of December 31, 2024, primarily due to a decrease in other tax recoverable, arising from the increased amount of deductible input tax used in 2024. Our prepayments, deposits and other receivables increased from RMB222.2 million as of December 31, 2024 to RMB267.3 million as of December 31, 2025, primarily attributable to (i) an increase in prepayments for marketing and promotional activities to support the expansion of our online sales channels, (ii) an increase in receivables from supplier refunds, and (iii) the recognition of government grants receivable.

As of February 28, 2026, RMB79.3 million, or 29.3% of our prepayments, other receivables and other assets as of December 31, 2025, had been settled.

Financial Assets at Fair Value Through Profit and Loss (“FVTPL”)

Our financial assets at FVTPL represents our purchase of wealth management products, mainly representing structured deposits, our investment in unlisted funds and equity investments over which we had no significant influence.

Our investment policy aims to generate minimum-risk safe returns and limits the investment of current funds to certain investment-grade financial products that are mostly principal-protected and highly liquid. Specifically, our investment policies and strategies with respect to financial products mainly include: (i) we minimize financial risks by matching the maturities of the portfolio with anticipated operating cash needs, while aiming to generate reasonable investment returns for the benefits of our shareholders; (ii) we adhere to the principle of prudence in purchasing investment products; (iii) the proposed investment must not interfere with our business operations or capital expenditures; and (iv) the financial products are issued by a reputable financial institution and whether a minimum returns is guaranteed. We make investment decisions related to financial products on a case-by-case basis after thoroughly considering a number of factors, including the macro-economic environment, general market conditions, the risk control and credit levels of the issuing banks, our working capital needs, and the expected profit or potential loss of the investment.

To monitor and control the investment risks associated with our financial product portfolio, we have adopted a comprehensive set of internal procedures to manage our investment in financial products. With the authorization of the Board and the supervision by our finance department and internal audit department, we evaluate and determine the investment plans with respect to financial products in accordance with our cash management policies and internal approval process. In addition, our internal audit department is responsible for the daily supervision of the use and custody of funds for the invested products, and it conducts regular audits and verifications of the fund usage. Board also have the authority to oversee and inspect the use of funds and may engage professional organizations for auditing when necessary. Prior to modifying our existing investment portfolio, the proposal must be approved by our vice president, Mr. Xue Xiaoqiao and CFO, Mr. Chen Wangpeng. For details of their expertise in this regard, see “Directors and Senior Management”.

After Listing, our investments in financial products will be subject to compliance with Chapter 14 of the Listing Rules.

Trade and Bills Payables

Our trade and bills payables primarily represent material costs and expenses payable to our suppliers. Our trade payables to third parties are non-interest-bearing, and are normally settled on credit terms of 30 to 90 days after the invoice date. The following table sets forth the details of our trade and bills payables as of the dates indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade and bills payables	<u>391,206</u>	<u>391,391</u>	<u>568,033</u>

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The following table sets forth an aging analysis of the trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	378,573	375,074	544,324
1 to 2 years	1,915	6,027	13,631
2 to 3 years	478	1,710	693
Over 3 years	10,240	8,580	9,385
Total	<u>391,206</u>	<u>391,391</u>	<u>568,033</u>

The following table sets forth a summary of our trade payables turnover days for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days*	85	97	107

Note:

- * Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant year, divided by the cost of sales for the same year, and multiplied by 365 days for 2023, 2024 and 2025.

Our trade payables turnover days were 85 days, 97 days and 107 days in 2023, 2024 and 2025, respectively. The increase of our trade payables turnover days was driven by an increase in procurement from suppliers, which has resulted in suppliers granting us longer credit terms, coupled with a reduction in cost of sales resulting from production optimization.

As of February 28, 2026, RMB354.9 million, or 62.5% of our trade payables as of December 31, 2025, had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consisted of payroll and welfare payables, other tax payables, and other payables. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	49,569	54,814	58,473
Other tax payables	12,071	9,598	16,027
Payables relating to purchase of items of long-term assets	91,767	76,262	69,210
Repurchase obligation for restricted A-shares	10,608	5,704	—
Other payables ⁽¹⁾	42,764	60,034	83,826
Total	<u>206,779</u>	<u>206,412</u>	<u>227,536</u>

Note:

- (1) Other payables primarily represents accrued expenses and deposits.

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Our other payables and accruals remain relatively stable at RMB206.8 million and RMB206.4 million as of December 31, 2023 and 2024, respectively. Our other payables and accruals further increased to RMB227.5 million as of December 31, 2025, primarily due to the consolidation of other payables and accruals of our subsidiaries following the acquisition of Humana Medical Limited and Shanghai Huazhou.

As of February 28, 2026, RMB120.8 million, or 53.1% of our other payables and accruals as of December 31, 2025, had been settled.

Contract Liabilities

Contract liabilities primarily included advances received to deliver goods. The advances will be recognized revenue upon delivery of goods.

Our contract liabilities increased from RMB15.2 million as of December 31, 2023 to RMB29.4 million as of December 31, 2024. Such increase primarily reflects the expansion of our pre-payment procurement arrangements with certain online e-commerce platform customers, leading to a corresponding growth in advance receipts recognized as contract liabilities. Our contract liabilities decreased from RMB29.4 million as of December 31, 2024, to RMB29.1 million as of December 31, 2025, mainly due to the fulfillment of the relevant contract obligations and the recognition of revenue.

As of February 28, 2026, RMB22.5 million, or 77.4% of our contract liabilities as of December 31, 2025, had been recognized as revenue.

Cash and Bank Balances and Restricted Cash

The table below sets forth, as at the dates indicated, a breakdown of our cash and bank balance, restricted cash and time deposits:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and Bank Balances	1,469,625	1,179,004	1,345,657
Restricted cash ⁽¹⁾	99,801	99,676	76,042
Total	<u>1,569,426</u>	<u>1,278,680</u>	<u>1,421,699</u>

Note:

- (1) The restricted cash collateral of RMB74.1 million, RMB82.2 million and RMB63.9 million as at December 31, 2023, 2024 and 2025 at bank serves as a guarantee deposit for bank acceptance.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements principally from cash generated from operating activities, available banking facilities and net proceeds from the Offering of our A shares. We had cash and bank balances of RMB1,469.6 million, RMB1,179.0 million and RMB1,345.7 million as of December 31, 2023, 2024 and 2025.

With respect to cash management, our objective is to optimize liquidity to gain a better return for Shareholders in a risk-averse manner. Specifically, we have policies in place to monitor and manage the settlement of trade receivables. When determining the credit term of a customer or a distributor, we consider a number of factors, including its cash flow conditions and creditworthiness. To monitor the settlement of our trade receivables and avoid credit losses, we conduct annual review of significant customer's or distributor's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer or

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distributor in the respective period. Pursuant to our distribution agreement, when our distributor fails to make a payment within the credit term, we reserve the right to pursue the distributor for the corresponding breach of contract liabilities as stipulated in the agreement.

During the Track Record Period and as at the Latest Practicable Date, we did not have any material default in payment of trade and other payables, bank loans or other financing obligations.

Net Current Assets

The table below sets forth the details of our net current assets as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets				
Inventories	634,716	659,584	675,499	710,397
Trade and bills receivables	486,000	401,839	447,059	478,967
Prepayments, other receivables and other assets	280,605	222,218	267,258	298,119
Tax recoverable	2,238	689	2,644	4,304
Financial assets at fair value through profit or loss	851,298	1,357,421	1,016,829	1,168,410
Due from related parties	6,452	5,059	4,334	15,276
Restricted cash	99,801	99,676	76,042	62,731
Cash and bank balance	1,469,625	1,179,004	1,345,657	1,017,968
Total current assets	3,830,735	3,925,490	3,835,322	3,756,172
Current liabilities				
Trade and bills payables	391,206	391,391	568,033	499,755
Other payables and accruals	206,779	206,412	227,536	201,292
Contract liabilities	15,223	29,375	29,073	30,625
Due to related parties	—	—	2,081	4,506
Interest-bearing bank borrowings	414,428	662,621	699,830	656,598
Lease liabilities	55,007	54,125	58,313	52,572
Tax payable	3,757	17,797	3,900	5,312
Total current liabilities	1,086,400	1,361,721	1,588,766	1,450,660
Net current assets	2,744,335	2,563,769	2,246,556	2,305,512

Our net current assets decreased by 6.6% from RMB2,744.3 million as of December 31, 2023 to RMB2,563.8 million as of December 31, 2024, primarily due to an increase in interest-bearing bank and other borrowings of RMB248.2 million, partially offset by (i) an increase in financial assets at fair value through profit or loss of RMB506.1 million, (ii) a decrease in cash and bank balances of RMB290.6 million, and (iii) a decrease in trade and bills receivables of RMB84.2 million.

Our net current assets decreased by RMB317.2 million, or 12.4%, from RMB2,563.8 million as of December 31, 2024 to RMB2,246.6 million as of December 31, 2025, mainly due to (i) an increase of RMB176.6 million in trade and bills payables and (ii) disposal of financial assets at fair value through profit or loss of RMB340.6 million, a substantial portion of proceeds from which was used for long-term investments, resulting in an increase of RMB175.9 million in investments in associates, partially offset by an increase of RMB166.7 million in cash and bank balance.

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Cash Flow

The following table sets forth a summary of our cash flows information for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from operating activities	393,822	663,393	695,726
Net cash flows (used in)/from investing activities	(45,669)	(730,968)	(68,960)
Net cash flows used in financing activities	(277,661)	(234,240)	(468,747)
Net increase/(decrease) in cash and cash equivalents .	70,492	(301,815)	158,019
Cash and cash equivalents at beginning of the year	1,370,540	1,441,213	1,139,986
Effect of foreign exchange differences, net	181	588	(3,430)
Cash and cash equivalents at end of the year	1,441,213	1,139,986	1,294,575

Net Cash Flows From Operating Activities

Our net cash from operating activities consists primarily of profit before income tax from our manufacture and sale of beauty and health products, as adjusted by (i) non-cash and/or non-operating items, and (ii) movements in working capital.

In 2025, net cash flows from operating activities was RMB695.7 million. Our cash generated from operations was primarily attributable to our profit before tax of RMB425.8 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of property, plant and equipment of RMB129.0 million, depreciation of right-of-use assets of RMB72.3 million, impairment of inventories of RMB32.5 million, and share-based payment expense of RMB31.7 million; and (ii) changes in working capital, which primarily resulted from an increase in trade and bills payables of RMB176.6 million, a decrease in prepayments, other receivables and other assets of RMB41.9 million and a decrease in inventories of RMB34.1 million, partially offset by a decrease in other operating liabilities of RMB76.2 million and an increase in trade and bills receivables of RMB50.6 million.

In 2024, net cash flows from operating activities was RMB663.4 million. Our cash generated from operations was primarily attributable to our profit before tax of RMB372.0 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of property, plant and equipment of RMB114.4 million and depreciation of right-of-use assets of RMB63.6 million; and (ii) changes in working capital, which primarily resulted from a decrease in trade and bills receivables of RMB78.9 million and a decrease in prepayments, other receivables and other assets of RMB74.1 million, partially offset by an increase in inventories of RMB54.5 million.

In 2023, net cash flows from operating activities was RMB393.8 million. Our cash generated from operations was primarily attributable to our profit before tax of RMB285.7 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of property, plant and equipment of RMB99.5 million and depreciation of right-of-use assets of RMB56.6 million; and (ii) changes in working capital, which primarily resulted from a decrease in trade and bills receivables of RMB131.8 million and a decrease in prepayments, other receivables and other assets of RMB21.5 million, partially offset by an increase in inventories of RMB156.0 million.

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Net Cash Flows (used in)/from Investing Activities

In 2025, net cash used in investing activities was RMB69.0 million, primarily attributable to (i) purchases of financial assets at fair value through profit and loss of RMB1,870.9 million, (ii) acquisitions of an associate of RMB175.1 million, and (iii) acquisitions of subsidiaries of RMB133.1 million, partially offset by proceeds from maturity of financial assets at fair value through profit and loss of RMB2,263.2 million.

In 2024, net cash flows used in investing activities was RMB731.0 million, primarily attributable to (i) purchases of financial assets at fair value through profit and loss of RMB1,416.8 million, (ii) purchases of items of property, plant and equipment of RMB112.0 million and (iii) prepayment for investment in subsidiaries of RMB72.4 million, partially offset by proceeds from maturity of financial assets through profit and loss of RMB935.9 million.

In 2023, net cash used in investing activities was RMB45.7 million, primarily attributable to (i) purchases of financial assets at fair value through profit and loss of RMB880.5 million, and (ii) purchases of items of property, plant and equipment of RMB373.2 million, partially offset by proceeds from maturity of financial assets through profit and loss of RMB1,314.6 million.

Net Cash Flows Used in Financing Activities

In the year ended December 31, 2025, net cash used in financing activities was RMB468.7 million, primarily attributable to repayment of interest-bearing bank loans of RMB1,249.7 million, and dividends paid to our shareholders of RMB366.0 million, partially offset by new interest-bearing bank loans of RMB1,156.4 million.

In 2024, net cash used in financing activities was RMB234.2 million, primarily attributable to repayment of interest-bearing bank loans of RMB471.0 million and dividends paid to our shareholders of RMB366.5 million, partially offset by new interest-bearing bank loans of RMB750.3 million.

In 2023, net cash used in financing activities was RMB277.7 million, primarily attributable to repayment of interest-bearing bank loans of RMB358.7 million and dividends paid to our shareholders of RMB245.8 million, partially offset by new interest-bearing bank loans of RMB543.1 million.

WORKING CAPITAL

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities, and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this prospectus.

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INDEBTEDNESS

Our indebtedness mainly included interest-bearing bank borrowings and lease liabilities during the Track Record Period. As of February 28, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB772.6 million. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current				
Interest-bearing bank and other borrowings	414,428	662,621	699,830	656,598
Lease liabilities	55,007	54,125	58,313	52,572
Non-current				
Interest-bearing bank and other borrowings	94,099	125,174	—	—
Lease liabilities	77,239	61,477	68,037	63,416
Total	640,773	903,397	826,180	772,586

Interest-Bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings primarily consisted of bank loans and other borrowings. The following table sets forth the components of our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current				
Bank loans – unsecured	65,052	65,052	59,871	220,059
Bank loans – secured	—	—	—	—
Other borrowings – unsecured	337,376	483,560	514,877	436,539
Current portion of long-term bank loans – unsecured	2,000	104,000	125,082	—
Current portion of long-term bank loans – secured	10,000	10,009	—	—
	<u>414,428</u>	<u>662,621</u>	<u>699,830</u>	<u>656,598</u>
Non-current				
Bank loans – unsecured	84,078	125,174	—	—
Bank loans – secured	10,021	—	—	—
	<u>94,099</u>	<u>125,174</u>	<u>—</u>	<u>—</u>
Total	508,527	787,795	699,830	656,598

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As of December 31, 2023, 2024 and 2025, the balance of our interest-bearing bank and other borrowings were RMB508.5 million, RMB787.8 million and RMB699.8 million. As at February 28, 2026, the latest date for liquidity disclosure, we have unutilized banking facilities of RMB306.2 million.

As of December 31, 2023, 2024 and 2025, the range of the effective interest rate of our bank loans was 2.60% to 2.90%, 2.50% to 2.70% and 2.08% to 2.15% per annum, respectively. All of our interest-bearing bank loans and other borrowings are denominated in RMB. For more details, see Note 33(c) to the Accountants' Report in Appendix I to this prospectus.

Our Directors confirm that, there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities are in relation to leasehold land, office premises and plants. As of December 31, 2023, 2024, 2025 and February 28, 2026, our total lease liabilities (including current and non-current portions) amounted to RMB132.2 million, RMB115.6 million, RMB126.4 million and RMB116.0 million, respectively.

Contingent Liabilities

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities.

Indebtedness Statement

Except as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of February 28, 2026. Since February 28, 2026 and up to the Latest Practicable Date, there had not been any material change to our indebtedness.

CAPITAL EXPENDITURE

During the Track Record Period, our Group incurred capital expenditures of RMB373.2 million, RMB120.5 million and RMB178.1 million in 2023, 2024 and 2025, respectively. Our capital expenditures comprised cash used in purchase of items of property, plant and equipment and intangible assets.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments of RMB51.3 million, RMB301.0 million and RMB203.7 million, respectively, which were in relation to acquisition of property, plant and equipment that were contracted but not provided for.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated:

	As of/Year Ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	41.1%	50.6%	51.7%
Net profit margin ⁽²⁾	8.9%	10.5%	10.9%
Return on equity ⁽³⁾	5.1%	6.4%	7.6%
Current ratio ⁽⁴⁾	3.5	2.9	2.4
Gearing ratio ⁽⁵⁾	21.4%	25.2%	26.0%

Notes:

- (1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year.
- (2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year.
- (3) Return on equity was calculated based on net profit attributable to owners of parent of the respective year, divided by the arithmetic mean of the opening and closing balances of equity attributable to owners of parent and multiplied by 100%.
- (4) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.
- (5) Gearing ratio was calculated based on total liabilities divided by total assets as of the relevant dates and multiplied by 100%.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions. In 2023, 2024 and 2025, our related party transaction amounted to RMB0.3 million, RMB1.6 million and RMB4.3 million, respectively. For more details, see Note 43 to the Accountants' Report in Appendix I to this prospectus.

Our Directors confirm that, all material related party transactions during the Track Record Period were conducted on normal commercial terms or such terms that were no less favorable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

RISK DISCLOSURES

We are exposed to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, and liquidity risk. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For more details, see Note 47 to the Accountants' Report in Appendix I to this prospectus.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, we have currency exposures from our cash and cash equivalent. The management of the Company consider the Group's exposure to foreign currency risk not significant.

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Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our debt obligations with a floating interest rate. Our policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 100 basis points and all other variables were held constant, our profit after tax, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB1.2 million, RMB2.9 million and RMB2.1 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval. For credit quality and the maximum exposure to credit risk based on our credit policy, see Note 47 to the Accountants' Report in Appendix I to this prospectus.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, lease liabilities and other interest-bearing loans.

Capital Management

The primary objectives of our Group's capital management are to safeguard our Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

Our Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, our Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

DIVIDENDS AND DIVIDEND POLICY

On May 20, 2022, we paid a final dividend of RMB256.6 million (RMB16.0 per 10 A Shares) for the year ended December 31, 2021. On May 25, 2023, we paid a final dividend of RMB245.8 million (RMB12.0 per 10 A Shares) for the year ended December 31, 2022. On June 12, 2024, we paid a final dividend of RMB244.4 million (RMB12.0 per 10 A Shares) for the year ended December 31, 2023. On October 11, 2024, we paid an interim dividend of RMB122.0 million (RMB6.0 per 10 A Shares) for six months ended June 30, 2024. On May 30, 2025, we paid a final dividend of RMB244.1 million (RMB12.0 per 10 A Shares) for the year ended December 31, 2024. On September 19, 2025, we paid an interim dividend of RMB6 per 10 shares (tax inclusive), totaling RMB121.9 million for the six months ended June 30, 2025. On March 9, 2026, our board of directors approved a dividend of RMB12.0 per 10 shares (tax inclusive) for shareholders of our

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A share, totaling RMB246.0 million for the year ended December 31, 2025. We plan to submit this dividend plan to shareholders for approval at the annual general meeting on March 31, 2026. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the Global Offering.

After completion of the Global Offering, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the Global Offering.

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRSs. According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of the losses incurred in the previous year;
- allocations to the statutory reserve equivalent to 10% of our profit after tax in the event that the accumulated statutory reserve of the Company has reached more than 50% of the registered capital of the Company, no allocation is needed;
- allocation to a discretionary common reserve of not less than 10% of our profit after tax that are approved by a shareholders' meeting.

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately RMB48.1 million (HK\$54.8 million) (including underwriting commission), at the Offer Price of HK\$39.33 per Share (being the maximum Offer Price), among which (i) underwriting-related expenses, including underwriting commission and other expenses are approximately RMB15.3 million (HK\$17.4 million) and (ii) non-underwriting-related expenses are approximately RMB32.8 million (HK\$37.4 million), comprising (a) fees and expenses of legal advisors and accountants of approximately RMB20.0 million (HK\$22.8 million) and (b) other fees and expenses of approximately RMB12.8 million (HK\$14.6 million).

We estimate that listing expenses of approximately RMB48.1 million (HK\$54.8 million) (including underwriting commissions of approximately RMB15.3 million (HK\$17.4 million), based on the Offer Price of HK\$39.33 per Offer Share) (being the maximum Offer Price) will be incurred by our Company, approximately RMB2.6 million (HK\$2.9 million) of which is expected to be charged to our statements of profit or loss, and approximately RMB45.5 million (HK\$51.9 million) of which is expected to be deducted from equity as expenses directly attributable to the issue of Shares. Our listing expenses as a percentage of gross proceeds is 5.2%, assuming an Offer Price of HK\$39.33 per Share (being the maximum Offer Price). The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For information of our unaudited pro forma statement of adjusted consolidated net tangible assets, please see Appendix II to this prospectus.

RECENT DEVELOPMENT

Please refer to the paragraph headed “Summary — Recent Development and No Material Adverse Change” in this prospectus and “Events After the Relevant Periods” in Note 48 to the Accountants’ Report in Appendix I to this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, other than as disclosed above and under “Recent Development and No Material Adverse Change” in the “Summary” section in this prospectus, there had been no material adverse change in our financial, operational or prospects since December 31, 2025, being the latest balance sheet date of our combined financial statements in the Accountants’ in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, 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 AND USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

See “Business — Development Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$39.33 per H Share (being the maximum Offer Price stated in the prospectus), will be approximately HK\$1,007.2 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

In accordance with our strategy, we plan to use the proceeds for the following intended purposes in the amounts set forth below:

- 30.0%, or approximately HK\$302.1 million, will be used for global expansion, including:
 - o 20.0% or approximately HK\$201.4 million will be used to promote overseas sales channels and distribution network establishment. For B2B channels, we plan to (i) establish local sales and marketing team to better serve overseas market. Specifically, we plan to recruit 50 to 80 personnel with experience in medical device foreign trade and marketing and channel resources in local markets; and (ii) build awareness of our brands through local social media and exhibitions. For B2C channels, we will focus on overseas e-commerce platforms, expanding into the markets of European countries including the United Kingdom and Italy; North American countries including the United States and Mexico; and Southeast Asian countries including India, Thailand, and the Philippines. We plan to gradually promote and sell our health monitor products (e.g. blood pressure monitors, glucose meters, thermometers, etc.), respiratory support products (e.g. ventilators, nebulizers, etc.), medical care products (e.g., dressings and patches) and rehabilitation aids products (e.g. wheelchairs, posture correctors, etc.) across each overseas market, achieving precise market penetration through a diversified products offerings.

To implement this strategy, in terms of offline channels, we plan to actively establish strategic partnerships with overseas pharmacy chains, supermarkets, and professional medical device distributors in local markets, leveraging their established distribution channels to penetrate consumer markets. In terms of online channels, we plan to focus on store operations via Amazon and TikTok platforms while building branded independent websites in European and North American markets, and prioritize deployment on popular local ecommerce platforms such as Lazada and Shopee in Southeast Asian markets. Additionally, to ensure smooth development of overseas channels, we also plan to (i) complete product certifications of products, including CE, FDA, and other essential certifications for target markets; (ii) establish offices or branches in selected overseas markets, building up localized teams for warehousing, logistics, after-sales service, and market promotion; and (iii) expand brand awareness through participation in international exhibitions and collaborations with overseas medical professionals.

Certain products exported by us overseas might be subjected to limited tariff, however we believe that the tariffs imposed on our products will not have a material adverse effect on our global expansion. In terms of the U.S. tariffs, the downstream customers who import our products to the U.S. are responsible to pay any tariffs imposed by the U.S. government. We have also established long-term and stable relationships with major local clients, with both parties agreeing to negotiate cost adjustments arising from tariff fluctuations. In terms of the EU, given our focus on retail channels and individual consumer segments, rather than

FUTURE PLANS AND USE OF PROCEEDS

direct participation in large-scale public procurement projects within the EU, we anticipate that both the EU's recent and projected future restrictive measures on Chinese medical device imports will have limited impact on our operations. Given our limited exposure to tariffs and export control policies concerning our products, and the consensus with customers to adjust pricing based on tariff fluctuations, we anticipate that the demand from our direct sales customers, as well as the overall overseas end-market demand for our products, will not be adversely affected.

Furthermore, we maintain a stringent commitment to the compliance with local regulatory frameworks in overseas markets. We have established an Overseas Business Department and a Product Registration Department to conduct rigorous self-reviews in strict compliance with the regulatory requirements of the relevant target jurisdictions, covering all mandatory requirements, including product registration, operating licenses and quality management systems. Meanwhile, we continuously monitor regulatory and policy developments and enhance our internal control framework. In respect of export and cross-border business activities, we strictly comply with the applicable market authorization and licensing requirements of the PRC and the relevant target countries and regions, and have put in place a comprehensive risk identification and contingency response mechanism.

- o 10.0% or approximately HK\$100.7 million will be used for potential strategic investments and acquisition opportunities globally. Our future investment strategy is focused on supporting long-term growth by targeting business that demonstrate strong synergies with our operations. We are interested in well-qualified medical companies that have advantages on sales channels with reputable brand image and rich local experience or distributors in Europe or Southeast Asia. The target should demonstrate significant synergies with our existing product portfolio (for instance, companies possessing core products and professional marketing capabilities in areas such as hearing aids, chronic disease management, and home rehabilitation). The target should also have a strong market presence and comprehensive operational capabilities in the target regions to support us in establishing or strengthening our localized sales network.

When evaluating potential business opportunities, we will consider various factors, including (i) the target company's brand influence and channel coverage, (ii) the synergy and competitive edge of the product portfolio, (iii) regional operational capabilities and supply chain coverage, (iv) financial robustness and growth potential, including annual operating revenue of no less than US\$15 million, and sustainable profitability, and (v) the valuation of the target company. Specifically, with reference to a multiple range of 6 to 10 times EBIT, the target company's overall valuation shall not exceed US\$100 million.

According to F&S, there are over 100 available targets which fit our criteria. As of the Latest Practicable Date, we had not identified any specific target of investments or acquisition, or entered into any investment agreement, to which we will apply these proceeds.

- 30.0%, or approximately HK\$302.1 million, will be used for our ongoing product research and development and technological innovation, including our AI and Internet of Things applications, including:
 - o 10.0%, or approximately HK\$100.7 million, will be used to develop the next-generation intelligent respiratory and oxygen-generating products, including building specialized laboratories in Changsha, and recruiting five to eight professional R&D experts to be based in Changsha, with solid experience in medical device R&D or development of medical equipment or high-precision electromechanical systems, as well as conducting innovative experiments and trial production. Our R&D targets will focus on developing the core components of

FUTURE PLANS AND USE OF PROCEEDS

intelligent respiratory and oxygen-generating products with proprietary intellectual properties and improved performance and iterating related algorithm to gain higher market recognition through user experience improvement.

- o 10.0%, or approximately HK\$100.7 million, will be used to fund the R&D of our home-based POCT products. We plan to diversify our testing product portfolio by expanding the types of diseases our testing strips can cover, such as metabolic diseases, digestive system diseases, infectious diseases, etc. In particular, we plan to refine and update our testing technology, including realizing functions such as multi-test with one device, multi-test with one strip, multi-test with one blood sample, and multi-test with one urine sample, which could assist consumers conveniently and quickly understand their own health status and obtain health guidance accordingly.
- o 10.0%, or approximately HK\$100.7 million, will be used to upgrade the digitalization and intelligence functions of our medical products, enhancing AI-backed and IoT supported functions of various products, as well as developing wearable smart devices. Through our optimized digitalization and intelligence of the health care ecosystem, our consumers and patients could track their health conditions and obtain the personalized analyses and suggestions.
- 20.0%, or approximately HK\$201.4 million, will be used for expanding our domestic sales channels and distribution network, including:
 - o 10.0%, or approximately HK\$100.7 million, will be used for strengthening our online sales channels. We plan to (i) improve our social media e-commerce platforms channels by content-based promotion activities of our products, including building our own live streaming team and increasing our sales through live streaming channels; and (ii) enhance e-commerce channels through strengthening partnership with e-commerce platforms to increase viewership exposure of our products in platform promotions, optimizing products combination and increasing online precise advertisement placement.
 - o 10.0%, or approximately HK\$100.7 million, will be used for further construction of our offline sales channels, including (i) deepening our strategic cooperation with major chains and domestic distributors to further expand our business; (ii) entering pop-up stores built by e-commerce platforms, and expanding our geographical coverage and (iii) opening new flagship stores, upgrading existing stores and establishing a dedicated Online-Merge-Offline (OMO) team to integrate our online and offline sales channels and expand our sales footprint.
- 10.0%, or approximately HK\$100.7 million, will be used for branding and marketing activities, including:
 - o 7.0% or approximately HK\$70.5 million will be used for marketing activities, including (i) cooperating with KOLs who generate significant user traffic on major e-commerce platforms and social media, and whose content creations align with our product characteristics, to conduct consumer education and producing promotional videos on social media platforms, (ii) participating in exhibitions and academic conference to connect with broader customers group, and (iii) sponsoring high-profile events, such as sports events and music festivals.
 - o 3.0% or approximately HK\$30.2 million will be used to build brand awareness through expanding advertisement placement coverage and advertising with creative promotional contents to enhance brand reputation; and
- 10.0%, or approximately HK\$100.7 million will be used for the working capital and general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

In accordance with our above strategy, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

		Year ending December 31,			Total	Approximate % of the total proceeds
		2026	2027	2028	(HK\$ in million)	
		<i>Approximate % of the total proceeds</i>				
Global expansion	Promote overseas sales channels and distribution network establishment	5.9%	6.8%	7.3%	201.4	20.0%
	Potential strategic investments and acquisition opportunities globally	5.0%	5.0%	–	100.7	10.0%
Product research and development and technological innovation	Develop the next-generation intelligent respiratory and oxygen-generating products	3.0%	3.5%	3.5%	100.7	10.0%
	Fund the R&D of our home-based POCT products	3.0%	3.5%	3.5%	100.7	10.0%
	Upgrade the digitalization and intelligence functions of our medical products	3.2%	3.7%	3.1%	100.7	10.0%
Expand our domestic sales channels and distribution network	Strengthen our online sales channels	4.2%	4.8%	5.0%	100.7	10.0%
	Further construction of our offline sales channels	2.1%	1.9%	2.0%	100.7	10.0%
Branding and marketing activities	Marketing activities	3.0%	2.0%	2.0%	70.5	7.0%
	Build brand awareness	1.0%	1.0%	1.0%	30.2	3.0%
Working capital and general corporate purposes		4.0%	3.0%	3.0%	100.7	10.0%

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) in Hong Kong. We will issue an appropriate announcement if there is any material change to the above use of proceeds.

UNDERWRITING

HONG KONG UNDERWRITERS

Huatai Financial Holdings (Hong Kong) Limited
BNP Paribas Securities (Asia) Limited
Futu Securities International (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of the Hong Kong Underwriting Agreement and this prospectus.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering as mentioned in this prospectus and such approval not having been withdrawn; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe, or procure subscribers to subscribe, for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by written notice from the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), at any time prior to 8:00 a.m. on the Listing Date if:

- (a) there develops, occurs, exists or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States or any other jurisdictions relevant to the Group (each a “**Relevant Jurisdiction**”); or;
 - (ii) any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, in national or international financial, political, military, industrial, economic, currency market, fiscal, legal, credit or regulatory or market conditions, taxation, equity securities or exchange controls or any monetary or trading settlement system in or affecting any Relevant Jurisdiction or affecting an investment in the Offer Shares; or

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- (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency, large-scale labour disputes, strikes, lock-outs, fire, explosion, earthquake, volcanic eruption, flooding, tsunami, civil commotion, riots, rebellion, public disorder, acts of war, acts of terrorism, outbreak or escalation of hostilities, paralysis of government operations (whether or not responsibility has been claimed), acts of God, major accident or interruption in transportation, destruction of power plant, outbreak of diseases or epidemics including, but not limited to, SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS), COVID-19 and such related/mutated forms, economic sanction, in whatever form) in or directly or indirectly affecting any Relevant Jurisdiction; or
- (iv) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
- (v) any general moratorium on commercial banking activities in or affecting Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at the U.S. Federal or New York State level or by any other competent Authority), London, the PRC, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of those places or jurisdictions; or
- (vi) a change or development involving a prospective change in or affecting Taxes or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies and a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States), or the implementation of any exchange control, in any of the Relevant Jurisdictions, or any change or prospective change in Taxation in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or
- (vii) any litigation, dispute, legal action or claim, regulatory investigation or action of any third party being threatened or instigated against any member of the Group or any Director or any member of the Group's senior management; or
- (viii) the imposition of economic sanctions, in whatever form, directly or indirectly, in the Relevant Jurisdictions; or
- (ix) any Authority or other regulatory, political body or organisation in any Relevant Jurisdiction (including, in particular, the CSRC and its local branches and representative offices) commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director or any member of the Group's senior management; or
- (x) any order or petition for the winding up of any members of the Group or any composition or arrangement made by any members of the Group with its creditors or a scheme of arrangement entered into by any members of the Group or any resolution for the winding up of any members of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any members of the Group or anything analogous thereto occurring in respect of any members of the Group; or

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- (xi) any contravention by the Company, any member of the Group, or any Director of any applicable Laws and regulations or the Listing Rules; or
- (xii) any non-compliance of the Hong Kong Prospectus, the CSRC Filings or any other documents used in connection with the contemplated subscription and sale of the Offer Shares or any aspect of the Global Offering with the Listing Rules, the CSRC Rules or any other applicable Law;

which, individually, or in the aggregate, in the sole and absolute opinion of the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), (I) has or may have a material adverse effect on the success of the Global Offering, or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (II) has or will or may have a material adverse effect on the assets, liabilities, business, prospects, trading or financial position of the Group as a whole; or (III) makes or will make it inadvisable or impracticable to proceed with the Global Offering; or (IV) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there comes to the notice of the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:
 - (i) any statement contained in any of the Offering Documents, the CSRC Filings, the Operative Documents, the OC Announcements, the Preliminary Offering Circular, the PHIP and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (collectively, the “**Offer-Related Documents**”) was, when it was issued, or has become, untrue, incomplete, inaccurate, incorrect, deceptive or misleading, unless such untrue or misleading statement is immaterial in the context of the Global Offering, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer-Related Documents is not fair and honest and based on reasonable grounds or reasonable assumptions with reference to the facts and circumstances then subsisting; or
 - (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Hong Kong Prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents and the CSRC Filings; or
 - (iii) there is any Material Adverse Change; or
 - (iv) there is an event, act or omission which gives or is likely to give rise to any liability of the Company or the Controlling Shareholders pursuant to the indemnities given by any of them under this Agreement or the International Underwriting Agreement, as applicable; or
 - (v) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the Warranties given by the Company and the Controlling Shareholders in this Agreement or the International Underwriting Agreement, as applicable; or

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- (vi) the approval of the Listing Committee of the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering, is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (vii) any person (other than the Joint Sponsors) has withdrawn its consent to the issue of the Hong Kong Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (viii) the Company withdraws any of the Offer-Related Documents or the Global Offering; or
- (ix) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (x) the Chairman, any other executive Director or senior management of the Company whose name is disclosed in the Prospectus is vacating his or her office; or
- (xi) any Director or member of senior management of the Company: (a) is charged with any criminal offence (whether in Hong Kong, the PRC or any other relevant jurisdiction); or (b) is the subject of any investigation, enforcement action, administrative penalty or disciplinary measure by any governmental, regulatory or law enforcement authority (including, without limitation, the CSRC, any stock exchange (including the Shenzhen Stock Exchange), or any other competent authority) which, in each case, could reasonably be expected to have a material adverse effect on the business, operations, management, reputation or listing status of the Company; or (c) is prohibited by applicable laws or regulations, or by any competent authority, from acting as a director, supervisor or senior management member of a company, or is otherwise disqualified from participating in the management of a company,
- (xii) a material portion of the orders placed or confirmed in the bookbuilding process, or the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled,

then, in each case, the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange, that no further Shares or securities convertible into equity securities of our Company (including warrants or other convertible securities) (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury by our Company within six months from the Listing Date (whether or not such issue of Shares or securities of our Company, or sale or transfer of shares out of treasury will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering; or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

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Undertakings by our Controlling Shareholders

By virtue of Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, except pursuant to the Global Offering, it will not and will procure that the relevant registered holder(s) (if any) of our Shares in which any of them has a beneficial interest will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

- (i) in the period commencing from the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown to be the beneficial owner in this prospectus (the “**Relevant Shares**”); and
- (ii) in the period of six months commencing from the expiry of the First Six-Month Period, either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares to such extent that, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or a member of a group of our Controlling Shareholders or would together with the other Controlling Shareholders cease to be a controlling shareholder (as defined in the Listing Rules).

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that within the period commencing from the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

- (i) when it pledges or charges any Relevant Shares in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Relevant Shares so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledge or charged Relevant Shares will be disposed of, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Our Company has undertaken to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries, that except for the offer, allotment, issue and sale of the Offer Shares pursuant to the Global Offering at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling the First Six-Month Period, our Company will not, without the prior written consents of the Joint Sponsors and the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option,

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warrant, contract or right to allot, issue or sell, make any short sell or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of our Company, as applicable, or any interest in any of the foregoing), or deposit any H Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts; or

- (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any H Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of our Company, or any interest in any of the foregoing); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such H Shares or other securities of our Company will be completed within the First Six-month Period).

During the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company shall not enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to enter into any such transaction, such that any Controlling Shareholder would, directly or indirectly, cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of our Company. In the event that our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to enter into any such transaction, our Company shall take all reasonable steps to ensure that it will not, and no other act of our Company will, create a disorderly or false market in the securities of the Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally agreed and undertaken to each of the Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, except as pursuant to the Global Offering and the issue of the H Shares thereof, without the prior written consent of the Joint Sponsors and the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) it will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, make short sell or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities of our Company, as applicable), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the

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economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities of our Company, as applicable), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer or contract to offer to or agree to or announce any intention to enter into any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

- (ii) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a “Controlling Shareholder” (as defined in the Listing Rules) of our Company; and
- (iii) until the expiry of the Second Six-Month Period, in the event that it/he/she enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to enter into any such transaction, it/he/she will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company,

provided that, subject to strict compliance with any requirements of applicable laws (including, without limitation and for the avoidance of doubt, the requirements of the Stock Exchange or of the SFC or of any other relevant authority), nothing in the undertakings above shall prevent any of our Controlling Shareholders from (i) purchasing additional Shares or other securities of our Company and disposing of such additional Shares or other securities of our Company, (ii) using the Shares or other securities of our Company or any interest therein beneficially owned by it as security (including without limitation a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Indemnity

We and our Controlling Shareholders have agreed to indemnify, among others, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer, including, among others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company and our Controlling Shareholders of the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company and our Controlling Shareholders will enter into the International Underwriting Agreement with the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, among others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

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It is expected that each of our Controlling Shareholders will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by it in our Company for a period similar to such undertakings given by them pursuant to the Hong Kong Underwriting Agreement, which is described in “— Underwriting Arrangements and Expenses — Undertakings pursuant to the Hong Kong Underwriting Agreement — Undertakings by our Controlling Shareholders” above.

Commission and Expenses

Our Company will pay an underwriting commission of 1% of the aggregate Offer Price of all the Offer Shares (the “**Fixed Fees**”). Our Company may also in our sole and absolute discretion pay any one or all of the Underwriters an additional incentive fee in aggregate of up to 1% of the aggregate Offer Price for all of the Offer Shares (the “**Discretionary Fees**”). As of the date of this prospectus, the allocation of a portion of the Fixed Fees remains subject to our Company’s discretion. For the purposes of the Listing Rules, any unallocated portion of the Fixed Fees will be tentatively regarded as discretionary fee. Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees will be approximately 40%:60% (on the basis that the Discretionary Fees will be fully paid). For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565%, AFRC transaction levy of 0.00015%, legal and other professional fees and printing and all other expenses payable by us relating to the Global Offering are currently estimated to amount in aggregate to approximately HK\$54.8 million (based on the maximum Offer Price as stated in this prospectus).

Joint Sponsors’ Fee

An amount of US\$500,000 is payable by our Company as sponsor fees to the Joint Sponsors.

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS’ INTERESTS IN OUR COMPANY

Save for the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement and as disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters has any shareholding or beneficial interests in any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting process.

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The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

Such activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares and the volatility of the price of our H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of initially 2,700,000 H Shares (subject to reallocation) in Hong Kong, as described in “— The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 24,300,000 H Shares outside the United States in offshore transactions in reliance on Regulation S, as described in “— The International Offering” below.

The 27,000,000 H Shares initially being offered in the Global Offering will represent approximately 11.45% of the total number of issued Shares immediately after completion of the Global Offering. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed “Underwriting” in this prospectus.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering, or, if qualified to do so, apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Our Company is initially offering 2,700,000 Hong Kong Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of H Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.14% of the total number of issued Shares immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. Completion of the Hong Kong Public Offering is subject to the conditions as set out in “— Conditions of the Global Offering” below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. Both of which are available on an equitable basis to successful applicants. All valid applications that have applied for Hong Kong Offer Shares with an aggregate subscription price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% payable) of HK\$5 million or below will fall into pool A. All valid applications that have applied for Hong Kong Offer Shares with an aggregate subscription price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% payable) of over HK\$5 million and up to the total value of pool B will fall into pool B.

For the purpose of this sub-section only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the Hong Kong Offer Shares will be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sponsor-Overall Coordinators. Subject to the allocation cap described in the preceding paragraph, the Sponsor-Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Sponsor-Overall Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sponsor-Overall Coordinators deem appropriate. In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 1,350,000 Hong Kong Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 4,050,000 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering. In the circumstance where the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are undersubscribed, there will be no reallocation from the International Offering to the Hong Kong Public Offering, and no over-allocation of H Shares to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Tuesday, May 5, 2026. Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

The Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered H Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sponsor-Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for H Shares under the International Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application under the International Offering are liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$39.33 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation” below, is less than the maximum Offer Price of HK\$39.33 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares”.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 24,300,000, representing 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, and is subject to the Hong Kong Public Offering becoming unconditional.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “— Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell, H Shares, after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

STABILIZATION

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering.

PRICING AND ALLOCATION

Determining the Offer Price

The Offer Price for the purposes of the various offerings under the Global Offering will be fixed between the Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or before Monday, May 4, 2026, but in any event no later than 12:00 noon on Monday, May 4, 2026, and the allocation of the International Offer Shares under the International Offering will be determined shortly thereafter.

We will determine the Offer Price by reference to, among other factors, the closing price of the A Shares on the Shenzhen Stock Exchange on the last trading day on or before the Price Determination Date (which is accessible to the Shareholders and potential investors at <https://www.szse.cn/English/siteMarketData/siteMarketDatas/lookup/index.html?code=301087>), and the Offer Price will not be more than HK\$39.33. The historical prices of our A Shares and trading volume on Shenzhen Stock Exchange are set out below.

STRUCTURE OF THE GLOBAL OFFERING

Period	High	Low	ADTV
	(RMB)	(RMB)	
Year ended December 31, 2023	51.54	34.54	1.65 million
Year ended December 31, 2024	43.40	26.70	1.33 million
Year ended December 31, 2025	46.04	30.48	2.12 million
Year of 2026 (up to the Latest Practicable Date) . . .	61.64	47.57	4.26 million

Note:

- (1) Average daily trading volume (“ADTV”) represents daily average number of our A Shares traded over the relevant period.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares — B. Publication of Results”.

If, for any reason, our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price at or before 12:00 noon on Monday, May 4, 2026, the Global Offering will not proceed and will lapse.

Reduction in Number of Offer Shares

The Sponsor-Overall Coordinators (for themselves and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be announced on the website of our Company at www.cofoe.com.cn and the website of the Stock Exchange at www.hkexnews.hk, notices of the reduction, and the cancelation of the Global Offering and relaunch of the offer at the revised number of Offer Shares.

As soon as practicable after such reduction of the number of Offer Shares, we will also issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering, which is Thursday, April 30, 2026. In the absence of any such supplemental or new prospectus so published, the number of Offer Shares will not be reduced.

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the results of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations are expected to be announced on Tuesday, May 5, 2026 on the website of our Company at www.cofoe.com.cn and the website of the Stock Exchange at www.hkexnews.hk.

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering, and such approval not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) by 12:00 noon on Monday, May 4, 2026, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.cofoe.com.cn on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE OF THE GLOBAL OFFERING

H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued by us pursuant to the Global Offering.

Except as otherwise disclosed in this prospectus and the A Shares that have been listed on the Shenzhen Stock Exchange, no part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our H Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, May 6, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, May 6, 2026. The H Shares will be traded in board lots of 100 H Shares. The stock code of the H Shares will be 1187.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.cofoe.com.cn.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address (*for the HK eIPO White Form service only*).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or its close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, April 27, 2026 and end at 12:00 noon on Thursday, April 30, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service . . .	www.hkeipo.hk	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, April 27, 2026 to 11:30 a.m. on Thursday, April 30, 2026, Hong Kong time.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Application Channel	Platform	Target Investors	Application Time
			The latest time for completing full payment of application monies will be 12:00 noon on Thursday, April 30, 2026, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit a HKSCC EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants	For Corporate Applicants
• Full name(s)² as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: i. HKID card; or ii. National identification document; or iii. Passport; and • Identity document number	• Full name(s)² as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: i. LEI registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and • Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. The maximum number of joint account holders on FINI⁽¹⁾ is capped at four in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Sponsor-Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 100 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$39.33 per H Share.

If you are applying through the HKSCC EIPO channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

(1) Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

HOW TO APPLY FOR HONG KONG OFFER SHARES

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the maximum amount payable for the number of Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment
	HK\$		HK\$		HK\$		HK\$
100	3,972.67	2,000	79,453.28	10,000	397,266.43	300,000	11,917,992.91
200	7,945.32	2,500	99,316.61	20,000	794,532.86	400,000	15,890,657.22
300	11,918.00	3,000	119,179.94	30,000	1,191,799.29	500,000	19,863,321.53
400	15,890.65	3,500	139,043.26	40,000	1,589,065.73	600,000	23,835,985.84
500	19,863.32	4,000	158,906.58	50,000	1,986,332.16	700,000	27,808,650.14
600	23,835.99	4,500	178,769.90	60,000	2,383,598.58	800,000	31,781,314.45
700	27,808.65	5,000	198,633.21	70,000	2,780,865.01	900,000	35,753,978.75
800	31,781.32	6,000	238,359.85	80,000	3,178,131.44	1,000,000	39,726,643.06
900	35,753.98	7,000	278,086.50	90,000	3,575,397.87	1,350,000 ⁽¹⁾	53,630,968.12
1,000	39,726.64	8,000	317,813.15	100,000	3,972,664.30		
1,500	59,589.96	9,000	357,539.79	200,000	7,945,328.61		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Sponsor-Overall Coordinators, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, and any of their or our Company’s respective directors, officers, employees, partners, agents, advisors, and representatives, and any other parties involved in the Global Offering (collectively, the “**Relevant Persons**”), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “— *G. Personal Data* — 3. *Purposes* and 4. *Transfer of personal data*” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— *B. Publication of Results*” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— *C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares*” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiii) confirm that (a) your application or HKSCC Nominees’ application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of our subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of our subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Sponsor-Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time

Applying through the **HK eIPO White Form** service or HKSCC EIPO channel:

Website from the “Allotment Results” page on the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a “search by ID” function.	24 hours, from 11:00 p.m. on Tuesday, May 5, 2026 to 12:00 midnight on Monday, May 11, 2026 (Hong Kong time).

The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at the www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult.

The Stock Exchange’s website at www.hkexnews.hk and our website at www.cofoe.com.cn which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Tuesday, May 5, 2026 (Hong Kong time).

Telephone +852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar.	Between 9:00 a.m. and 6:00 p.m., from Wednesday, May 6, 2026 to Monday, May 11, 2026 (Hong Kong time) on a business day.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, May 4, 2026 (Hong Kong time), HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, May 4, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.cofoe.com.cn by no later than 11:00 p.m. on Tuesday, May 5, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Sponsor-Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Sponsor-Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DISPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on the Listing Date, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Dispatch/collection of H Share certificate¹		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Time: from 9:00 a.m. to 1:00 p.m. on Wednesday, May 6, 2026 (Hong Kong time). If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.
For application of less than 1,000,000 Hong Kong Offer Shares . . .	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. Date: Tuesday, May 5, 2026.	

HOW TO APPLY FOR HONG KONG OFFER SHARES

HK eIPO White Form service

HKSCC EIPO channel

Refund mechanism for surplus application monies paid by you

Date Wednesday, May 6, 2026.

Subject to the arrangement between you and your broker or custodian.

Responsible party H Share Registrar.

Your broker or custodian.

Application monies paid through single bank account **HK eIPO White Form e-Auto** Refund payment instructions to your designated bank account.

Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.

Application monies paid through multiple bank accounts Refund cheque(s) will be dispatched to the address as specified in your application instructions by ordinary post at your own risk.

1. Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or Extreme Conditions in the morning on Tuesday, May 5, 2026 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— E. Severe Weather Arrangements” in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, April 30, 2026, if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, April 30, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.cfoe.com.cn of the revised timetable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If a Severe Weather Signal is hoisted on Tuesday, May 5, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the HKSCC Depository's service counter so that they would be available for trading on Wednesday, May 6, 2026.

If a Severe Weather Signal is hoisted on Tuesday, May 5, 2026, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, May 5, 2026 or on Wednesday, May 6, 2026).

If a Severe Weather Signal is hoisted on Wednesday, May 6, 2026, for application of 1,000,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's Office after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Wednesday, May 6, 2026 or on Thursday, May 7, 2026).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. Transfer of personal data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisors, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of our joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Group, Ernst & Young, Certified Public Accountants, Hong Kong.

**EY 安永**

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF COFOE MEDICAL TECHNOLOGY CO., LTD., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND BNP PARIBAS SECURITIES (ASIA) LIMITED

Introduction

We report on the historical financial information of Cofoe Medical Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-78, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set on pages I-3 to I-78 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 27 April 2026 (the "Prospectus") in connection with the initial listing 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' judgment, 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 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends declared or paid by the Company in respect of the Relevant Periods.

Ernst & Young

Certified Public Accountants

Hong Kong

27 April 2026

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 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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	2,853,695	2,982,931	3,387,499
Cost of sales		(1,681,144)	(1,474,227)	(1,635,894)
Gross profit		<u>1,172,551</u>	<u>1,508,704</u>	<u>1,751,605</u>
Other income and gains	5	125,101	103,427	90,022
Selling and distribution expenses		(740,704)	(973,313)	(1,158,175)
Administrative expenses		(130,338)	(143,955)	(196,129)
Research and development expenses		(114,330)	(96,410)	(87,284)
Impairment losses on financial assets, net		(1,830)	(6,857)	(1,368)
Fair value (losses)/gains on financial assets at fair value through profit or loss		(1,563)	9,400	49,842
Other expenses		(9,546)	(7,587)	(7,383)
Finance costs	6	(13,503)	(17,912)	(16,066)
Share of (losses)/profits of associates		(130)	(3,498)	779
PROFIT BEFORE TAX	7	<u>285,708</u>	<u>371,999</u>	<u>425,843</u>
Income tax expense	10	(32,837)	(59,655)	(55,527)
PROFIT FOR THE YEAR		<u>252,871</u>	<u>312,344</u>	<u>370,316</u>
Profit attributable to:				
Owners of the parent		254,280	311,751	371,608
Non-controlling interests		(1,409)	593	(1,292)
		<u>252,871</u>	<u>312,344</u>	<u>370,316</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic (RMB)	12	<u>1.24</u>	<u>1.53</u>	<u>1.83</u>
Diluted (RMB)	12	<u>1.24</u>	<u>1.51</u>	<u>1.81</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	<u>252,871</u>	<u>312,344</u>	<u>370,316</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	—	—	(1,068)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement of changes in defined benefit plans	—	—	(838)
Income tax effect	<u>—</u>	<u>—</u>	<u>138</u>
	<u>—</u>	<u>—</u>	<u>(700)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	—	—	(1,768)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>252,871</u>	<u>312,344</u>	<u>368,548</u>
Attributable to:			
Owners of the parent	254,280	311,751	370,060
Non-controlling interests	<u>(1,409)</u>	<u>593</u>	<u>(1,512)</u>
	<u>252,871</u>	<u>312,344</u>	<u>368,548</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	1,607,743	1,563,690	1,664,984
Investment properties	14	—	10,300	27,962
Right-of-use assets	15	372,649	344,955	395,582
Goodwill	16	242,407	364,342	368,912
Other intangible assets	17	6,895	17,557	31,386
Trade receivables	22	—	—	4,932
Investments in associates	18	64,926	61,428	237,336
Financial assets at fair value through profit or loss	24	—	—	5,962
Other non-current assets	20	84,111	89,930	16,013
Deferred tax assets	30	34,725	44,975	40,525
Total non-current assets		2,413,456	2,497,177	2,793,594
CURRENT ASSETS				
Inventories	21	634,716	659,584	675,499
Trade and bills receivables	22	486,000	401,839	447,059
Prepayments, other receivables and other assets	23	280,605	222,218	267,258
Tax recoverable		2,238	689	2,644
Financial assets at fair value through profit or loss	24	851,298	1,357,421	1,016,829
Due from related parties	43(c)	6,452	5,059	4,334
Restricted cash	25	99,801	99,676	76,042
Cash and bank balances	25	1,469,625	1,179,004	1,345,657
Total current assets		3,830,735	3,925,490	3,835,322
CURRENT LIABILITIES				
Trade and bills payables	26	391,206	391,391	568,033
Other payables and accruals	27	206,779	206,412	227,536
Contract liabilities	28	15,223	29,375	29,073
Due to related parties	43(c)	—	—	2,081
Interest-bearing bank and other borrowings	29	414,428	662,621	699,830
Lease liabilities	15	55,007	54,125	58,313
Tax payable		3,757	17,797	3,900
Total current liabilities		1,086,400	1,361,721	1,588,766
NET CURRENT ASSETS		2,744,335	2,563,769	2,246,556
TOTAL ASSETS LESS CURRENT LIABILITIES		5,157,791	5,060,946	5,040,150

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Interest-bearing bank and other				
borrowings	29	94,099	125,174	—
Lease liabilities	15	77,239	61,477	68,037
Deferred tax liabilities	30	15,699	15,034	7,750
Deferred income	31	55,618	55,699	58,592
Provision		210	1,212	—
Other non-current liabilities	32	6,732	—	2,882
Total non-current liabilities		<u>249,597</u>	<u>258,596</u>	<u>137,261</u>
NET ASSETS		<u>4,908,194</u>	<u>4,802,350</u>	<u>4,902,889</u>
EQUITY				
Equity attributable to owners of the				
parent				
Share capital	33	209,238	209,092	208,897
Treasury shares	34	(166,931)	(212,124)	(140,471)
Reserves	35	4,856,888	4,799,629	4,798,432
		4,899,195	4,796,597	4,866,858
Non-controlling interests		8,999	5,753	36,031
Total equity		<u>4,908,194</u>	<u>4,802,350</u>	<u>4,902,889</u>

Year ended 31 December 2023

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Year ended 31 December 2024

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve*	Share-based payment reserve*	Statutory reserve*	Treasury shares	Retained earnings*	Total	
	RMB'000 (note 33)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000	RMB'000
At 1 January 2024 . . .	209,238	3,922,053	11,440	94,757	(166,931)	828,638	4,899,195	4,908,194
Profit for the year . . .	—	—	—	—	—	311,751	311,751	312,344
Total comprehensive income for the year	—	—	—	—	—	311,751	311,751	312,344
Capital injection from non-controlling shareholders	—	—	—	—	—	—	144	144
Acquisition of subsidiaries	—	—	—	—	—	—	1,158	1,158
Acquisition of non-controlling interests	—	(14,254)	—	—	—	—	(5,227)	(19,481)
Repurchase of A-shares	—	—	—	—	(50,097)	—	(50,097)	(50,097)
Cancellation of restricted A-shares	(146)	(4,231)	—	—	—	—	(4,377)	(4,377)
Reversal of repurchase obligation for restricted A-shares	—	—	—	—	4,377	—	4,377	4,377
Share-based payment expenses	—	—	15,949	—	—	—	15,949	16,035
Appropriations to statutory reserve	—	—	—	9,788	—	(9,788)	—	—
Dividend declared	—	—	—	—	527	(366,474)	(365,947)	(365,947)
At 31 December 2024	209,092	3,903,568	27,389	104,545	(212,124)	764,127	4,796,597	4,802,350

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital	Capital reserve*	Share-based payment reserve*	Statutory reserve*	Treasury shares	Other reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000 (note 33)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000	RMB'000
At 1 January 2025 . . .	209,092	3,903,568	27,389	104,545	(212,124)	–	764,127	4,796,597	5,753	4,802,350
Profit for the year . . .	–	–	–	–	–	–	371,608	371,608	(1,292)	370,316
Other comprehensive income for the year, net of tax	–	–	–	–	–	(1,548)	–	(1,548)	(220)	(1,768)
Total comprehensive income for the year .	–	–	–	–	–	(1,548)	371,608	370,060	(1,512)	368,548
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	700	700
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	31,013	31,013
Cancellation of restricted A-shares .	(195)	(5,300)	–	–	–	–	–	(5,495)	–	(5,495)
Reversal of repurchase obligation for restricted A-shares .	–	–	–	–	5,470	–	–	5,470	–	5,470
Vesting of restricted A-shares	–	(21,283)	(20,811)	–	65,949	–	–	23,855	–	23,855
Share-based payment expenses	–	–	42,126	–	–	–	–	42,126	77	42,203
Dividend declared . . .	–	–	–	–	234	–	(365,989)	(365,755)	–	(365,755)
At 31 December 2025	208,897	3,876,985	48,704	104,545	(140,471)	(1,548)	769,746	4,866,858	36,031	4,902,889

* The reserve accounts comprise the consolidated reserves of RMB4,856,888,000, RMB4,799,629,000 and RMB4,798,432,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		285,708	371,999	425,843
Adjustments for:				
Finance costs		9,032	12,651	16,066
5	Interest income	(34,305)	(42,368)	(26,429)
	Dividend distribution costs	101	142	71
	Fair value losses/(gains) of financial assets at fair value through profit or loss	1,563	(9,400)	(49,842)
	Gain on disposal of financial assets at fair value through profit or loss	(43,565)	(15,843)	(5,722)
	Share of losses/(profits) of associates	130	3,498	(779)
38	Gain on disposal of subsidiaries	(4,424)	—	(9,344)
	(Gains)/losses on disposal of items of property, plant and equipment and intangible assets, net	(1)	(5,086)	1,947
	Gain on termination of leases, net	(4,591)	(794)	(578)
	Losses on scrap of property, plant and equipment	1,232	409	463
13	Depreciation of property, plant and equipment	99,475	114,438	129,042
15	Depreciation of right-of-use assets	56,626	63,613	72,295
17	Amortization of intangible assets	2,720	2,698	4,955
14	Amortization of investment properties	—	497	1,741
21	Impairment of inventories	51,170	31,896	32,456
	Impairment of financial assets	1,830	6,857	1,368
	Share-based payment expense	(1,807)	16,035	31,700
	Effect of foreign exchange differences, net	(181)	(589)	3,430
	(Increase)/decrease in inventories	(155,956)	(54,488)	34,112
	Decrease/(increase) in trade and bills receivables	131,774	78,861	(50,583)
	Decrease in prepayments, other receivables and other assets	21,503	74,106	41,881
	Increase in trade and bills payables	2,690	184	176,642
	Increase/(decrease) in contract liabilities	6,986	14,152	(302)
	(Decrease)/increase in other operating liabilities	(36,401)	25,401	(76,188)
	Cash generated from operations	391,309	688,869	754,245
	Interest received	21,491	31,763	14,364
	Income tax paid	(18,978)	(57,239)	(72,883)
Net cash flows from operating activities		393,822	663,393	695,726

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(373,165)	(112,009)	(125,078)
Purchases of intangible assets	17	(60)	(8,488)	(12,274)
Acquisition of right-of-use assets	15	–	–	(40,744)
Proceeds from disposal of items of property, plant and equipment and intangible assets		1,210	1,321	18,202
Receipts of deposits on asset sales		–	1,501	–
Purchases of financial assets at fair value through profit and loss	24	(880,457)	(1,416,800)	(1,870,907)
Proceeds from maturity of financial assets through profit and loss		1,314,575	935,920	2,263,236
Repayment of advances to an associate		–	1,361	–
Acquisition of subsidiaries	37	(12,487)	(61,848)	(133,128)
Acquisition of an associate	18	(59,800)	–	(175,129)
Prepayment for investment in subsidiaries		(65,000)	(72,411)	–
Disposal of subsidiaries	38	19,515	–	6,862
Rental receipts from investment properties	14	–	485	–
Deposit for potential acquisition		10,000	–	–
Net cash flows (used in)/from investing activities		(45,669)	(730,968)	(68,960)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital injection from non-controlling shareholders		1,000	144	700
New interest-bearing bank and other borrowings		543,078	750,349	1,156,408
Repayment of interest-bearing bank and other borrowings		(358,694)	(470,978)	(1,249,658)
Repayment of other borrowings		(6,800)	–	–
Dividends paid to the Company's shareholders		(245,768)	(366,474)	(365,989)
Payments for dividend distribution costs		(101)	(150)	(75)
Payments for bank acceptance note deposits		(56,895)	(65,499)	–
Refund of deposits for bank acceptance note		47,167	56,893	65,469
Proceeds from issue of restricted A-shares		23,348	–	–
Payment for treasury shares		(156,323)	(50,097)	–
Repurchase of unvested restricted A-shares		–	(4,377)	(5,495)
Acquisition of non-controlling interests		(3,203)	(19,481)	–
Proceeds received from vesting of restricted A-shares		–	–	23,855
Lease payments		(60,325)	(56,559)	(71,021)

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest paid		(4,145)	(8,011)	(5,786)
Payments for listing expenses		—	—	(17,155)
Net cash flows used in financing activities.		<u>(277,661)</u>	<u>(234,240)</u>	<u>(468,747)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.		70,492	(301,815)	158,019
Cash and cash equivalents at beginning of year		1,370,540	1,441,213	1,139,986
Effect of foreign exchange differences, net		<u>181</u>	<u>588</u>	<u>(3,430)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>1,441,213</u>	<u>1,139,986</u>	<u>1,294,575</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS.				
Cash and cash equivalents		1,441,213	1,139,986	1,294,575
Interest receivables		<u>28,412</u>	<u>39,018</u>	<u>51,082</u>
Cash and bank balances as stated in the consolidated statements of financial position.		<u>1,469,625</u>	<u>1,179,004</u>	<u>1,345,657</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	632,730	626,406	702,454
Investment properties	14	332,930	321,066	310,661
Right-of-use assets	15	97,035	96,154	93,451
Other intangible assets	17	8,127	18,476	27,587
Investments in associates	18	64,926	61,146	236,773
Financial assets at fair value through profit or loss	24	—	—	5,962
Investments in subsidiaries	19	884,150	910,072	1,278,511
Other non-current assets	20	5,073	88,341	10,038
Deferred tax assets	30	10,090	11,427	3,237
Total non-current assets		2,035,061	2,133,088	2,668,674
CURRENT ASSETS				
Inventories	21	267,430	379,436	369,694
Trade and bills receivables	22	32,082	38,361	40,558
Prepayments, other receivables and other assets	23	85,467	60,030	77,664
Tax recoverable		—	—	937
Financial assets at fair value through profit or loss		850,295	841,753	958,253
Due from related parties	43(c)	3,193	1,800	—
Due from subsidiaries		581,012	940,410	552,196
Restricted cash	25	6,300	16,604	21,224
Cash and bank balances	25	1,168,321	788,950	618,664
Total current assets		2,994,100	3,067,344	2,639,190
CURRENT LIABILITIES				
Trade and bills payables	26	190,665	172,935	273,734
Other payables and accruals	27	84,479	72,187	105,262
Contract liabilities	28	1,092	720	321
Due to related parties	43(c)	—	—	207
Due to subsidiaries		126,244	122,700	212,088
Interest-bearing bank borrowings	29	77,052	179,061	184,953
Lease liabilities	15	9,223	10,508	693
Tax payable		384	9,551	—
Total current liabilities		489,139	567,662	777,258
NET CURRENT ASSETS		2,504,961	2,499,682	1,861,932
TOTAL ASSETS LESS CURRENT LIABILITIES		4,540,022	4,632,770	4,530,606
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	29	94,099	125,174	—
Lease liabilities	15	—	706	355
Deferred tax liabilities	30	12,449	11,426	—
Deferred income	31	30,584	30,303	33,186
Other non-current liabilities	32	6,732	—	—
Total non-current liabilities		143,864	167,609	33,541
NET ASSETS		4,396,158	4,465,161	4,497,065
EQUITY				
Share capital	33	209,238	209,092	208,897
Treasury shares	34	(166,931)	(212,124)	(140,471)
Reserves	35	4,353,851	4,468,193	4,428,639
Total equity		4,396,158	4,465,161	4,497,065

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 CORPORATE INFORMATION

Cofee Medical Technology Co., Ltd. (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (hereinafter referred to as “PRC”). The registered office of the Company is located at No. 87, Section 1, Huanbao East Road, Yuhua District, Changsha City, Hunan Province. The Company’s A shares have been listed on the Shenzhen Stock Exchange since October 2021.

During the Relevant Periods, the Company and its subsidiaries (together, the “Group”) were principally engaged in the manufacture, research and development, and sale of medical devices.

At the end of the Relevant Periods, the Company had direct or indirect interests in the following principal subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below:

Name*	Notes	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Hunan Cofee Medical Equipment Co., Ltd. . .	(i)	PRC/Chinese mainland 7 July 2017	RMB286,887,200	100	–	Manufacturing
Hunan Keyuan Medical Equipment Selling Co., Ltd.	(i)	PRC/Chinese mainland 18 January 2010	RMB120,000,000	100	–	Trading
Hunan Haohushi Medical Treatment Appliance Co., Ltd.	(i)	PRC/Chinese mainland 27 November 2007	RMB30,000,000	100	–	Trading
Changsha Jiannuo Medical Device Sales Co., Ltd.	(ii)	PRC/Chinese mainland 30 December 2015	RMB1,000,000	–	100	Trading
Hunan JOYOR HearingCare Co., Ltd.	(ii)	PRC/Chinese mainland 1 March 2018	RMB100,000,000	100	–	Trading
Acorn Trade (SHANGHAI) Co., Ltd.	(ii)	PRC/Chinese mainland 13 December 2007	RMB93,064,400	100	–	Trading

* The English names of the PRC companies above represent management’s best efforts in translating the Chinese names of these companies as no English names have been registered.

- (i) The statutory financial statements of this company for the years ended 31 December 2023 and 2024 prepared in accordance with the PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by BDO China SHU LUN PAN Certified Public Accountants LLP (立信會計師事務所(特殊普通合伙)).
- (ii) No audited statutory financial statements of these companies have been prepared for these companies as there is no statutory requirement to issue statutory financial statements at their place of incorporation.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and Interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its Subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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 derecognizes the related assets (including goodwill), liabilities and any non-controlling interest and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28 . . .	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

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

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

3 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards or IFRS Accounting Standards. (See commentary on page (50))

IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. IFRS 19 is not expected to have any significant impact on the Group's financial information.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial information.

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a

principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 financial statements 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 recognized in the financial statements 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.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of 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 the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

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 estimated useful lives are as follows:

Buildings	20 to 30 years
Motor vehicles	5 years
Electronic, office equipment and others	3 to 5 years
Machinery	10 to 15 years
General Infrastructure and leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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 the end of each of the reporting period.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life.

Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each of the reporting period.

Intangible assets are amortized on the straight-line basis over the following useful economic lives:

Software	5 to 10 years
Patents, licences and others	5 to 10 years
Trade marks	5 years

Research and development expenditure

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized 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. Capitalized development costs are stated at cost less any impairment losses.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	40 to 50 years
Office premises and plant	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

(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 machinery and equipment (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 recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers 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 amortized 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 recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals, lease liabilities, interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortized cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits 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.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of 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 the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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 recognized 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 goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods or upon the confirmation by the customer.

(b) *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 recognized.

(c) *Warehousing and transportation services*

The Group provides transportation services between its warehouses and customers. The Group recognizes revenue from transportation services based on the point in time when the goods are delivered, because customers can only enjoy the benefits of the service after receiving the goods. Therefore, transportation service revenue is recognized at the time of goods receipt, and the related costs are also recognized when they occur.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 36 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the 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 the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service conditions.

For awards that do not ultimately vest because service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The employees of the Group who work for Chinese mainland are required to participate in central pension schemes implemented by the local municipal government. The subsidiaries operating in Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

The Group operates a defined contribution Mandatory Provident Fund Retirement Benefit Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for employees of the Group's subsidiary which operates in Hongkong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Defined benefit plans

The Group's statutory obligation to pay long service payment in Hong Kong is a defined benefit plan. The cost of providing benefits relating to long service payment is determined using the projected unit credit actuarial valuation method. The liability recognised in the consolidated statement of financial position in respect of long service payment is the net obligation, representing the present value of the future long service payment benefits reduced by entitlements from accrued benefits arising from MPF contributions made by the Group.

Remeasurements arising from the defined benefit pension plans, comprising

- actuarial gains and losses;
- investment returns associated with the MPF employer contributions and other experience adjustments (excluding amounts included in net interest on the net defined benefit liability)

are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "cost of sales" and "administrative expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Interim and final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, 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.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has unrecognized deferred tax assets in respect of tax losses as at 31 December 2023, 2024 and 2025 amounting to RMB99,601,000, RMB84,676,000 and RMB73,741,000, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 30 to the financial statements.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realized by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2023, 2024 and 2025 amounting to RMB242,407,000, RMB364,342,000, RMB368,912,000. Further details are given in note 16.

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, and coverage by letter of credit and other form of credit insurance).

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 22 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions

in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of unlisted equity investments

The unlisted equity investments have been valued mainly based on a market method as detailed in note 46. The market method requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group makes estimates about expected future cash flows, credit risk, volatility, and applicable discount rates. The Group mainly classifies the fair value of these investments as Level 3.

Share-based payments

Several employee incentive schemes are operated for the purpose of providing incentives to the Company's directors and the Group's employees. The grant date fair values of the shares of the employee incentive schemes are determined based on independent valuation. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. However, this estimate may be revised if the number of equity instruments that will ultimately vest changes in the future. Further details are contained in note 36 to the Historical Financial Information.

4 OPERATING SEGMENT INFORMATION AND REVENUE

For management purposes, the Group has only one reportable operating segment, which is the research and development, manufacture and sale of medical and wellness 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		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese mainland	2,803,825	2,923,780	3,088,756
Other countries/regions.	49,870	59,151	298,743
Total	<u>2,853,695</u>	<u>2,982,931</u>	<u>3,387,499</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese mainland	2,378,731	2,452,202	2,635,325
Other countries/regions.	—	—	117,744
Total	<u>2,378,731</u>	<u>2,452,202</u>	<u>2,753,069</u>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Information about external customers from which the revenue amounted to over 10% of the total revenue of the Group during the years ended 31 December 2023, 2024 and 2025 is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	<u>769,779</u>	<u>564,461</u>	<u>740,468</u>

5 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	2,853,695	2,982,931	3,387,499

Revenue from contracts with customers**(a) Disaggregated revenue information**

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Sale of goods	2,705,672	2,841,549	3,251,642
Warehousing and transportation services and others	148,023	141,382	135,857
Total	2,853,695	2,982,931	3,387,499
Timing of revenue recognition			
Transferred at a point in time	2,853,695	2,982,931	3,387,499

The following table shows the amounts of revenue recognized in the years ended 31 December 2023, 2024 and 2025 that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognized from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in contract liabilities at beginning of the reporting period:			
Sale of products	8,237	15,223	29,375

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of goods

The performance obligation is satisfied upon the customer's receipt of the goods. Transaction terms are primarily settled in cash or on credit, with payment terms varying. For online retail and offline store customers, payment is typically completed at order placement; however, distributor customers are usually granted a credit period, requiring payment generally due within 30 to 90 days from the invoice date.

Warehousing and transportation services

The performance obligation is satisfied at the point in time once the services are completed and accepted by customers. Settlement with customers is primarily on credit, with payment due within 90 days of service delivery based on monthly reconciled statements.

The management of the Group expects the transaction price (not include variable consideration) allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as of the end of each of the Relevant Periods will be recognised within one year from the end of the respective periods.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	17,027	14,754	30,129
Bank interest income	34,305	42,368	26,429
Value-added tax ("VAT") additional deduction	6,290	7,679	5,632
VAT refund	11,189	6,612	11,512
Others	3,551	9,768	6,764
Total other income	72,362	81,181	80,466
Gains, net			
Foreign exchange gains/(losses), net	158	523	(4,141)
Gain on disposal of subsidiaries	4,424	—	9,344
Gain on disposal of financial assets at fair value through profit or loss	43,565	15,843	5,722
Gain/(loss) on disposal of property, plant and equipment and intangible assets, net	1	5,086	(1,947)
Gain on termination of leases, net	4,591	794	578
Total gains, net	52,739	22,246	9,556
Total other income and gains, net	125,101	103,427	90,022

6 FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	8,684	12,786	11,071
Interest on lease liabilities	4,819	5,126	4,995
Total	13,503	17,912	16,066

7 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold and services provided*		1,681,144	1,474,227	1,635,894
Depreciation of property, plant and equipment**	13	99,475	114,438	129,042
Depreciation of right-of-use assets**	15	56,626	63,613	72,295
Amortization of intangible assets**	17	2,720	2,698	4,955
Impairment of inventories		51,170	31,896	32,456
(Reversal of provision)/provision for trade and bills receivables		(554)	5,202	769
Provision for impairment of prepayments and other receivables		2,384	1,655	599
Donations		3,063	5,104	3,317
Fair value losses/(gains) on financial assets at fair value through profit or loss		1,563	(9,400)	(49,842)
Foreign exchange (gains)/losses, net		(158)	(523)	4,141
Interest income		(34,305)	(42,368)	(26,429)
Government grants income	5	(17,027)	(14,754)	(30,129)
Gain on disposal of subsidiaries	39	(4,424)	—	(9,344)
Gain on disposal of financial assets at fair value through profit or loss		(43,565)	(15,843)	(5,722)

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Discount on derecognition of bills receivable		144	4	–
(Gains)/losses on disposal of property, plant and equipment and intangible assets, net		(1)	(5,086)	1,947
Gain on disposal of items of right-of-use assets, net		(4,591)	(794)	(578)
Auditor's remuneration		2,000	2,000	2,000
Wages, salaries and allowances		411,548	448,310	509,575
Pension scheme contributions and social welfare		93,813	101,217	112,937
Share-based payments		(1,807)	16,035	31,700

* Cost of inventories sold and services provided include impairment of inventories, sales related tax, expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets exclude the amount capitalized in CIP.

8 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the Relevant Period disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	247	240	240
Other emoluments:			
Salaries, allowances and benefits in kind	2,951	4,412	4,583
Performance related bonuses	1,141	1,140	984
Pension scheme contributions	48	47	42
Share-based payments	(678)	740	2,026
Total	3,709	6,579	7,875

During the years ended 31 December 2023, 2024 and 2025, certain directors were granted restricted shares, in respect of their services to the Group, under the share incentive schemes of the Company, further details of which are set out in note 36 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts of the share-based payment expenses during the years ended 31 December 2023, 2024 and 2025 are included in the above directors and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the years ended 31 December 2023, 2024 and 2025 were as follows:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-executive directors:				
Mr. Liu Aiming	(i)	80	80	80
Mr. Wen Zhihao	(ii)	80	80	52
Mr. Liu Lin	(iii)	7	–	–
Mr. Ning Huabo	(iv)	80	80	80
Ms. Shen Nan	(v)	–	–	28
Total		247	240	240

(i) Mr. Liu Aiming was appointed in December 2019.

- (ii) Mr. Wen Zhihao was appointed in December 2019 and resigned in August 2025.
- (iii) Mr. Liu Lin was appointed in December 2019 and resigned in January 2023.
- (iv) Mr. Ning Huabo was appointed in January 2023 and resigned in January 2023.
- (v) Ms. Shen Nan was appointed in August 2025.

(b) **Directors, supervisors and the chief executive**

Year ended 31 December 2023

	Notes	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:							
Mr. Zhang Min	(i)	—	342	144	8	—	494
Ms. Nie Juan	(iv)	—	—	—	—	—	—
Mr. Zhang Zhiming . .	(ii)	—	726	280	8	—	1,014
Mr. He Bangjie	(iii)	—	734	280	8	(339)	683
Mr. Xue Xiaoqiao . . .	(ii)	—	734	280	8	(339)	683
Mr. Fang Shengshi . .	(v)	—	—	—	—	—	—
Subtotal		—	2,536	984	32	(678)	2,874
Supervisors:							
Mr. Zeng Ziyun	(vi)	—	240	144	—	—	384
Mr. Zhou Xiaojun . . .	(vii)	—	—	—	—	—	—
Ms. Lu Hongyuan . . .	(vii)	—	33	—	—	—	33
Mr. Zhang Zizhuo . . .	(viii)	—	76	8	8	—	92
Ms. Liao Yufeng	(viii)	—	66	5	8	—	79
Subtotal		—	415	157	16	—	588
Total		—	2,951	1,141	48	(678)	3,462

Year ended 31 December 2024

	Notes	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:							
Mr. Zhang Min	(i)	—	1,198	144	8	—	1,350
Mr. Zhang Zhiming . .	(ii)	—	1,326	280	8	—	1,614
Mr. He Bangjie	(iii)	—	742	280	8	370	1,400
Mr. Xue Xiaoqiao . . .	(ii)	—	742	280	8	370	1,400
Subtotal		—	4,008	984	32	740	5,764
Supervisors:							
Mr. Zeng Ziyun	(vi)	—	240	144	—	—	384
Mr. Zhang Zizhuo . . .	(viii)	—	97	8	7	—	112
Ms. Liao Yufeng	(viii)	—	67	4	8	—	79
Subtotal		—	404	156	15	—	575
Total		—	4,412	1,140	47	740	6,339

Year ended 31 December 2025

	Notes	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:							
Mr. Zhang Min	(i)	—	1,526	144	8	—	1,678
Mr. Zhang Zhiming . .	(ii)	—	1,326	280	8	—	1,614
Mr. Xue Xiaoqiao . . .	(iii)	—	724	280	8	1,013	2,025
Mr. He Bangjie	(ii)	—	743	280	9	1,013	2,045
Subtotal		—	4,319	984	33	2,026	7,362
Supervisors:							
Mr. Zeng Ziyun	(vi)	—	157	—	—	—	157
Mr. Zhang Zizhuo . . .	(viii)	—	63	—	3	—	66

	Notes	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ms. Liao Yufeng	(viii)	—	44	—	6	—	50
Subtotal		—	264	—	9	—	273
Total		—	4,583	984	42	2,026	7,635
		=	=	=	=	=	=

- (i) Mr. Zhang Min was appointed in September 2017.
- (ii) Mr. Zhang Zhiming and Mr. Xue Xiaoqiao were appointed in December 2019.
- (iii) Mr. He Banagjie was appointed in October 2017.
- (iv) Ms. Nie Juan was appointed in September 2017 and resigned in January 2023.
- (v) Mr. Fang Shengshi was appointed in December 2019 and resigned in January 2023.
- (vi) Mr. Zeng Ziyun was appointed in December 2019 and resigned in August 2025.
- (vii) Mr. Zhou Xiaojun and Ms. Lu Hongywan were appointed in December 2019 and resigned in January 2023.
- (viii) Mr. Zhang Zizhuo and Ms. Liao Yufeng were appointed in January 2023 and resigned in August 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 December 2023, 2024 and 2025.

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included 1, 2 and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 4, 3 and 3 highest paid employees who are neither a director, supervisor nor chief executive of the Company during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,079	3,141	2,376
Performance related bonuses	1,040	640	760
Pension scheme contributions	29	30	26
Share-based payments	(429)	2,145	1,976
Total	3,719	5,956	5,138
	=	=	=

The numbers of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
Below HK\$1,000,000.	2	—	—
HK\$1,000,000 to HK\$2,000,000	2	1	3
HK\$2,000,000 to HK\$3,000,000	—	2	—
HK\$3,000,000 to HK\$4,000,000	—	—	—
HK\$4,000,000 to HK\$5,000,000	—	—	—
Over HK\$5,000,000	—	—	—
Total	4	3	3
	=	=	=

During the years ended 31 December 2023, 2024 and 2025, restricted shares were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 36 to the Historical Financial Information. The fair value of such shares, which has been recognized in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the years ended 31 December 2023, 2024 and 2025 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10 INCOME TAX

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

Hong Kong

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Track Record Period. However, one subsidiary of the Group which is qualifying corporation can elect for the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of assessable profits of the qualifying Group entity established in Hong Kong SAR are taxed at 8.25% and the remaining profits are taxed at 16.5%.

Chinese mainland

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Enterprise Income Tax Law, which was approved and became effective on January 1, 2008, except for the Company and certain subsidiaries of the Group in Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

The Company and Hunan Cofee Medical Equipment Co., Ltd. were qualified as High and New Technology Enterprises and enjoyed a preferential income tax rate of 15% during the years ended 31 December 2023, 2024 and 2025.

Hunan Cangtianxia Intelligent Logistics & Storage Co., Ltd., was qualified as High and New Technology Enterprises and enjoyed a preferential income tax rate of 15% during the years ended 31 December 2023 and 2024.

Qidong Farjoy Medical Materials Co., Ltd. (acquired in 2025), Hunan Kefu Hearing Technology Co., Ltd., and Jerry Medical Equipment (Nantong) Co., Ltd. were qualified as a High and New Technology Enterprise and enjoyed a preferential income tax rate of 15% since 2025.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's Ministry of Finance and the State Administration of Taxation. From 1 January 2021 to 31 December 2022, the portion of annual taxable income of small and micro enterprises not exceeding RMB1,000,000 was deducted to 12.5% of the taxable income and subject to income tax at a rate of 20%. From 1 January 2023 to 31 December 2027, the portion of annual taxable income of small and micro enterprises not exceeding RMB1,000,000 was deducted to 25% of the taxable income and subject to income tax at a rate of 20%.

The income tax expense of the Group for the years ended 31 December 2023, 2024 and 2025 is analyzed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	37,158	70,570	52,835
Deferred income tax	(4,321)	(10,915)	2,692
Total tax charge for the year	<u>32,837</u>	<u>59,655</u>	<u>55,527</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the countries/jurisdictions in which the Company and its subsidiaries are domiciled and operating to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	285,708	371,999	425,843
Tax at the statutory tax rate (15%)	42,856	55,800	63,876
Effect of different tax rates of subsidiaries	83	746	9,051
Adjustments in respect of current tax of previous periods	504	3,985	1,394
Income not subject to tax	(3,505)	—	(439)
Expenses not deductible for tax	7,654	10,837	7,509
Additional deductible allowance for fixed assets, R&D expenses, and salaries of disabled employees reduced taxable income	(14,018)	(13,015)	(11,670)
Tax losses utilized from previous periods	(1,885)	—	(6,360)
Tax losses for which no deferred income tax asset was recognized	2,443	1,715	1,373
Effect on opening deferred tax of increase in rates	(1,295)	(413)	(3,228)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Impact of permanent differences arising from share-based payments	—	—	(5,979)
Tax charge at the Group's effective tax rate	32,837	59,655	55,527

11 DIVIDENDS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Proposed interim — RMB0.60 per ordinary share . .	—	122,037	121,918
Proposed final — RMB1.20 per ordinary share . . .	244,437	244,071	246,022

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the annual general meeting (see note 48).

12 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic:

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 204,771,645, 203,577,948, and 203,500,769 outstanding during the years ended 31 December 2023, 2024 and 2025, respectively.

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to ordinary equity holders of the parent (RMB'000)	254,280	311,751	371,608
Shares			
Weighted average number of ordinary shares outstanding used in the basic earnings per share calculation ('000)	204,772	203,578	203,501
Basic earnings per share (RMB)	1.24	1.53	1.83

(b) Diluted:

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent. The weighted average numbers of ordinary shares used in the calculations are the numbers of ordinary shares outstanding during the years ended 31 December 2023, 2024 and 2025, as used in the basic earnings per share calculation, and the weighted average numbers of restricted ordinary shares with a contingent non-market performance condition assumed to have been released upon vesting of all dilutive potential ordinary shares.

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to ordinary equity holders of the parent (RMB'000)	254,280	311,751	371,608
Shares			
Weighted average number of ordinary shares used in the basic earnings per share calculation ('000) . .	204,772	203,578	203,501
Adjustment for the restricted A shares ('000)	88	2,218	1,887
Weighted average number of ordinary shares used in the diluted earnings per share calculation ('000) . .	204,860	205,796	205,388
Diluted earnings per share (RMB)	1.24	1.51	1.81

13 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	General infrastructure and leasehold improvements	Motor vehicles	Electronic, office equipment and others	Machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost	1,106,677	107,015	9,998	92,803	163,705	171,392	1,651,590
Accumulated depreciation and impairment	(11,009)	(46,700)	(6,629)	(39,029)	(26,243)	–	(129,610)
Net carrying amount	<u>1,095,668</u>	<u>60,315</u>	<u>3,369</u>	<u>53,774</u>	<u>137,462</u>	<u>171,392</u>	<u>1,521,980</u>
At 1 January 2023, net of accumulated depreciation	1,095,668	60,315	3,369	53,774	137,462	171,392	1,521,980
Additions	–	18,820	4,651	34,432	49,120	94,727	201,750
Disposal of a subsidiary	–	(5,862)	–	(2,970)	(6,069)	–	(14,901)
Disposals	–	–	(16)	(462)	(1,061)	(72)	(1,611)
Depreciation provided during the year	(35,248)	(22,609)	(1,643)	(20,087)	(19,888)	–	(99,475)
Transfer	141,467	259	804	2,908	71,278	(216,716)	–
At 31 December 2023, net of accumulated depreciation	<u>1,201,887</u>	<u>50,923</u>	<u>7,165</u>	<u>67,595</u>	<u>230,842</u>	<u>49,331</u>	<u>1,607,743</u>
At 31 December 2023:							
Cost	1,248,144	77,648	15,273	123,753	275,954	49,331	1,790,103
Accumulated depreciation and impairment	(46,257)	(26,725)	(8,108)	(56,158)	(45,112)	–	(182,360)
Net carrying amount	<u>1,201,887</u>	<u>50,923</u>	<u>7,165</u>	<u>67,595</u>	<u>230,842</u>	<u>49,331</u>	<u>1,607,743</u>
	Buildings	General infrastructure and leasehold improvements	Motor vehicles	Electronic, office equipment and others	Machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	1,248,144	77,648	15,273	123,753	275,954	49,331	1,790,103
Accumulated depreciation and impairment	(46,257)	(26,725)	(8,108)	(56,158)	(45,112)	–	(182,360)
Net carrying amount	<u>1,201,887</u>	<u>50,923</u>	<u>7,165</u>	<u>67,595</u>	<u>230,842</u>	<u>49,331</u>	<u>1,607,743</u>
At 1 January 2024, net of accumulated depreciation	1,201,887	50,923	7,165	67,595	230,842	49,331	1,607,743
Additions	–	10,778	130	38,326	11,263	23,803	84,300
Acquisition of subsidiaries	–	–	–	694	9	–	703
Disposals	–	–	(80)	(970)	(4,714)	–	(5,764)
Depreciation provided during the year	(39,696)	(19,482)	(3,772)	(25,811)	(26,102)	–	(114,863)
Transfer	(10,797)	331	–	2,839	22,199	(23,001)	(8,429)
At 31 December 2024, net of accumulated depreciation	<u>1,151,394</u>	<u>42,550</u>	<u>3,443</u>	<u>82,673</u>	<u>233,497</u>	<u>50,133</u>	<u>1,563,690</u>
At 31 December 2024:							
Cost	1,232,435	77,946	14,879	168,065	303,480	50,133	1,846,938
Accumulated depreciation and impairment	(81,041)	(35,396)	(11,436)	(85,392)	(69,983)	–	(283,248)
Net carrying amount	<u>1,151,394</u>	<u>42,550</u>	<u>3,443</u>	<u>82,673</u>	<u>233,497</u>	<u>50,133</u>	<u>1,563,690</u>

APPENDIX I

ACCOUNTANTS' REPORT

	Buildings	General infrastructure and leasehold improvements	Motor vehicles	Electronic, office equipment and others	Machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025:							
Cost	1,232,435	77,946	14,879	168,065	303,480	50,133	1,846,938
Accumulated depreciation and impairment	(81,041)	(35,396)	(11,436)	(85,392)	(69,983)	–	(283,248)
Net carrying amount	<u>1,151,394</u>	<u>42,550</u>	<u>3,443</u>	<u>82,673</u>	<u>233,497</u>	<u>50,133</u>	<u>1,563,690</u>
At 1 January 2025, net of accumulated depreciation	1,151,394	42,550	3,443	82,673	233,497	50,133	1,563,690
Additions	377	13,336	3,568	7,720	4,594	112,490	142,083
Acquisition of subsidiaries	66,018	14,630	937	3,788	14,287	–	99,660
Disposals	–	–	(489)	(3,168)	(7,348)	–	(11,005)
Disposal of a subsidiary	–	(149)	–	–	–	–	(149)
Depreciation provided during the year	(45,831)	(24,064)	(1,947)	(26,846)	(30,354)	–	(129,042)
Transfer	–	–	–	–	23,994	(23,994)	–
Exchange realignment	(194)	(46)	(1)	(11)	(3)	–	(255)
At 31 December 2025, net of accumulated depreciation	<u>1,171,764</u>	<u>46,257</u>	<u>5,511</u>	<u>64,156</u>	<u>238,667</u>	<u>138,629</u>	<u>1,664,984</u>
At 31 December 2025:							
Cost	1,298,480	111,855	18,316	172,633	336,994	138,629	2,076,907
Accumulated depreciation and impairment	(126,716)	(65,598)	(12,805)	(108,477)	(98,327)	–	(411,923)
Net carrying amount	<u>1,171,764</u>	<u>46,257</u>	<u>5,511</u>	<u>64,156</u>	<u>238,667</u>	<u>138,629</u>	<u>1,664,984</u>

The Company

	Buildings	General infrastructure and leasehold improvements	Motor vehicles	Electronic, office equipment and others	Machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost	794,472	27,569	2,786	26,598	78,608	51,518	981,551
Accumulated depreciation and impairment	–	(24,194)	(2,279)	(10,635)	(7,727)	–	(44,835)
Net carrying amount	<u>794,472</u>	<u>3,375</u>	<u>507</u>	<u>15,963</u>	<u>70,881</u>	<u>51,518</u>	<u>936,716</u>
At 1 January 2023, net of accumulated depreciation	794,472	3,375	507	15,963	70,881	51,518	936,716
Additions	–	274	27	6,604	4,665	29,485	41,055
Disposals	–	–	–	(891)	(1,275)	(42)	(2,208)
Depreciation provided during the year	(16,182)	(2,740)	(245)	(5,794)	(7,942)	–	(32,903)
Transfer	(312,814)	–	82	1,257	39,149	(37,604)	(309,930)
At 31 December 2023, net of accumulated depreciation	<u>465,476</u>	<u>909</u>	<u>371</u>	<u>17,139</u>	<u>105,478</u>	<u>43,357</u>	<u>632,730</u>
At 31 December 2023:							
Cost	480,810	6,055	2,885	32,178	120,764	43,357	686,049
Accumulated depreciation and impairment	(15,334)	(5,146)	(2,514)	(15,039)	(15,286)	–	(53,319)
Net carrying amount	<u>465,476</u>	<u>909</u>	<u>371</u>	<u>17,139</u>	<u>105,478</u>	<u>43,357</u>	<u>632,730</u>

APPENDIX I

ACCOUNTANTS' REPORT

	Buildings	General infrastructure and leasehold improvements	Motor vehicles	Electronic, office equipment and others	Machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	480,810	6,055	2,885	32,178	120,764	43,357	686,049
Accumulated depreciation and impairment	(15,334)	(5,146)	(2,514)	(15,039)	(15,286)	–	(53,319)
Net carrying amount	<u>465,476</u>	<u>909</u>	<u>371</u>	<u>17,139</u>	<u>105,478</u>	<u>43,357</u>	<u>632,730</u>
At 1 January 2024, net of accumulated depreciation	465,476	909	371	17,139	105,478	43,357	632,730
Additions	–	1,666	31	2,905	7,753	22,344	34,699
Disposals	–	–	(1)	(491)	(7,650)	–	(8,142)
Depreciation provided during the year	(15,199)	(741)	(130)	(5,878)	(12,016)	–	(33,964)
Transfer	1,083	–	–	–	18,949	(18,949)	1,083
At 31 December 2024, net of accumulated depreciation	<u>451,360</u>	<u>1,834</u>	<u>271</u>	<u>13,675</u>	<u>112,514</u>	<u>46,752</u>	<u>626,406</u>
At 31 December 2024:							
Cost	481,894	3,311	2,909	33,964	138,499	46,752	707,329
Accumulated depreciation and impairment	(30,534)	(1,477)	(2,638)	(20,289)	(25,985)	–	(80,923)
Net carrying amount	<u>451,360</u>	<u>1,834</u>	<u>271</u>	<u>13,675</u>	<u>112,514</u>	<u>46,752</u>	<u>626,406</u>

	Buildings	General infrastructure and leasehold improvements	Motor vehicles	Electronic, office equipment and others	Machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025:							
Cost	481,894	3,311	2,909	33,964	138,499	46,752	707,329
Accumulated depreciation and impairment	(30,534)	(1,477)	(2,638)	(20,289)	(25,985)	–	(80,923)
Net carrying amount	<u>451,360</u>	<u>1,834</u>	<u>271</u>	<u>13,675</u>	<u>112,514</u>	<u>46,752</u>	<u>626,406</u>
At 1 January 2025, net of accumulated depreciation	451,360	1,834	271	13,675	112,514	46,752	626,406
Additions	37	3,692	11	3,945	2,707	99,299	109,691
Disposals	–	–	(8)	(31)	(148)	–	(187)
Depreciation provided during the year	(15,190)	(1,146)	(46)	(5,366)	(11,986)	–	(33,734)
Transfer	–	–	2	(18)	10,393	(10,099)	278
At 31 December 2025, net of accumulated depreciation	<u>436,207</u>	<u>4,380</u>	<u>230</u>	<u>12,205</u>	<u>113,480</u>	<u>135,952</u>	<u>702,454</u>
At 31 December 2025:							
Cost	481,931	7,002	2,758	37,712	151,730	135,952	817,085
Accumulated depreciation and impairment	(45,724)	(2,622)	(2,528)	(25,507)	(38,250)	–	(114,631)
Net carrying amount	<u>436,207</u>	<u>4,380</u>	<u>230</u>	<u>12,205</u>	<u>113,480</u>	<u>135,952</u>	<u>702,454</u>

14 INVESTMENT PROPERTIES

The Group

	Total
	<i>RMB'000</i>
31 December 2024	
At 1 January 2024:	
Cost	—
Accumulated amortization	—
Net carrying amount	—
At 1 January 2024, net of accumulated amortization	—
Transfer from property, plant and equipment	10,797
Amortization provided during the year	(497)
At 31 December 2024, net of accumulated amortization	10,300
At 31 December 2024:	
Cost	15,710
Accumulated amortization	(5,410)
Net carrying amount	10,300
	Total
	<i>RMB'000</i>
31 December 2025	
At 1 January 2025:	
Cost	15,710
Accumulated amortization	(5,410)
Net carrying amount	10,300
At 1 January 2025, net of accumulated amortization	10,300
Acquisition of subsidiaries	19,518
Amortization provided during the year	(1,741)
Exchange realignment	(115)
At 31 December 2025, net of accumulated amortization	27,962
At 31 December 2025:	
Cost	35,109
Accumulated amortization	(7,147)
Net carrying amount	27,962

The Company

	Total
	<i>RMB'000</i>
31 December 2023	
At 1 January 2023:	
Cost	—
Accumulated amortization	—
Net carrying amount	—
At 1 January 2023, net of accumulated amortization	—
Transfer from property, plant and equipment	309,930
Transfer from right-of-use assets	32,597
Amortization provided during the year	(9,597)
At 31 December 2023, net of accumulated amortization	332,930
At 31 December 2023:	
Cost	345,274
Accumulated amortization	(12,344)
Net carrying amount	332,930

	Total
	<i>RMB'000</i>
31 December 2024	
At 1 January 2024:	
Cost	345,274
Accumulated amortization	(12,344)
Net carrying amount	<u>332,930</u>
At 1 January 2024, net of accumulated amortization	332,930
Transfer from right-of-use assets	69
Transfer to property, plant and equipment	(1,083)
Transfer to right-of-use assets	(269)
Amortization provided during the year	<u>(10,581)</u>
At 31 December 2024, net of accumulated amortization	<u>321,066</u>
At 31 December 2024:	
Cost	343,998
Accumulated amortization	(22,932)
Net carrying amount	<u>321,066</u>
	Total
	<i>RMB'000</i>
31 December 2025	
At 1 January 2025:	
Cost	343,998
Accumulated amortization	(22,932)
Net carrying amount	<u>321,066</u>
At 1 January 2025, net of accumulated amortization	321,066
Amortization provided during the year	<u>(10,405)</u>
At 31 December 2025, net of accumulated amortization	<u>310,661</u>
At 31 December 2025:	
Cost	343,998
Accumulated amortization	(33,337)
Net carrying amount	<u>310,661</u>

15 LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings. Leases of buildings generally have lease terms between 2 and 10 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Office premises and plant	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023			
Carrying amount at 1 January 2023	238,691	136,764	375,455
Additions	—	87,471	87,471
Acquisition of subsidiaries	—	1,591	1,591
Reassessment	—	(7,383)	(7,383)
Early termination	—	(23,030)	(23,030)
Disposals of subsidiaries	—	(3,877)	(3,877)
Depreciation charge for the year	<u>(5,032)</u>	<u>(52,546)</u>	<u>(57,578)</u>
Carrying amount at 31 December 2023	<u>233,659</u>	<u>138,990</u>	<u>372,649</u>

	Leasehold land	Office premises and plant	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Carrying amount at 1 January 2024	233,659	138,990	372,649
Additions	–	34,343	34,343
Acquisition of subsidiaries	–	12,435	12,435
Reassessment	–	456	456
Early termination	–	(10,637)	(10,637)
Depreciation charge for the year	(5,032)	(59,259)	(64,291)
Carrying amount at 31 December 2024	<u>228,627</u>	<u>116,328</u>	<u>344,955</u>

	Leasehold land	Office premises and plant	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
Carrying amount at 1 January 2025	228,627	116,328	344,955
Additions	40,742	63,539	104,281
Acquisition of subsidiaries	–	39,573	39,573
Early termination	–	(19,894)	(19,894)
Depreciation charge for the year	(5,373)	(67,600)	(72,973)
Exchange realignment	–	(360)	(360)
Carrying amount at 31 December 2025	<u>263,996</u>	<u>131,584</u>	<u>395,582</u>

The Company

	Leasehold land	Office premises and plant	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023			
Carrying amount at 1 January 2023	130,414	3,927	134,341
Transfer	(32,597)	–	(32,597)
Early termination	–	(213)	(213)
Depreciation charge for the year	(2,125)	(2,371)	(4,496)
Carrying amount at 31 December 2023	<u>95,692</u>	<u>1,343</u>	<u>97,035</u>

	Leasehold land	Office premises and plant	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Carrying amount at 1 January 2024	95,692	1,343	97,035
Additions	–	2,490	2,490
Transfer	200	–	200
Depreciation charge for the year	(2,065)	(1,506)	(3,571)
Carrying amount at 31 December 2024	<u>93,827</u>	<u>2,327</u>	<u>96,154</u>

	Leasehold land	Office premises and plant	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
Carrying amount at 1 January 2025	93,827	2,327	96,154
Additions	–	948	948
Depreciation charge for the year	(2,216)	(1,435)	(3,651)
Carrying amount at 31 December 2025	<u>91,611</u>	<u>1,840</u>	<u>93,451</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Office premises and plant
	<i>RMB'000</i>
31 December 2023	
Carrying amount at 1 January 2023	136,241
New leases	86,556
Acquisition of subsidiaries	633
Reassessment	(9,314)
Early termination	(21,553)
Disposals of subsidiaries	(4,811)
Accretion of interest recognized during the period	4,819
Lease payments	(60,325)
Carrying amount at 31 December 2023	<u>132,246</u>
Analyzed into:	
Current portion	55,007
Non-current portion	<u>77,239</u>
	Office premises and plant
	<i>RMB'000</i>
31 December 2024	
Carrying amount at 1 January 2024	132,246
New leases	34,349
Acquisition of subsidiaries	11,266
Reassessment	475
Early termination	(11,301)
Accretion of interest recognized during the period	5,126
Lease payments	(56,559)
Carrying amount at 31 December 2024	<u>115,602</u>
Analyzed into:	
Current portion	54,125
Non-current portion	<u>61,477</u>
	Office premises and plant
	<i>RMB'000</i>
31 December 2025	
Carrying amount at 1 January 2025	115,602
New leases	55,917
Acquisition of subsidiaries	40,404
Early termination	(19,187)
Accretion of interest recognized during the year	4,995
Exchange realignment	(360)
Lease payments	(71,021)
Carrying amount at 31 December 2025	<u>126,350</u>
Analyzed into:	
Current portion	58,313
Non-current portion	<u>68,037</u>

The Company

	Office premises and plant
	<i>RMB'000</i>
31 December 2023	
Carrying amount at 1 January 2023	9,387
Reassessment	(286)
Accretion of interest recognized during the period	122
Lease payments	—
Carrying amount at 31 December 2023	<u>9,223</u>
Analyzed into:	
Current portion	9,223
Non-current portion	<u>—</u>
	<u> </u>
	Office premises and plant
	<i>RMB'000</i>
31 December 2024	
Carrying amount at 1 January 2024	9,223
New leases.	2,490
Accretion of interest recognized during the period	44
Lease relief	(543)
Carrying amount at 31 December 2024	<u>11,214</u>
Analyzed into:	
Current portion	10,508
Non-current portion	706
	<u> </u>
	Office premises and plant
	<i>RMB'000</i>
31 December 2025	
Carrying amount at 1 January 2025	11,214
New leases.	343
Accretion of interest recognized during the year	47
Lease payments	(10,556)
Carrying amount at 31 December 2025	<u>1,048</u>
Analyzed into:	
Current portion	693
Non-current portion	355
	<u> </u>

The maturity analysis of lease liabilities is disclosed in note 47 to the Historical Financial Information.

- (c) The amounts recognized in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets . . .	57,578	64,291	72,973
Less: Depreciation of leasehold land capitalized in CIP	952	678	678
Subtotal	<u>56,626</u>	<u>63,613</u>	<u>72,295</u>
Interest on lease liabilities	4,819	5,126	4,995
Expense related to short-term leases	3,866	5,003	5,619
Total amount recognized in profit or loss . . .	<u>65,311</u>	<u>73,742</u>	<u>82,909</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	122	44	47
Depreciation charge of right-of-use assets . . .	4,496	3,571	3,651
Expense relating to short-term leases	613	62	70
Total amount recognized in profit or loss . . .	<u>5,231</u>	<u>3,677</u>	<u>3,768</u>

(d) The total cash outflows for leases are disclosed in note 39(c) to the Historical Financial Information.

16 GOODWILL

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of year			
Cost	230,643	242,555	364,490
Accumulated impairment	(148)	(148)	(148)
Net carrying amount	<u>230,495</u>	<u>242,407</u>	<u>364,342</u>
Cost at beginning of year, net of accumulated impairment	230,495	242,407	364,342
Acquisition of subsidiaries (Note 38)	11,912	121,935	4,570
Impairment during the year	—	—	—
Carrying amount at end of year	<u>242,407</u>	<u>364,342</u>	<u>368,912</u>
At end of year			
Cost	242,555	364,490	369,060
Accumulated impairment	(148)	(148)	(148)
Net carrying amount	<u>242,407</u>	<u>364,342</u>	<u>368,912</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Guizhou Cofee Medical Equipment Co., Ltd. cash-generating unit
- Shandong Cofee Medical Equipment Co., Ltd. cash-generating unit
- Changsha Jiannuo Medical Device Sales Co., Ltd. cash-generating unit
- Zhuhai Acorn Electronics Technology Co., Ltd. cash-generating unit
- Jerry Medical Equipment (Shanghai) Co., Ltd. cash-generating unit
- Acorn Trade (SHANGHAI) Co., Ltd. cash-generating unit
- Sichuan Jian'er Hearing Aid Co., Ltd. cash-generating unit
- Sichuan Lixiang Health Technology Co., Ltd. cash-generating unit
- Beijing Haiyinrui Hearing Technology Co., Ltd. cash-generating unit
- Changsha Nuoyake Medical Equipment Sales Co., Ltd. cash-generating unit
- Hunan Zeling Medical Equipment Co., Ltd. cash-generating unit
- Shanghai Tianlaizhiyin Medical Instruments Co., Ltd. cash-generating unit
- Beijing Lingyun Technology Co., Ltd. cash-generating unit

- Inner Mongolia Lingyun Technology Co., Ltd. cash-generating unit
- Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd. cash-generating unit
- HUMANA Medical Limited cash-generating unit

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Guizhou Cofee Medical Equipment Co., Ltd.	1,232	1,232	1,232
Shandong Cofee Medical Equipment Co., Ltd.	1,551	1,551	1,551
Changsha Jiannuo Medical Device Sales Co., Ltd. . .	82	82	82
Zhuhai Acorn Electronics Technology Co., Ltd. . . .	8,589	8,589	8,589
Jerry Medical Equipment (Shanghai) Co., Ltd. . . .	36,989	36,989	36,989
Acorn Trade (SHANGHAI) Co., Ltd.	168,293	168,293	168,293
Sichuan Jian'er Hearing Aid Co., Ltd.	13,008	13,008	13,008
Sichuan Lixiang Health Technology Co., Ltd.	751	751	751
Beijing Haiyinrui Hearing Technology Co., Ltd. . . .	10,242	10,242	10,242
Changsha Nuoyake Medical Equipment Sales Co., Ltd.	1,670	1,670	1,670
Hunan Zeling Medical Equipment Co., Ltd.	—	64,560	64,560
Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	—	21,135	21,135
Beijing Lingyun Technology Co., Ltd.	—	24,510	24,510
Inner Mongolia Lingyun Technology Co., Ltd.	—	11,730	11,730
Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd.	—	—	3,616
Humana Medical Limited	—	—	954
Total	242,407	364,342	368,912

Management engaged independent external valuers to assess the recoverable amounts of goodwill as at the end of each year. The recoverable amount of cash-generating units has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period. The cash flows beyond the five-year period are extrapolated using zero growth rate, with the assumption that the business operates perpetually.

The following table sets out the key assumptions adopted by management in the impairment assessment of major cash-generating units:

As at 31 December 2023

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Equipment (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.
	(i)	(ii)	(iii)	(iv)	(v)
Revenue annual growth rate — average of the forecast period	4.03%	11.02%	3.00%	3.69%	4.50%
Average gross margin	56.83%	16.85%	66.87%	73.40%	68.13%
Pre-tax discount rate	11.92%	10.75%	12.37%	11.29%	9.85%

As at 31 December 2024

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Equipment (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Revenue annual growth rate — average of the forecast period.	10.03%	7.30%	3.00%	6.39%	11.24%	5.25%	5.74%	3.22%	4.09%

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Equipment (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Average gross margin	40.99%	19.60%	74.77%	74.47%	63.40%	71.69%	61.48%	71.57%	76.73%
Pre-tax discount rate	11.36%	10.87%	13.48%	13.03%	11.56%	11.60%	11.54%	13.43%	12.73%

As at 31 December 2025

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Equipment (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Revenue annual growth rate — average of the forecast period.	5.19%	7.95%	2.25%	7.50%	10.35%	2.75%	4.01%	1.22%	6.52%
Average gross margin	55.95%	21.21%	75.48%	74.01%	47.93%	61.74%	42.35%	76.99%	76.47%
Pre-tax discount rate	11.57%	12.13%	13.65%	13.41%	11.50%	11.64%	11.61%	13.86%	13.24%

- (i) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Zhuhai Acorn Electronics Technology Co., Ltd. cash-generating unit exceeded its carrying amounts by RMB8,794,000, RMB1,801,000 and RMB2,678,000 respectively.
- (ii) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Jerry Medical Equipment (Shanghai) Co., Ltd. cash-generating unit exceeded its carrying amounts by RMB2,771,000, RMB3,293,000 and RMB13,132,000 respectively.
- (iii) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Acorn Trade (SHANGHAI) Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB515,360,000, RMB541,701,000 and RMB618,660,000 respectively.
- (iv) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Sichuan Jian'er Hearing Aid Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB985,000, RMB2,716,000 and RMB5,839,000 respectively.
- (v) As at 31 December 2023, 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Beijing Haiyinrui Hearing Technology Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB604,000, RMB530,000 and RMB1,712,000 respectively.
- (vi) As at 31 December 2024 and 2025, based on the value-in-use calculations, the recoverable amount of Hunan Zeling Medical Equipment Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB3,011,000 and RMB6,109,000 respectively.
- (vii) As at 31 December 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Shanghai Tianlaizhiyin Medical Instruments Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB898,000 and RMB3,725,000 respectively.
- (viii) As at 31 December 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Beijing Lingyun Technology Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB26,780,000 and RMB32,007,000 respectively.
- (ix) As at 31 December 2024 and 2025, based on the value-in-use calculations, the recoverable amounts of Inner Mongolia Lingyun Technology Co., Ltd. cash-generating unit exceeded the carrying amounts by RMB1,345,000 and RMB1,456,000 respectively.

Assumptions were used in the value-in-use calculations of the CGUs for the Relevant Periods. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting budgeted sales and gross margins and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted sales and gross margins — The basis used to determine the value assigned to the budgeted sales and gross margins is the average results achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on the market development of the cash-generating units and discount rates are consistent with external information sources.

Sensitivity analysis of goodwill

Management has undertaken a sensitivity analysis on the impairment test of goodwill. The following table sets forth the hypothetical changes to the budgeted sales, gross margins and discount rates that would, in isolation, have removed the remaining headroom respectively as at 31 December 2023, 2024 and 2025:

As at 31 December 2023

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Equipment (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.
Decrease in budgeted sales	25.54%	0.77%	32.11%	0.35%	2.25%
Decrease in gross margin	14.51%	0.13%	21.47%	0.26%	0.71%
Increase in discount rate	22.84%	0.22%	41.07%	0.37%	0.43%

As at 31 December 2024

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Equipment (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
Decrease in budgeted sales	9.80%	1.20%	16.51%	2.16%	0.90%	1.53%	1.98%	34.29%	1.86%
Decrease in gross margin	4.00%	0.24%	12.34%	1.50%	0.57%	1.09%	1.22%	24.54%	1.43%
Increase in discount rate	2.09%	0.35%	34.38%	9.70%	0.33%	0.36%	0.34%	9.44%	7.90%

As at 31 December 2025

	Zhuhai Acorn Electronics Technology Co., Ltd.	Jerry Medical Equipment (Shanghai) Co., Ltd.	Acorn Trade (SHANGHAI) Co., Ltd.	Sichuan Jian'er Hearing Aid Co., Ltd.	Beijing Haiyinrui Hearing Technology Co., Ltd.	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.
Decrease in budgeted sales	7.90%	4.69%	20.01%	2.96%	4.01%	4.08%	3.47%	19.07%	2.44%
Decrease in gross margin	4.42%	1.02%	15.06%	2.20%	1.85%	2.52%	1.47%	14.68%	1.88%
Increase in discount rate	3.19%	1.39%	43.51%	2.44%	1.26%	1.01%	1.50%	15.11%	1.12%

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of each CGU to exceed its respective recoverable amount.

17 OTHER INTANGIBLE ASSETS

The Group

	Software	Patents, licences and others	Trade marks	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
Cost at 1 January 2023, net of accumulated amortization	3,583	5,198	774	9,555
Additions	60	—	—	60
Amortization provided during the year	(745)	(1,800)	(175)	(2,720)
At 31 December 2023	2,898	3,398	599	6,895
At 31 December 2023				
Cost	5,900	9,150	874	15,924
Accumulated amortization	(3,002)	(5,752)	(275)	(9,029)
Net carrying amount	2,898	3,398	599	6,895

	Software	Patents, licences and others	Capitalized development costs	Trade marks	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortization	2,898	3,398	—	599	6,895
Additions	2,741	593	10,248	20	13,602
Amortization provided during the year	(926)	(1,839)	—	(175)	(2,940)
At 31 December 2024.	<u>4,713</u>	<u>2,152</u>	<u>10,248</u>	<u>444</u>	<u>17,557</u>
At 31 December 2024					
Cost	8,657	9,743	10,248	894	29,542
Accumulated amortization	(3,944)	(7,591)	—	(450)	(11,985)
Net carrying amount	<u>4,713</u>	<u>2,152</u>	<u>10,248</u>	<u>444</u>	<u>17,557</u>

	Software	Patents, licences and others	Capitalized development costs	Trade marks	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
Cost at 1 January 2025, net of accumulated amortization	4,713	2,152	10,248	444	17,557
Additions	1,261	5,507	11,387	88	18,243
Amortization provided during the year	(2,035)	(2,239)	—	(3)	(4,277)
Transfer	—	4,378	(4,378)	—	—
Exchange realignment	(137)	—	—	—	(137)
At 31 December 2025.	<u>3,802</u>	<u>9,798</u>	<u>17,257</u>	<u>529</u>	<u>31,386</u>
At 31 December 2025					
Cost	9,780	19,915	17,257	982	47,934
Accumulated amortization	(5,978)	(10,117)	—	(453)	(16,548)
Net carrying amount	<u>3,802</u>	<u>9,798</u>	<u>17,257</u>	<u>529</u>	<u>31,386</u>

The Company

	Software	Patents, licences and others	Trade marks	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
Cost at 1 January 2023, net of accumulated amortization	1,454	3,686	774	5,914
Additions	—	4,198	—	4,198
Amortization provided during the year	(302)	(1,508)	(175)	(1,985)
At 31 December 2023	<u>1,152</u>	<u>6,376</u>	<u>599</u>	<u>8,127</u>
At 31 December 2023				
Cost	2,811	11,187	874	14,872
Accumulated amortization	(1,659)	(4,811)	(275)	(6,745)
Net carrying amount	<u>1,152</u>	<u>6,376</u>	<u>599</u>	<u>8,127</u>

	Software	Patents, licences and others	Capitalized development costs	Trade marks	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortization	1,152	6,376	—	599	8,127
Additions	2,422	594	10,248	19	13,283
Amortization provided during the year	(512)	(2,247)	—	(175)	(2,934)
At 31 December 2024.	<u>3,062</u>	<u>4,723</u>	<u>10,248</u>	<u>443</u>	<u>18,476</u>

	Software	Patents, licences and others	Capitalized development costs	Trade marks	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024					
Cost	5,233	11,781	10,248	894	28,156
Accumulated amortization	(2,171)	(7,058)	—	(451)	(9,680)
Net carrying amount	<u>3,062</u>	<u>4,723</u>	<u>10,248</u>	<u>443</u>	<u>18,476</u>

	Software	Patents, licences and others	Capitalized development costs	Trade marks	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
Cost at 1 January 2025, net of accumulated amortization	3,062	4,723	10,248	443	18,476
Additions	544	212	11,387	6	12,149
Amortization provided during the year	(837)	(2,201)	—	—	(3,038)
Transfer	—	4,378	(4,378)	—	—
At 31 December 2025	<u>2,769</u>	<u>7,112</u>	<u>17,257</u>	<u>449</u>	<u>27,587</u>
At 31 December 2025					
Cost	5,777	16,371	17,257	898	40,303
Accumulated amortization	(3,008)	(9,259)	—	(449)	(12,716)
Net carrying amount	<u>2,769</u>	<u>7,112</u>	<u>17,257</u>	<u>449</u>	<u>27,587</u>

18 INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Changsha Wanwu Xilian Health Technology Co., Ltd.	—	282	563
Hunan Guoke Zhitong Technology Co., Ltd.	5,126	5,106	5,083
Shenzhen Enmind Technology Co., Ltd.	59,800	56,040	57,211
Lizhi Intelligent Technology (Guangzhou) Co., Ltd. .	—	—	34,746
Resvent Medical Technology Co., Ltd.	—	—	139,733
	<u>64,926</u>	<u>61,428</u>	<u>237,336</u>

In December 2023, the Group acquired a 29.38% equity interest in Shenzhen Enmind Technology Co., Ltd., a domestic company with primarily engaged in the manufacture, research and development, and sale of medical devices, at a cash consideration of RMB59,800,000. As the voting power of Shenzhen Enmind Technology Co., Ltd. is determined by subscribed capital contributions under its articles of associations, the Group has the power to participate in the financial and operating policy decisions and therefore can exercise significant influence over Shenzhen Enmind Technology Co., Ltd.

In September 2025, the Group acquired a 9.18% equity interest in Lizhi Intelligent Technology (Guangzhou) Co., Ltd. ("Lizhi Intelligent") by way of capital contribution, and in December 2025 acquired a further 3.27% equity interest by way of acquisition of existing shares, for an aggregate consideration of RMB37,000,000. Pursuant to relevant shareholder agreements, the Company is entitled to appoint one out of five directors to the board of Lizhi Intelligent and actively participate in the daily operational decisions of Lizhi Intelligent. The management concluded that the Company can exercise significant influence over Lizhi Intelligent. Meanwhile, the Company's interests in Lizhi Intelligent include preferred rights which qualify as embedded derivatives and should be accounted for separately, measured at fair value, with changes in fair value recognized in profit or loss. The Group reclassified the fair value of the preferred rights embedded in the investment terms in respect of Lizhi Intelligent amounting to RMB1,566,000 to financial assets measured at fair value through profit or loss.

In December 2025, the Group acquired a 30.74% equity interest in Resvent Medical Technology Co., Ltd. ("Resvent Medical"), a domestic company primarily engaged in the research and development, manufacture and sale of medical devices, at a cash consideration of RMB144,099,000. Pursuant to relevant shareholder agreements, the Company is entitled to appoint one out of five directors to the board of Resvent Medical and actively participate in the daily operational decisions of Resvent Medical. The management concluded that the Company can exercise significant influence over Resvent Medical. Meanwhile, the Company's interests in Resvent Medical include preferred rights which qualify as embedded derivatives and should be accounted for separately, measured at fair value, with changes in fair value recognized in profit or loss. The Group reclassified the fair value of the preferred rights embedded in the investment terms in respect of Resvent Medical amounting to RMB4,405,000 to financial assets measured at fair value through profit or loss.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of the associates' (loss)/profit for the year . . .	(130)	(3,498)	779
Share of the associates' total comprehensive (loss)/income	(130)	(3,498)	779
Aggregate carrying amount of the Group's investments in associates	<u>64,926</u>	<u>61,428</u>	<u>237,336</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Hunan Guoke Zhitong Technology Co., Ltd.	5,126	5,106	5,083
Shenzhen Enmind Technology Co., Ltd.	59,800	56,040	57,211
Lizhi Intelligent Technology (Guangzhou) Co., Ltd. .	—	—	34,746
Resvent Medical Technology Co., Ltd.	—	—	139,733
	<u>64,926</u>	<u>61,146</u>	<u>236,773</u>

The following table illustrates the aggregate financial information of the Company's associates that are not individually material:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of the associates' (loss)/profit for the year . . .	(130)	(3,780)	498
Share of the associates' total comprehensive (loss)/income	(130)	(3,780)	498
Aggregate carrying amount of the Group's investments in associates	<u>64,926</u>	<u>61,146</u>	<u>236,773</u>

19 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments, at cost.	<u>884,150</u>	<u>910,072</u>	<u>1,278,511</u>

20 OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayment for property, plant and equipment	18,520	17,519	16,013
Prepayment for equity acquisition	65,000	72,411	—
Others	591	—	—
	<u>84,111</u>	<u>89,930</u>	<u>16,013</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayment for property, plant and equipment	5,073	15,930	10,038
Prepayment for equity acquisition	—	72,411	—
	<u>5,073</u>	<u>88,341</u>	<u>10,038</u>

21 INVENTORIES**The Group**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	202,913	245,555	211,175
Work in progress	1,148	823	6,747
Semi-finished goods	54,184	66,553	70,344
Finished goods	435,371	406,258	440,798
Goods in transit	28,263	24,205	23,875
	<u>721,879</u>	<u>743,394</u>	<u>752,939</u>
Less: Allowance for impairment of inventories	<u>87,163</u>	<u>83,810</u>	<u>77,440</u>
Total	<u>634,716</u>	<u>659,584</u>	<u>675,499</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	132,619	191,511	153,265
Semi-finished goods	47,783	62,429	59,307
Finished goods	119,426	156,783	182,120
Goods in transit	13,498	11,410	10,150
	<u>313,326</u>	<u>422,133</u>	<u>404,842</u>
Less: Allowance for impairment of inventories	<u>45,896</u>	<u>42,697</u>	<u>35,148</u>
Total	<u>267,430</u>	<u>379,436</u>	<u>369,694</u>

22 TRADE AND BILLS RECEIVABLES**The Group**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Trade receivables	—	—	5,192
	<u>—</u>	<u>—</u>	<u>5,192</u>
Less: Impairment losses	<u>—</u>	<u>—</u>	<u>260</u>
Subtotal	<u>—</u>	<u>—</u>	<u>4,932</u>
Current:			
Trade receivables	515,747	420,861	454,615
Bills receivables	11,938	27,839	40,785
	<u>527,685</u>	<u>448,700</u>	<u>495,400</u>
Less: Impairment losses	<u>41,685</u>	<u>46,861</u>	<u>48,341</u>
Subtotal	<u>486,000</u>	<u>401,839</u>	<u>447,059</u>
Total	<u>486,000</u>	<u>401,839</u>	<u>451,991</u>

The Group's trading terms with its customers are mainly settled in cash or on credit, with the credit period generally ranging from 30 to 90 days after receipt of VAT invoices. The Group seeks to maintain strict control over its outstanding receivables to control credit risk. Overdue balances are reviewed regularly by management.

An aging analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	450,461	342,501	407,399
1 to 2 years	30,600	55,023	32,158
2 to 3 years	4,939	4,315	12,434
Total	<u>486,000</u>	<u>401,839</u>	<u>451,991</u>

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	42,251	41,685	46,861
Impairment losses, net	(554)	5,300	3,050
Amount written off as uncollectible	(12)	(124)	(1,310)
At the end of the year	<u>41,685</u>	<u>46,861</u>	<u>48,601</u>

The Group applies the simplified approach in calculating expected credit losses for trade and bills receivables. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on past due information for groupings of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

	Current to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2023					
Expected credit loss rate	5%	20%	53%	100%	8%
Gross carrying amount (RMB'000)	473,576	38,250	10,527	5,332	527,685
Expected credit losses (RMB'000)	23,115	7,650	5,588	5,332	41,685
	Current to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2024					
Expected credit loss rate	5%	20%	50%	100%	10%
Gross carrying amount (RMB'000)	359,065	68,779	8,631	12,225	448,700
Expected credit losses (RMB'000)	16,564	13,756	4,316	12,225	46,861
	Current to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2025					
Expected credit loss rate	5%	18%	46%	100%	10%
Gross carrying amount (RMB'000)	426,742	39,296	23,003	11,551	500,592
Expected credit losses (RMB'000)	19,343	7,138	10,569	11,551	48,601

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	27,843	35,911	32,164
Bills receivable	7,896	7,638	12,501
Subtotal	35,739	43,549	44,665
Less: Impairment losses	3,657	5,188	4,107
Total	32,082	38,361	40,558

An aging analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	30,298	36,230	40,500
1 to 2 years	685	2,059	57
2 to 3 years	1,099	72	1
Total	32,082	38,361	40,558

The movements in the impairment losses on trade receivables and bills receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	1,741	3,657	5,188
Impairment losses, net	1,916	1,531	(1,081)
At the end of the year	3,657	5,188	4,107

Set out below is the information about the credit risk exposure on the Company's trade receivables and bills receivables using a provision matrix:

	Current to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2023					
Expected credit loss rate	4.7%	20%	61%	100%	10%
Gross carrying amount (RMB'000)	31,789	856	2,847	247	35,739
Expected credit losses (RMB'000)	1,491	171	1,748	247	3,657
	Current to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2024					
Expected credit loss rate	4%	20%	50%	100%	12%
Gross carrying amount (RMB'000)	37,738	2,574	143	3,094	43,549
Expected credit losses (RMB'000)	1,508	515	71	3,094	5,188

	Current to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2025					
Expected credit loss rate	4%	20%	50%	100%	9%
Gross carrying amount (RMB'000)	42,197	71	2	2,395	44,665
Expected credit losses (RMB'000)	1,697	14	1	2,395	4,107

23 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments to suppliers	127,816	136,538	143,518
Deposits and other receivables	58,058	48,710	62,640
Other tax recoverable	97,980	40,607	47,497
Listing expenses	—	—	17,155
Less: Impairment allowance	3,249	3,637	3,552
Total	<u>280,605</u>	<u>222,218</u>	<u>267,258</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments to suppliers	45,934	33,528	40,887
Deposits and other receivables	40,034	16,896	13,707
Other tax recoverable	—	11,462	6,861
Listing expenses	—	—	17,155
Less: Impairment allowance	501	1,856	946
Total	<u>85,467</u>	<u>60,030</u>	<u>77,664</u>

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Investments in equity instruments at fair value through profit or loss	3,458	42,946	155,466
Wealth management products	834,064	1,286,031	802,063
Unlisted funds	13,776	28,444	59,300
Non-current			
Derivative financial instruments	—	—	5,962
	<u>851,298</u>	<u>1,357,421</u>	<u>1,022,791</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Investments in equity instruments at fair value			
through profit or loss	3,458	37,946	147,578
Wealth management products	833,061	775,363	751,375
Unlisted funds	13,776	28,444	59,300
Non-current			
Derivative financial instruments	—	—	5,962
	<u>850,295</u>	<u>841,753</u>	<u>964,215</u>

The wealth management products were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The wealth management products include structured deposits and guaranteed floating-return products. The interest rates of the structured deposits fluctuate within the range of 1.05% to 5.40%, and the interest rates of the guaranteed floating return products fluctuate within the range of 0% to 5.00%.

25 CASH AND BANK BALANCES AND RESTRICTED CASH

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,469,625	1,179,004	1,345,657
Restricted cash*.	99,801	99,676	76,042
Total	<u>1,569,426</u>	<u>1,278,680</u>	<u>1,421,699</u>
Denominated in			
USD	4,839	7,455	185,045
HKD	—	41	51,692
SGD	85	—	135
EUR	—	—	1,773
MOP	—	—	605
THP	—	—	7
JPY	—	—	7
RMB	<u>1,564,502</u>	<u>1,271,184</u>	<u>1,182,435</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,168,321	788,950	618,664
Restricted cash	6,300	16,604	21,224
Total	<u>1,174,621</u>	<u>805,554</u>	<u>639,888</u>
Denominated in			
USD	48	128	26,870
RMB	<u>1,174,573</u>	<u>805,426</u>	<u>613,018</u>

* The restricted cash collateral of RMB74,100,000, RMB82,230,000, and RMB63,886,000 as at 31 December 2023, 2024 and 2025 at bank serves as a guarantee deposit for bank acceptances.

The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

26 TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and bills payables	391,206	391,391	568,033

The trade and bills payables are non-interest-bearing and the suppliers normally grant credit terms of 30 to 90 days upon receipt of VAT invoices.

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	378,573	375,074	544,324
1 to 2 years	1,915	6,027	13,631
2 to 3 years	478	1,710	693
Over 3 years	10,240	8,580	9,385
Total	391,206	391,391	568,033

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and bills payables	190,665	172,935	273,734

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	189,377	170,742	265,782
1 to 2 years	882	915	6,436
2 to 3 years	59	872	243
Over 3 years	347	406	1,273
Total	190,665	172,935	273,734

27 OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	49,569	54,814	58,473
Other tax payables	12,071	9,598	16,027
Payables relating to purchases of items of long-term assets	91,767	76,262	69,210
Repurchase obligation for restricted A-shares	10,608	5,704	–
Other payables	42,764	60,034	83,826
	206,779	206,412	227,536

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	15,837	17,720	16,408
Other tax payables	2,532	1,430	2,984
Payables relating to purchases of items of long-term assets	31,891	33,708	49,590
Repurchase obligation for restricted A-shares	10,608	5,704	–
Other payables	23,611	13,625	36,280
	<u>84,479</u>	<u>72,187</u>	<u>105,262</u>

28 CONTRACT LIABILITIES**The Group**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>15,223</u>	<u>29,375</u>	<u>29,073</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>1,092</u>	<u>720</u>	<u>321</u>

Contract liabilities include advances received from customers for the sale of goods.

29 INTEREST-BEARING BANK AND OTHER BORROWINGS**The Group**

	As at 31 December								
	2023			2024			2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans – unsecured	2.60-2.70	2024	65,052	2.60	2025	65,052	2.08-2.15	2026	59,871
Other borrowings – unsecured	0.50-2.55	2024	337,376	0.10-1.55	2025	483,560	0.65-1.45	2026	514,877
Current portion of long-term bank loans – unsecured	2.90	2024	2,000	2.50-2.70	2025	104,000	2.15	2026	125,082
Current portion of long-term bank loans – secured	2.90	2024	<u>10,000</u>	2.55	2025	<u>10,009</u>	–	–	–
Non-current									
Bank loans – unsecured	2.90	2025	84,078	2.50	2026	125,174	–	–	–
Bank loans – secured	2.90	2025	<u>10,021</u>	–	–	–	–	–	–
Total			<u>508,527</u>			<u>787,795</u>			<u>699,830</u>

An alternative approach of disclosing relevant information is illustrated below:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed into:			
Bank loans repayable			
Within one year	77,052	179,061	184,953
In the second year	94,099	125,174	–
Other borrowings repayable			
Within one year	337,376	483,560	514,877
Total	<u>508,527</u>	<u>787,795</u>	<u>699,830</u>

Certain of the Group's future rights of accounts receivable for the Housing Leasing Project of Cofee Medical's Intelligent Equipment Headquarters Base were pledged to secure bank borrowings of RMB20,021,000, RMB10,009,000 and nil as at 31 December 2023, 2024 and 2025.

The Group's other loans are unsecured, with annual interest rates ranging from 2.08% to 2.90%.

The Company

	As at 31 December								
	2023			2024			2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans – unsecured	2.60-2.70	2024	65,052	2.60	2025	65,052	2.08-2.15	2026	59,871
Bank loans – secured	–	–	–	–	–	–	–	–	–
Current portion of long-term bank loans – unsecured	2.90	2025	2,000	2.50-2.70	2025	104,000	2.15	2026	125,082
Current portion of long-term bank loans – secured	2.90	2025	<u>10,000</u>	2.55	2025	<u>10,009</u>	–	–	–
Non-current									
Bank loans – unsecured	2.90	2025	84,078	2.50	2026	125,174	–	–	–
Bank loans – secured	2.90	2025	<u>10,021</u>	–	–	–	–	–	–
Total			<u>171,151</u>			<u>304,235</u>			<u>184,953</u>

Certain of the Company's future rights of accounts receivable for the Housing Leasing Project of Cofee Medical's Intelligent Equipment Headquarters Base were pledged to secured bank borrowings of RMB20,021,000, RMB10,009,000 and nil as at 31 December 2023, 2024 and 2025.

The Company's other loans are unsecured, with annual interest rates ranging from 2.08% to 2.90%.

30 DEFERRED TAX

The Group

Deferred tax assets

	Lease liabilities	Losses available for offsetting against future taxable profits	Assets impairment provision	Deferred income	Share-based compensation	Provision	Unrealized profits from intercompany transactions	Remeasurement of changes in defined benefit plans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	15,362	4,372	19,070	1,777	4,703	–	176	–	45,460
Deferred tax credited/ (charged) to profit or loss during the year	<u>17,419</u>	<u>(1,169)</u>	<u>4,636</u>	<u>660</u>	<u>(2,494)</u>	<u>21</u>	<u>1,956</u>	<u>–</u>	<u>21,029</u>
At 31 December 2023 and 1 January 2024	<u>32,781</u>	<u>3,203</u>	<u>23,706</u>	<u>2,437</u>	<u>2,209</u>	<u>21</u>	<u>2,132</u>	<u>–</u>	<u>66,489</u>

	Lease liabilities	Losses available for offsetting against future taxable profits	Assets impairment provision	Deferred income	Share-based compensation	Provision	Unrealized profits from intercompany transactions	Remeasurement of changes in defined benefit plans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax credited/ (charged) to profit or loss during the year .	(27,467)	7,235	654	115	2,845	282	(513)	–	(16,849)
At 31 December 2024 and 1 January 2025 .	5,314	10,438	24,360	2,552	5,054	303	1,619	–	49,640
Deferred tax credited/ (charged) to profit or loss during the year .	23,219	(4,208)	(1,415)	1,194	1,914	(303)	(408)	–	19,993
Acquisition of subsidiaries	1,928	3,905	539	–	–	–	–	–	6,372
Deferred tax charged to equity during the year	–	–	–	–	10,503	–	–	138	10,641
At 31 December 2025 .	30,461	10,135	23,484	3,746	17,471	–	1,211	138	86,646

Deferred tax liabilities

	Right-of-use assets	Fair value adjustment on financial assets at fair value through profit or loss	Depreciation allowance in excess of related depreciation	Fair value adjustment arising from acquisitions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	14,045	661	15,933	83	–	30,722
Deferred tax charged/(credited) to profit or loss during the year	17,720	(235)	(1,119)	200	176	16,742
At 31 December 2023 and 1 January 2024 . .	31,765	426	14,814	283	176	47,464
Deferred tax charged/(credited) to profit or loss during the year	(27,100)	1,529	(2,133)	(107)	46	(27,765)
At 31 December 2024 and 1 January 2025 . .	4,665	1,955	12,681	176	222	19,699
Deferred tax charged/(credited) to profit or loss during the year	22,980	2,594	(1,535)	(1,495)	141	22,685
Acquisition of subsidiaries	1,587	–	–	9,859	41	11,487
At 31 December 2025 . .	29,232	4,549	11,146	8,540	404	53,871

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:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax liabilities recognized in the consolidated statement of financial position	15,699	15,034	7,750
Net deferred tax assets recognized in the consolidated statement of financial position	34,725	44,975	40,525

The Company

Deferred tax assets

	Lease liabilities	Losses available for offsetting against future taxable profits	Assets impairment provision	Deferred income	Share-based compensation	Unrealized profits from intercompany transactions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	<u>677</u>	<u>2,660</u>	<u>4,542</u>	<u>1,257</u>	<u>2,119</u>	<u>1</u>	<u>11,256</u>
Deferred tax credited/(charged) to profit or loss during the year	<u>(444)</u>	<u>(2,660)</u>	<u>2,966</u>	<u>406</u>	<u>(1,232)</u>	<u>(1)</u>	<u>(965)</u>
At 31 December 2023 and 1 January 2024	<u>233</u>	<u>—</u>	<u>7,508</u>	<u>1,663</u>	<u>887</u>	<u>—</u>	<u>10,291</u>
Deferred tax credited/(charged) to profit or loss during the year	<u>134</u>	<u>—</u>	<u>(47)</u>	<u>(42)</u>	<u>1,439</u>	<u>1</u>	<u>1,485</u>
At 31 December 2024 and 1 January 2025	<u>367</u>	<u>—</u>	<u>7,461</u>	<u>1,621</u>	<u>2,326</u>	<u>1</u>	<u>11,776</u>
Deferred tax credited/(charged) to profit or loss during the year	<u>(67)</u>	<u>—</u>	<u>(1,431)</u>	<u>996</u>	<u>968</u>	<u>(1)</u>	<u>465</u>
Deferred tax charged to equity during the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,117</u>	<u>—</u>	<u>5,117</u>
At 31 December 2025	<u>300</u>	<u>—</u>	<u>6,030</u>	<u>2,617</u>	<u>8,411</u>	<u>—</u>	<u>17,358</u>

Deferred tax liabilities

	Right-of-use assets	Fair value adjustment on financial assets at fair value through profit or loss	Depreciation allowance in excess of related depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	<u>589</u>	<u>660</u>	<u>12,917</u>	<u>14,166</u>
Deferred tax charged/(credited) to profit or loss during the year	<u>(388)</u>	<u>(234)</u>	<u>(894)</u>	<u>(1,516)</u>
At 31 December 2023 and 1 January 2024	<u>201</u>	<u>426</u>	<u>12,023</u>	<u>12,650</u>
Deferred tax charged/(credited) to profit or loss during the year	<u>148</u>	<u>503</u>	<u>(1,526)</u>	<u>(875)</u>
At 31 December 2024 and 1 January 2025	<u>349</u>	<u>929</u>	<u>10,497</u>	<u>11,775</u>
Deferred tax charged/(credited) to profit or loss during the year	<u>(73)</u>	<u>3,445</u>	<u>(1,026)</u>	<u>2,346</u>
At 31 December 2025	<u>276</u>	<u>4,374</u>	<u>9,471</u>	<u>14,121</u>

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 Company for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax liabilities recognized in the consolidated statement of financial position	12,449	11,426	—
Net deferred tax assets recognized in the consolidated statement of financial position	<u>10,090</u>	<u>11,427</u>	<u>3,237</u>

The Group also has unused tax losses arising in Chinese mainland of approximately RMB99,601,000, RMB84,676,000 and RMB73,741,000 as at the end of each of the Relevant Periods that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognized in respect of these unused tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized in the foreseeable future.

31 DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	55,618	55,699	58,592

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	30,584	30,303	33,186

The Group and the Company received government grants related to capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortized over the estimated useful lives of the respective assets.

32 OTHER NON-CURRENT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Long-term payables	6,732	—	—
Long service payment*	—	—	2,882
Total	6,732	—	2,882

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Long-term payables	6,732	—	—

* Under the Hong Kong Employment Ordinance, a subsidiary of the Group, Humana Medical Limited has been continuously employed for more than five years.

- (a) The employee is dismissed is dismissed for reasons other than serious misconduct or redundancy;
- (b) The employee resigns as a result of being certified by a registered medical practitioner as unfit for the present job;
- (c) The employee resigns at the age of 65 or above;
- (d) The employee dies while in office.

The movements in the present value of the defined benefit obligations are as follows:

	Long service payment
At 1 January 2025	–
Acquisition of subsidiaries	1,692
Expenses recognised in profit or loss:	
Current service cost	311
Interest cost	66
Remeasurements recognised in other comprehensive income	
Actuarial loss arising from changes in financial assumptions	838
Other Changes	
Exchange realignment	(25)
At 31 December 2025	<u>2,882</u>

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2025
Discount rate	2.18%-3.74%
Future salary increases	3.26%

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate	Increase/(decrease) in defined benefit obligations	Decrease in rate	Increase/(decrease) in defined benefit obligations
	%		%	
Discount rate	1	(282)	1	340
Future salary increases	1	24	1	(32)

33 SHARE CAPITAL

The Group and the Company

A summary of movements in the Company's share capital is as follows:

	Number of shares	Share capital
		RMB'000
As at 1 January 2023.	208,487,500	208,488
Vesting of restricted A-shares (a).	750,750	750
As at 31 December 2023 and 1 January 2024.	209,238,250	209,238
Repurchase and cancelation of restricted A-shares (b).	(146,250)	(146)
As at 31 December 2024, 1 January 2025.	209,092,000	209,092
Repurchase and cancelation of restricted A-shares (c).	(195,000)	(195)
As at 31 December 2025.	208,897,000	208,897

Notes:

- (a) As of 31 October 2023, the grantees of the Class II Restricted Shares purchased 750,750 shares with a nominal value of RMB1.00 each with the payment of RMB23,348,000. The share capital was increased by RMB750,750 and share premium was increased by RMB22,598,000.
- (b) The Company convened the 2023 annual general meeting on 20 May 2024, and has approved the Proposal on Repurchasing and Canceling Certain Restricted Shares, which resolved that the Company repurchased and canceled 146,250 shares (with a nominal value of RMB1.00 each) as the performance target under above grant was not satisfied, resulting in a repurchase payment of RMB4,377,000. The Company derecognized the repurchase obligation correspondingly.
- (c) The Company convened the board of directors on 25 April 2025 and has approved the Proposal on Repurchasing and Canceling Certain Restricted Shares, which resolved that the Company repurchased and canceled 195,000 shares (with a nominal value of RMB1.00 each) as the performance target under above grant was not satisfied, resulting in a repurchase payment of RMB5,495,000. The Company derecognized the repurchase obligation correspondingly.

34 TREASURY SHARES

The Group and the Company

A summary of movements in the Company's treasury shares is as follows:

	Number of shares	Treasury shares RMB'000
As at 1 January 2023.	487,500	15,739
Repurchase of A-shares*.	4,202,369	156,323
Repurchase obligation for restricted A-shares**	(146,250)	(4,546)
Dividend declared	—	(585)
As at 31 December 2023 and 1 January 2024.	4,543,619	166,931
Repurchase of A-shares*.	1,497,362	50,097
Repurchase obligation for restricted A-shares (note 33 (b))	(146,250)	(4,377)
Dividend declared	—	(527)
As at 31 December 2024 and 1 January 2025.	5,894,731	212,124
Repurchase obligation for restricted A-shares (note 33 (c))	(195,000)	(5,470)
Vesting of restricted A-shares***.	(1,821,000)	(65,949)
Dividend declared	—	(234)
As at 31 December 2025.	3,878,731	140,471

* The Company repurchased shares for future Share Incentive Plans through centralized price bidding by self-owned funds, which were recognized as treasury shares as at the end of Relevant Periods.

** On 25 October 2023, 146,250 shares of Class I Restricted Shares granted to a total of 4 participants were released from lock-up restrictions and the Company derecognized the repurchase obligation amounting to RMB4,546,125.

*** During the year ended 31 December 2025, 1,821,000 restricted shares (the first batch of 2024 A-Share Stock Ownership Scheme) were vested, accordingly, treasury shares decreased by RMB65,949,000.

35 RESERVES

The Group

The amounts of the Group's share premium and other reserves and the movements therein for the years ended 31 December 2023, 2024 and 2025 are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve of the Group mainly included the excess of the consideration received for subscription of the registered capital of the Company and the effect of implementation and unlocking of restricted shares. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 36 to the Historical Financial Information.

(c) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the company's registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

The Company

The amounts of the Company's reserves and the movements therein for the years ended 31 December 2023, 2024 and 2025 are presented as follows:

	Capital reserve	Share-based payment reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	3,885,107	27,787	77,379	414,772	4,405,045
Total comprehensive income for the year	–	–	–	173,783	173,783
Vesting of restricted A shares . . .	37,138	(14,540)	–	–	22,598
Share-based payment expenses . .	–	(1,807)	–	–	(1,807)
Appropriations to statutory reserve	–	–	17,378	(17,378)	–
Dividend declared	–	–	–	(245,768)	(245,768)
At 31 December 2023 and 1 January 2024	<u>3,922,245</u>	<u>11,440</u>	<u>94,757</u>	<u>325,409</u>	<u>4,353,851</u>
Total comprehensive income for the year	–	–	–	469,012	469,012
Cancellation of restricted A-shares .	(4,231)	–	–	–	(4,231)
Share-based payment expenses . .	–	16,035	–	–	16,035
Appropriations to statutory reserve	–	–	9,788	(9,788)	–
Dividend declared	–	–	–	(366,474)	(366,474)
At 31 December 2024 and 1 January 2025	<u>3,918,014</u>	<u>27,475</u>	<u>104,545</u>	<u>418,159</u>	<u>4,468,193</u>
Total comprehensive income for the year	–	–	–	337,012	337,012
Cancellation of restricted A-shares .	(5,300)	–	–	–	(5,300)
Reversal of repurchase obligation for restricted A-shares	–	–	–	–	–
Vesting of restricted A-shares . . .	(21,283)	(20,811)	–	–	(42,094)
Share-based payment expenses . .	–	36,817	–	–	36,817
Dividend declared	–	–	–	(365,989)	(365,989)
At 31 December 2025	<u>3,891,431</u>	<u>43,481</u>	<u>104,545</u>	<u>389,182</u>	<u>4,428,639</u>

36 SHARE-BASED PAYMENTS**2021 A-Share Stock Ownership Scheme**

Pursuant to the A-Share incentive scheme for 2021 approved at the meeting of the board of directors on 29 December 2021 (the "2021 A-Share Stock Ownership Scheme"), the Company granted 375,000 shares of Class I Restricted Shares and 2,025,000 shares of Class II Restricted Shares to certain eligible participants. After completion of the capitalization of capital reserve (see note 33(b)), the total number of granted shares increased by 720,000. The granted price was RMB43.57 per share. The vesting periods for shares granted are 12 months, 24 months and 36 months from the date of completion of registration of the granted shares. According to the Company's performance appraisal and individual performance appraisal, 30%, 40% and 40% of shares will be vested respectively. Additionally, the recipients of the restricted shares are prohibited from transferring the vested restricted shares to any third party for a period of 6 months from the date the vesting conditions are met. During the Relevant Periods, 975,650, 1,192,100, and nil shares were forfeited. During the Relevant Periods, 897,000, nil, and nil shares were vested.

2024 A-Share Stock Ownership Scheme

Pursuant to the A-Share incentive scheme for 2024 approved at the meeting of the board of directors on 21 March 2024 (the "2024 A-Share Stock Ownership Scheme"), the Company granted 6,333,000 shares of Class II Restricted Shares to certain eligible participants during the Relevant Periods. The granted price was RMB16.60 per share. The vesting periods for shares granted are 13 months, 25 months and 37 months from the date of completion of registration of the granted shares. According to the Company's performance appraisal and individual performance appraisal, 30%, 35% and 35% of shares will be vested respectively. On 18 March 2025, the Company granted the remaining 300,000 reserved restricted shares. The granted price was RMB14.85 per share. The vesting periods for the shares granted are 15 months and 27 months from the date of completion of registration of the granted shares. According to the Company's performance appraisal and individual performance appraisal, 50% and 50% of shares will be vested respectively. Additionally, the recipients of the restricted shares are prohibited from transferring the vested restricted shares to any third party for a period of 6 months from the date the vesting conditions are met. For the year ended 31 December 2024 and 2025, 129,000 and 186,400 shares were forfeited, and nil and 1,821,000 shares were vested.

The shares under the A-share stock ownership schemes outstanding were 4,496,600 as at the end of reporting period.

The fair value of the Class I awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The fair value of the Class II awarded shares was determined by using the Black-Scholes Model.

The total share-based payment expenses recognized in the statements of profit or loss and other comprehensive income for shares under the A-share stock ownership schemes are approximately negative RMB1,807,000, RMB16,035,000, and RMB31,700,000 for the Relevant Periods.

37 BUSINESS COMBINATION

During the year ended 31 December 2023, the Group completed the following business combinations.

The fair values of the identifiable assets and liabilities of the subsidiaries as at the dates of acquisitions were as follows:

	Note	Beijing Haiyinrui Hearing Technology Co., Ltd.	Changsha Nuoyake Medical Equipment Sales Co., Ltd.	Total
		RMB'000 (i)	RMB'000 (ii)	RMB'000
Cash and cash equivalents		314	1,240	1,554
Other current assets		514	133	647
Other non-current assets		1,604	—	1,604
Other current liabilities		(1,855)	(43)	(1,898)
Other non-current liabilities		(411)	—	(411)
Total identifiable net assets at fair value . .		166	1,330	1,496
Non-controlling interests		(42)	—	(42)
Goodwill on acquisition	16	10,242	1,670	11,912
Total consideration		10,366	3,000	13,366
Satisfied by cash		10,366	3,000	13,366

- (i) On 1 August 2023, the Group acquired a 75% interest in Beijing Haiyinrui Hearing Technology Co., Ltd. from a third party with the consideration of RMB10,366,000. Beijing Haiyinrui Hearing Technology Co., Ltd. is engaged in hearing aid fitting and maintenance. The acquisition was made as part of the Group's strategy to enhance its hearing healthcare network and professional service capabilities.

The fair values of the trade receivables as at the date of acquisition amounted to RMB62,000. The gross contractual amounts of trade receivables were RMB62,000, of which trade receivables of nil are expected to be uncollectible.

- (ii) On 1 December 2023, the Group acquired a 100% interest in Changsha Nuoyake Medical Equipment Sales Co., Ltd. from a third party with the consideration of RMB3,000,000. Changsha Nuoyake Medical Equipment Sales Co., Ltd. is engaged in the sale of medical devices. The acquisition was made as part of the Group's strategy to expand its market share.

The fair values of the trade receivables as at the date of acquisition amounted to RMB2,000. The gross contractual amounts of trade receivables were RMB2,000, of which trade receivables of nil are expected to be uncollectible.

During the year ended 31 December 2024, the Group completed the following business combinations. The fair values of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were as follows:

	Note	Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.	Total
		RMB'000 (i)	RMB'000 (ii)	RMB'000 (iii)	RMB'000 (iv)	RMB'000
Cash and cash equivalents		7,400	457	4,300	1,491	13,648
Other current assets		1,860	3,023	6,362	1,391	12,636
Other non-current assets		3,751	5,066	2,455	1,891	13,163
Other current liabilities		(5,110)	(5,305)	(5,993)	(3,616)	(20,024)
Other non-current liabilities		(1,959)	(2,372)	(1,126)	(596)	(6,053)
Total identifiable net assets at fair value		5,942	869	5,998	561	13,370

		Hunan Zeling Medical Equipment Co., Ltd.	Shanghai Tianlaizhiyin Medical Instruments Co., Ltd.	Beijing Lingyun Technology Co., Ltd.	Inner Mongolia Lingyun Technology Co., Ltd.	Total
	Note	RMB'000 (i)	RMB'000 (ii)	RMB'000 (iii)	RMB'000 (iv)	RMB'000
Non-controlling interests		–	(174)	(900)	(84)	(1,158)
Goodwill on acquisition	16	64,560	21,135	24,510	11,730	121,935
Total consideration		70,502	21,830	29,608	12,207	134,147
Satisfied by cash		70,502	21,830	29,608	12,207	134,147

- (i) On 1 January 2024, the Group acquired a 100% interest in Hunan Zeling Medical Equipment Co., Ltd. from a third party with the consideration of RMB70,502,000. Hunan Zeling Medical Equipment Co., Ltd. is engaged in aid fitting, hearing rehabilitation services, and audiological testing. The acquisition was made as part of the Group's strategy to enhance its hearing healthcare network.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB363,000 and RMB266,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB382,000 and RMB280,000, respectively, of which trade receivables of RMB19,000 and other receivables of RMB14,000 are expected to be uncollectible.

- (ii) On 1 February 2024, the Group acquired an 80% interest in Shanghai Tianlaizhiyin Medical Instruments Co., Ltd. from a third party with the consideration of RMB21,830,000. Shanghai Tianlaizhiyin Medical Instruments Co., Ltd. is engaged in aid fitting, hearing rehabilitation services, and audiological testing. The acquisition was made as part of the Group's strategy to expand its hearing healthcare network.

The fair values of the other receivables as at the date of acquisition amounted to RMB310,000. The gross contractual amounts of other receivables were RMB326,000, of which other receivables of RMB16,000 are expected to be uncollectible.

- (iii) On 1 June 2024, the Group acquired an 85% interest in Beijing Lingyun Technology Co., Ltd. from a third party with the consideration of RMB29,608,000. Beijing Lingyun Technology Co., Ltd. is engaged in the sale of medical devices. The acquisition was made as part of the Group's strategy to expand its hearing healthcare network.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB2,975,000 and RMB1,284,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB3,054,000 and RMB1,295,000, respectively, of which trade receivables of RMB79,000 and other receivables of RMB11,000 are expected to be uncollectible.

- (iv) On 1 June 2024, the Group acquired an 85% interest in Inner Mongolia Lingyun Technology Co., Ltd. from a third party with the consideration of RMB12,207,000. Inner Mongolia Lingyun Technology Co., Ltd. is engaged in the sale of medical devices. The acquisition was made as part of the Group's strategy to the Group's strategy to expand its hearing healthcare network.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB23,000 and RMB702,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB24,000 and RMB707,000, respectively, of which trade receivables of RMB1,000 and other receivables of RMB5,000 are expected to be uncollectible.

During the year ended 31 December 2025, the Group completed the following business combinations. The fair values of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were as follows:

	Note	Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd.	Humana Medical Limited	Total
		RMB'000 (i)	RMB'000 (ii)	RMB'000
Cash and cash equivalents		63,629	35,941	99,570
Other current assets		73,567	89,274	162,841
Other non-current assets		67,084	108,681	175,765
Other current liabilities		(38,478)	(30,069)	(68,547)
Other non-current liabilities		(16,140)	(21,937)	(38,077)
Total identifiable net assets at fair value . .		149,662	181,890	331,552

	Note	Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd.	Humana Medical Limited	Total
		RMB'000 (i)	RMB'000 (ii)	RMB'000
Non-controlling interests		(8,457)	(22,556)	(31,013)
Goodwill on acquisition	16	3,617	953	4,570
Total Consideration		144,822	160,287	305,109
Satisfied by cash		144,822	160,287	305,109

- (i) On 1 January 2025, the Group acquired an 94% interest in Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd. from a third party with the consideration of RMB144,822,000. Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd. is engaged in the manufacture and sale of rubber products. The acquisition was made as part of the Group's strategy to enhance its healthcare network and professional service capabilities.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB42,167,000 and RMB697,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB44,387,000 and RMB734,000, respectively, of which trade receivables of RMB2,220,000 and other receivables of RMB37,000 are expected to be uncollectible.

- (ii) On 30 June 2025, the Group acquired an 87.6% interest in Humana Medical Limited from a third party with the consideration of RMB160,287,000. Humana Medical Limited is engaged in manufacturing and sales of rubber products. The acquisition was made as part of the Group's strategy to enhance its healthcare network and professional service capabilities.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB22,804,000 and RMB6,549,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB24,004,000 and RMB9,236,000, respectively, of which trade receivables of RMB1,200,000 and other receivables of RMB2,687,000 are expected to be uncollectible.

The analysis of the cash flows in respect of the acquisition of the subsidiaries during the years ended 31 December 2023, 2024 and 2025 is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total acquisition consideration	13,366	134,147	305,109
Less: Cash and bank balances acquired	1,554	13,648	99,570
Outstanding and included in other payables	—	—	—
Cash paid in the current year for acquisition of subsidiaries in prior years	675	6,349	—
Cash prepaid in the prior year for acquisition of subsidiaries	—	(65,000)	(72,411)
Net cash paid in respect of the business combinations	12,487	61,848	133,128

Since the acquisition, the above 2 subsidiaries acquired in 2023 contributed RMB2,500,000 to the Group's revenue and RMB132,000 to the consolidated profit for the year ended 31 December 2023. Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2023 would have been RMB2,836,663,000 and RMB253,998,000, respectively.

Since the acquisition, the above 4 subsidiaries acquired in 2024 contributed RMB49,677,000 to the Group's revenue and RMB12,412,000 to the consolidated profit for the year ended 31 December 2024. Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2024 would have been RMB2,982,650,000 and RMB317,646,000, respectively.

Since the acquisition, the above 2 subsidiaries acquired in 2025 contributed RMB262,350,000 to the Group's revenue and RMB11,273,000 to the consolidated profit for the year ended 31 December 2025. Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2025 would have been RMB3,484,551,000 and RMB344,764,000, respectively.

38 DISPOSAL OF SUBSIDIARIES

	As at 31 December	As at 31 December
	2023	2025
	RMB'000	RMB'000
Net assets disposed of:		
Cash and cash equivalents	365	3,138
Other current assets	4,763	510
Other non-current assets	19,250	392
Other current liabilities	(5,590)	(3,384)
Other non-current liabilities	(3,332)	—
Subtotal	15,456	656
Gain on disposal of subsidiaries	4,424	9,344
Total consideration	19,880	10,000
Satisfied by:		
Cash	19,880	10,000

(i) On 31 December 2023, the Group disposed of Shenzhen Cofee Biotechnology Co., Ltd to Shenzhen Enmind Technology Co., Ltd. with the consideration of RMB19,880,000.

(ii) On 24 January 2025, the Group disposed of Hunan Zongmou Network Technology Co., Ltd. to Hangzhou Knowledge Matrix Information Technology Co., Ltd. with the consideration of RMB10,000,000.

An analysis of the net inflow of cash and cash equivalents in respect of the disposals of subsidiaries is as follows:

	As at 31 December	As at 31 December
	2023	2025
	RMB'000	RMB'000
Cash consideration	19,880	10,000
Cash and bank balances disposed of	(365)	(3,138)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	19,515	6,862

39 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 RMB86,556,000, RMB34,349,000 and RMB55,917,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Dividends payable	Other payables- restricted stock repurchase obligation
	RMB'000	RMB'000	RMB'000	RMB'000
On 1 January 2023	324,775	136,241	—	15,739
Changes from financing cash flow	180,241	(60,325)	(245,768)	23,348
Vesting of restricted A-shares	—	—	—	(27,894)
Dividends declared	—	—	245,768	(585)
Decrease resulted from non-cash changes	(5,173)	—	—	—
New leases	—	86,556	—	—
Additions as a result of acquisition of subsidiaries	—	633	—	—
Reassessment	—	(9,314)	—	—
Disposals	—	(21,553)	—	—
Disposals of subsidiaries	—	(4,811)	—	—
Accretion of interest recognized during the year	8,684	4,819	—	—
On 31 December 2023 and 1 January 2024	508,527	132,246	—	10,608

	Interest-bearing bank and other borrowings	Lease liabilities	Dividends payable	Other payables- restricted stock repurchase obligation
	RMB'000	RMB'000	RMB'000	RMB'000
Changes from financing cash flow . . .	271,360	(56,559)	(366,474)	(4,377)
Dividends declared	—	—	366,474	(527)
Decrease resulted from non-cash changes	(4,878)	—	—	—
New leases	—	34,349	—	—
Additions as a result of acquisition of subsidiaries	—	11,266	—	—
Reassessment	—	475	—	—
Disposals	—	(11,301)	—	—
Accretion of interest recognized during the year	12,786	5,126	—	—
On 31 December 2024 and 1 January 2025	787,795	115,602	—	5,704
Changes from financing cash flow . . .	(99,036)	(71,021)	(365,989)	(5,495)
Dividends declared	—	—	365,989	(234)
New leases	—	55,917	—	—
Additions as a result of acquisition of subsidiaries	—	40,404	—	—
Disposals	—	(19,187)	—	—
Exchange realignment	—	(360)	—	—
Accretion of interest recognized during the year	11,071	4,995	—	—
Others	—	—	—	25
On 31 December 2025	699,830	126,350	—	—

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	3,866	5,003	5,619
Within financing activities	60,325	56,559	71,021
Total	64,191	61,562	76,640

40 COMMITMENTS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for Property, plant and equipment	51,270	300,983	203,671

41 CONTINGENT LIABILITIES

As at the end of the Relevant Periods, neither the Group nor the Company had any significant contingent liabilities.

42 PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank facilities are included in note 25 and note 29 to the Historical Financial Information.

43 RELATED PARTY TRANSACTIONS**(a) Name and relationship of a related party**

Name of related party	Relationship with the Group
Hunan Guoke Zhitong Technology Co., Ltd.	Associate
Changsha Wanwu Xilian Health Technology Co., Ltd.	Associate
Shenzhen Enmind Technology Co., Ltd.	Associate
Shenzhen Cofee Biotechnology Co., Ltd.	Associate
Hunan Cangtianxia Health Technology Co., Ltd.	Associate
Hunan Kefeng Supply Chain Co., Ltd.	Associate
Shenzhen Rongxin Medical Technology Co., Ltd.	Associate
Changsha Keyuan Tongchuang Enterprise Management Center (Limited Partnership)	Shareholder of the company
Hunan Chumo Cang Technology Co., Ltd.	Entity controlled by close relatives of Mr. Zhang Min
Nantong Chuyuncang New Energy Technology Co., Ltd.	Entity controlled by close relatives of Mr. Zhang Min
Yiyang Kangfu Commercial Management Co., Ltd.	Other enterprise controlled by an entity of the same parent company
Hunan Zongmou Network Technology Co., Ltd*.	A subsidiary disposed of in 2025

* As the outstanding balances as at 31 December 2025 comprise of amounts related to the transactions when the entity were related, the corresponding outstanding balances are disclosed in related parties disclosures.

(b) Transaction with related parties**The Group**

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<u>Sales of goods or services</u>			
Associates	—	107	62
	==	==	==
<u>Purchase of goods or services</u>			
Associates	320	—	1,163
Entity controlled by close relatives of Mr. Zhang Min	—	1,633	3,100
Other enterprise controlled by an entity of the same parent company	—	—	36
	==	==	==
Total	320	1,633	4,299
	==	==	==

Transaction with the related party was carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(c) Other transactions with related parties

On 31 December 2023, the Group disposed of a subsidiary, Shenzhen Cofee Biotechnology Co., Ltd to Shenzhen Enmind Technology Co., Ltd. with the consideration of RMB19,880,000, based on an internal valuation of the business performed by the directors of the Company. Further details of the transaction are included in note 38 to the Historical Financial Information.

(d) Outstanding balances with related parties**The Group**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<u>Due from related parties</u>			
Associates	6,452	5,059	4,165
	==	==	==

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
A subsidiary disposed of in 2025	–	–	90
Entity controlled by close relatives of Mr. Zhang			
Min	–	–	74
Other enterprise controlled by an entity of the same parent company	–	–	5
Total	6,452	5,059	4,334
<u>Due to related parties</u>			
Associates	–	–	1,814
Entity controlled by close relatives of Mr. Zhang			
Min	–	–	232
A subsidiary disposed of in 2025	–	–	35
Total	–	–	2,081

The outstanding balances with related parties are all trade in nature.

(e) **Compensation of key management personnel of the Group**

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees			
Salaries, allowances and benefits in kind	6,219	7,763	7,943
Performance related bonuses	2,001	2,000	1,944
Pension scheme contributions	75	79	76
Share-based payments	(1,542)	1,624	4,662
Total compensation paid to key management personnel	6,753	11,466	14,625

Further details of directors' and supervisors' emoluments are included in note 8 to the Historical Financial Information.

44 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:

The Group

Financial assets

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	851,298	1,357,421	1,022,791
Financial assets at fair value through other comprehensive income			
Bills receivables	11,271	27,781	25,043
Financial assets at amortized cost:			
Trade and bills receivables	474,729	374,058	426,948
Due from related parties	3,193	1,800	5
Financial assets included in prepayments and other receivables	52,063	42,043	49,044
Cash and bank balances	1,469,625	1,179,004	1,345,657
Restricted cash	99,801	99,676	76,042
Total	2,961,980	3,081,783	2,945,530

Financial liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortized cost:			
Trade and bills payables	391,206	391,391	568,033
Due to related parties	—	—	2,081
Financial liabilities included in other payables and accruals	145,121	141,895	149,701
Interest-bearing bank and other borrowings	508,527	787,795	699,830
Lease liabilities	132,246	115,602	126,350
Other non-current liabilities	6,732	—	—
Total	1,183,832	1,436,683	1,545,995

45 TRANSFERS OF FINANCIAL ASSETS**Transferred bills receivable that are derecognized in their entirety**

The Group endorsed certain bills receivable accepted by banks (the “Derecognized Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB45,520,000, RMB64,201,000 and RMB58,199,000 as at 31 December 2023, 2024 and 2025, respectively. Some bills receivable accepted by banks (the “Discounted Bills”) were discounted with carrying amounts of RMB5,500,000 on 31 December 2023, respectively. The Derecognized Bills with maturities ranging from 1 to 6 months are considered to have very low credit risk. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all the persons liable for the Derecognized Bills regardless including the Group of the order of precedence (the “Continuing Involvement”). In the opinion of the management, the Group has transferred substantially all the risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of management, the fair values of the Group's Continuing Involvement in the Derecognized Bills are not significant. No gains or losses were recognized from the Continuing Involvement during the Relevant Periods.

Transferred bills receivable that are not derecognized in their entirety

The Group endorsed bills receivable with carrying amounts of RMB666,000, RMB58,000 and RMB10,200,000 (the “Endorsed Bills”) to some suppliers to settle accounts payable, due to such suppliers as at 31 December 2023, 2024 and 2025, respectively. In the opinion of the management, the Group retains significant risks and rewards, including the risk of default associated with the Endorsed Bills and Discounted Bills, and therefore the Group continues to recognize the full carrying amounts of the Endorsed Bills, Discounted Bills, related trade payables and short-term borrowings.

46 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, financial assets at fair value through profit or loss, trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities and current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments. The non-current portion of interest-bearing bank and other borrowings approximates to their carrying amounts mainly due to the floating interest rate.

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 each reporting date, the finance department analyzes 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 Group invests in financial assets at fair value through profit or loss, which represent structured deposit products issued by banks. The fair values are based on cash flows discounted using the expected yield rate.

The Group has bills receivable measured at fair value through other comprehensive income. The Group has estimated the fair value of these bills receivable by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments which are measured at fair value as at the end of each of the Relevant Periods:

Financial assets	Fair value hierarchy	Mainly valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input
Investments in unlisted funds at fair value . . .	Level 3	Net asset value of underlying investments value	N/A	N/A
Unlisted equity investments at fair value	Level 3	Market approach	Discounts for lack of marketability ("DLOM")	5% increase/decrease in probability would result in increase/decrease in fair value by RMB173,000, RMB2,147,000 and RMB9,183,000 at the end of each of the Relevant Periods

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	834,064	17,234	851,298
Trade and bills receivables	—	11,271	—	11,271
Total	—	845,335	17,234	862,569

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	1,286,031	71,390	1,357,421
Trade and bills receivables	—	27,781	—	27,781
Total	—	1,313,812	71,390	1,385,202

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	2,192	802,063	218,536	1,022,791
Trade and bills receivables	—	25,043	—	25,043
Total	2,192	827,106	218,536	1,047,834

47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash and bank balances. 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 receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees to policies for managing each of these risks and they are summarized below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, the Group has currency exposures from its cash and cash equivalent. The management of the Company considers the Group's exposure to foreign currency risk to be insignificant.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 100 basis points and all other variables were held constant, the profit after tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB1,192,000, RMB2,872,000 and RMB2,073,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

Credit risk

The Group trades only with recognized 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.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	—	—	527,685	527,685
Due from related parties	3,361	—	—	—	3,361
Financial assets included in prepayments, other receivables and other assets					
– Normal**	57,241	—	—	—	57,241
– Doubtful**	—	1,084	30	—	1,114
Restricted cash*					
– Not yet past due	99,801	—	—	—	99,801
Cash and bank balances					
– Not yet past due	1,469,625	—	—	—	1,469,625
Total	<u>1,630,028</u>	<u>1,084</u>	<u>30</u>	<u>527,685</u>	<u>2,158,827</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	–	–	448,700	448,700
Due from related parties	2,000	–	–	–	2,000
Financial assets included in prepayments, other receivables and other assets					
– Normal**	43,844	–	–	–	43,844
– Doubtful**	–	3,436	30	–	3,466
Restricted cash*					
– Not yet past due	99,676	–	–	–	99,676
Cash and bank balances					
– Not yet past due	1,179,004	–	–	–	1,179,004
Total	<u>1,324,524</u>	<u>3,436</u>	<u>30</u>	<u>448,700</u>	<u>1,776,690</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	–	–	500,592	500,592
Due from related parties	5	–	–	–	5
Financial assets included in prepayments, other receivables and other assets					
– Normal**	49,681	–	–	–	49,681
– Doubtful**	–	2,299	30	–	2,329
Restricted cash*					
– Not yet past due	76,042	–	–	–	76,042
Cash and bank balances					
– Not yet past due	1,345,657	–	–	–	1,345,657
Total	<u>1,471,385</u>	<u>2,299</u>	<u>30</u>	<u>500,592</u>	<u>1,974,306</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 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 22 to the Historical Financial Information.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, lease liabilities and other interest-bearing loans.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023						
Trade and bills payables	391,206	—	—	—	—	391,206
Interest-bearing bank and other borrowings	418,744	94,221	—	—	—	512,965
Lease liabilities	59,979	33,430	19,905	20,558	10,180	144,052
Financial liabilities included in other payables	145,121	—	—	—	—	145,121
Other non-current liabilities	—	6,732	—	—	—	6,732
Total	<u>1,015,050</u>	<u>134,383</u>	<u>19,905</u>	<u>20,558</u>	<u>10,180</u>	<u>1,200,076</u>

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024						
Trade and bills payables	391,391	—	—	—	—	391,391
Interest-bearing bank and other borrowings	667,212	125,521	—	—	—	792,733
Lease liabilities	58,023	30,462	16,630	12,706	6,315	124,136
Financial liabilities included in other payables	141,895	—	—	—	—	141,895
Total	<u>1,258,521</u>	<u>155,983</u>	<u>16,630</u>	<u>12,706</u>	<u>6,315</u>	<u>1,450,155</u>

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025						
Trade and bills payables	568,033	—	—	—	—	568,033
Interest-bearing bank and other borrowings	700,530	—	—	—	—	700,530
Lease liabilities	61,183	37,973	17,179	11,852	4,307	132,494
Financial liabilities included in other payables	149,468	—	—	—	—	149,468
Due to related parties	2,081	—	—	—	—	2,081
Total	<u>1,481,295</u>	<u>37,973</u>	<u>17,179</u>	<u>11,852</u>	<u>4,307</u>	<u>1,552,606</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total liabilities	1,335,997	1,620,317	1,726,027
Total assets	6,244,191	6,422,667	6,628,916
Gearing ratio	<u>21%</u>	<u>25%</u>	<u>26%</u>

48 EVENTS AFTER THE RELEVANT PERIODS

The Proposal of “2025 Annual Dividend Plan” was approved in the 2nd meeting of the third session of director’s meeting. It was agreed that the Company will distribute cash dividends amounting to RMB246,022,000. Based on the total share capital of 208,897,000 shares, excluding 3,878,731 shares held in the repurchase account, the effective share base is 205,018,269 shares. A cash dividend of RMB12.0 (tax inclusive) per 10 shares will be distributed to all shareholders. Such proposed final dividend is subject to the approval of the Company’s shareholders at the annual general meeting.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2025.

The following information sets out in this appendix does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Reporting Accountants, as set out in Appendix I to this prospectus, and is included herein for illustrative purpose only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets as of 31 December 2025 as if it had taken place on 31 December 2025.

The unaudited pro forma adjusted consolidated net tangible assets have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 31 December 2025 or any future dates. It is prepared based on our consolidated net tangible assets as of 31 December 2025 as set out in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owner of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000 (note 1)	RMB'000 (note 2)	RMB'000	RMB (note 3)	HK\$ (note 4)
Based on an Offer Price of HK\$39.33 per Share	4,466,560	882,975	5,349,535	23.06	26.32

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 is based on consolidated net assets of attributable to owners of the Company as at 31 December 2025 of approximately RMB4,866,858,000 after deducting of other intangible assets of RMB31,386,000 and goodwill of RMB368,912,000 as of 31 December 2025 set out in the Accountants' Report in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on the Offer Price at the indicative Price of HK\$39.33 per Share (being the maximum Offer Price), after deduction of the underwriting fees and other related expenses payable by the Group (excluding the listing expenses that have been charged to profit or loss during the Track Record Period) and do not take into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.0 to RMB0.8763. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.
3. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company and the amounts per share are arrived at after the adjustments referred to note 2 above and on the basis that 232,018,269 shares (excluding 3,878,731 treasury shares held as at 31 December 2025) in issue assuming that Global Offering had been completed on 31 December 2025.
4. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK\$ at the rate of HK\$1.00 to RMB0.8763.

5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as shown on page II-1 have not been adjusted to illustrate the effect of the following:

The Proposal of “2025 Annual Dividend Plan” was approved in the 2nd meeting of the third session of director’s meeting. It was agreed that the Company will announce a dividend of RMB246,022,000 to the existing shareholders prior to the Listing based on the Company’s retained profits as of 31 December 2025. Had the payment of the dividend been made on 31 December 2025, the unaudited pro forma adjusted consolidated net tangible assets of the Group would decrease from RMB5,349,535,000 to RMB5,103,513,000, based on the maximum Offer Price of HK\$39.33 per Share, and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 per Share would be RMB22.00 (equivalent to HK\$25.11) based on a maximum Offer Price of HK\$39.33 per Share. Except for the information as disclosed above, no other adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets. These amounts are converted from Renminbi to Hong Kong dollars or Hong Kong dollars to Renminbi at an exchange rate of HK\$1.00 to RMB0.8763. No representation is made that Renminbi/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Renminbi at that rate or at all.

6. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of the Group to reflect any trading result or other transactions entered into subsequent to 31 December 2025.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**EY安永**

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

To the Directors of Cofee Medical Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Cofee Medical Technology Co., Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 31 December 2025, and related notes as set out on pages II-1 and II-2 of the prospectus dated 27 April 2026 (the “Prospectus”) issued by the Company (the “Unaudited Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 31 December 2025 as if the transaction had taken place at 31 December 2025. As part of this process, information about the Group’s financial position, has been extracted by the Directors from the Group’s financial statements for the period ended 31 December 2025, on which an accountants’ report has been published.

Directors’ responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma 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:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong

27 April 2026

1. TAXATION OF SECURITIES HOLDERS

The taxation of income and capital gains of holders of H Shares are subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this prospectus, all of which are subject to change and may have retrospective effect.

This discussion does not address any aspects of the PRC or Hong Kong taxation other than income tax, capital tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

A. The PRC Taxation

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), which was latest amended on August 31, 2018, and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was latest amended on December 18, 2018, dividends distributed by PRC enterprises are subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Notice of State Administration of Taxation (the “SAT”) on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of the Document Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the SAT on June 28, 2011, domestic non- foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the amount which is over withheld will be refunded. For the individual holders of H shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or otherwise, the non-foreign invested enterprise is required to withhold the tax at a rate of 20%.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”) effective as of December 29, 2018 and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was last amended on December 6, 2024 and came into effect on January 20, 2025, a non-resident

enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place in the PRC. The withholding tax may be reduced pursuant to applicable treaties for the avoidance of double taxation. Such income tax 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.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《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稅有關問題的通知》(國稅函[2008]897號)) which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards. 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 (Guo Shui Han [2009] No. 394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(國稅函[2009]394號)) which was issued by the SAT on July 24, 2009 and effective on the same date, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. Pursuant to the Fourth Protocol of the SAT to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第四議定書》) effective as of December 29, 2015, the abovementioned provisions are not applicable to any arrangement which is primarily made for the purpose of obtaining the above taxation benefits. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Investors who are not PRC residents and reside in countries which have entered into avoidance of double taxation treaties with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with a number of countries and regions including but not limited to 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 treaties or arrangements are required to apply to the PRC 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 PRC tax authorities.

*Taxation on Share Transfer**VAT and Local Additional Tax*

Pursuant to the Circular on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)) (hereinafter referred to as “Circular 36”), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT.

According to these regulations, if the holder is a nonresident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a nonresident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, in view of no clear regulations, whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares, there is still uncertainty in the interpretation and application of the above provisions.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as “Local Additional Tax”), which shall usually equal to 12% of the VAT payable (if any).

*Income tax**Individual Investors*

According to the IIT Law and its implementation provisions, gains realized on the sale of equity interests in PRC resident enterprises are subject to the income tax at a rate of 20%.

Pursuant to the Circular of the MOF and the SAT on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (Cai Shui Zi [1998] No. 61) (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) issued by the MOF and 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. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended IIT Law and its implementation provisions.

However, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》(財稅[2009]167號)), which provides that individuals’ income from transferring listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for certain shares which are subject to sales limitations as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》(財稅[2010]70號)). As at the Latest Practicable Date, the aforesaid provisions have not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the transfer of shares of PRC resident

enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the transfer of shares of 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 a 10% enterprise income tax 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 place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place. Such income tax for non-resident enterprises is 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. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Interim Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》) effective on October 1, 1998 and amended on January 8, 2011, the Implementation Rules for the Interim Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例實施細則》) effective on October 1, 1988, and the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) issued on June 10, 2021 and effective on July 1, 2022, PRC stamp duty only applies to documents executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC. Upon the Stamp Tax Law of the PRC coming into effect on July 1, 2022, the Provisional Regulations of the PRC on Stamp Duty shall be abolished simultaneously.

Estate Duty

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

B. Hong Kong Taxation

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

2. PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the People's Republic of China are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

VAT

According to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and latest amended on November 19, 2017, and the Implementation Rules for the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993 and latest amended on October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax. The tax rate for taxpayers engaging in sale of services shall be 6% and the tax rate for taxpayers engaging in sale of goods shall be 17%, unless otherwise stipulated. With the VAT reforms in the PRC, the rate of VAT has been changed several times.

Pursuant to the Implementation Rules of Pilot Reform for Transition from Business Tax to VAT (《營業稅改徵增值稅試點實施辦法》) which was promulgated on March 23, 2016, and latest amended on March 20, 2019, unless otherwise provided in the implementation rules, taxpayers incurring taxable activities are generally subject to a 6% VAT. The Notice on the Adjustment to VAT Rates (Cai Shui [2018] No. 32) (《關於調整增值稅稅率的通知》(財稅[2018]32號)), which was promulgated by the MOF and the SAT on April 4, 2018 and became effective on May 1, 2018, adjusted the applicative rate of VAT, and the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement [2019] No. 14 of the MOF, the SAT and the General Administration of Customs) (《關於深化增值稅改革有關政策的公告》(財政部、國家稅務總局及海關總署公告[2019]14號)), which was promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

3. FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the new Regulations of the PRC for Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the “Foreign Exchange Control Regulations”), which became effective on April 1, 1996. The Foreign Exchange Control Regulations classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to the SAFE’s approval, while capital account items still are. The Foreign Exchange Control Regulations was subsequently amended on January 14, 1997 and August 1, 2008. The latest amended Foreign Exchange Control Regulations clearly states that the State will not impose any restriction on international payments and transfers under the current account items.

On June 20, 1996, the PBOC promulgated the Regulations on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) (the “Settlement Regulations”) which became effective on July 1, 1996. The Settlement Regulations abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Reforming the RMB Exchange Rate Regime (PBOC Announcement [2005] No. 16) (《關於完善人民幣匯率形成機制改革的公告》(中國人民銀行公告[2005]16號)), issued by the PBOC on July 21, 2005, from the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of foreign currencies such as U.S. dollar against Renminbi in the interbank foreign exchange market after the closing of the market on each working day, which will be used as the central parity for the transactions of such foreign currency against Renminbi exchange rate on the following working day.

Starting from January 4, 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On July 1, 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD of the current day, which shall be finally decided on the weighted average of the prices of all market makers after excluding the highest and lowest quotations, and announce it at 9:15 a.m. on each working day. On August 11, 2015, the PBOC announced to improve the central

parity quotations of RMB against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

On August 5, 2008, the State Council promulgated the revised Foreign Exchange Control Regulations (the “Revised Foreign Exchange Control Regulations”), which has made substantial changes to the foreign exchange supervision system of the PRC. First, the Revised Foreign Exchange Control Regulations have adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. Second, the Revised Foreign Exchange Control Regulations has improved the mechanism for determining the RMB exchange rate based on market supply and demand. Third, the Revised Foreign Exchange Control Regulations has enhanced the monitoring of cross-border foreign currency fund flows. In the event that revenues and costs in connection with international transactions suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures. Fourth, the Revised Foreign Exchange Control Regulations has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to SAFE to enhance its supervisory and administrative powers.

According to relevant PRC laws, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of the SAFE, effect payment for their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as the Company) may, on the strength of resolutions of the board of directors or the shareholders’ meeting approving the distribution of profits, effect payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)), which canceled the approval requirement by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

On December 26, 2014, the SAFE issued the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of 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》), pursuant to which a domestic company shall, within 15 working days from the date of the end of its overseas listing issuance, register the overseas listing with the SAFE’s local branch at the place of its incorporation; and the proceeds from an overseas listing maybe remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents.

On February 13, 2015, the SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (Hui Fa [2015] No. 13) (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》(匯發[2015]13號)), which came into effect on June 1, 2015. The Notice cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment directly. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

According to the Notice of SAFE on Revolutionizing and Regulating Capital Account Settlement Management Policies (Hui Fa [2016] No. 16) (《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》(匯發[2016]16號)) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of our Company, see “Regulatory Overview”.

PRC LAWS AND REGULATIONS

PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “Constitution”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC Government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 Amendment) (《中華人民共和國立法法(2023修正)》) (the “Legislation Law”), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of 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 the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, the PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical culture protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. 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 nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations 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 local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local 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 or 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 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.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《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, the Supreme People's Court of the PRC (the "Supreme People's Court") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such regulations and rules.

PRC Judicial System

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 Revision) (《中華人民共和國人民法院組織法(2018修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial organ in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (2023 Amendment) (《中華人民共和國民事訴訟法(2023修正)》) (the “Civil Procedure Law”), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff’s or the defendant’s domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country’s judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the principle of reciprocity to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people’s court or an award made by an arbitration panel in the PRC, the other party may apply to the people’s court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people’s court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. Where a judgment or ruling made by a foreign court which has come into legal effect requires recognition and enforcement by a people’s court, a party may apply directly to the intermediate people’s court which has jurisdiction for recognition and enforcement, or the foreign court may, pursuant to the provisions of the international treaty concluded or acceded to by the country of the foreign country and the People’s Republic of China or under the principle of reciprocity, request for recognition and enforcement by the people’s court.

Laws and Regulations Relating to Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated by the SCNPC on June 29, 2002, and amended in August 2009, August 2014 and June 2021 respectively, to strengthen production safety supervision and management, and prevent and reduce production safety accidents to safeguard the lives and property of the people, and promote the sustained and sound economic and social development, the state has established systematic and principled provisions at the legislative level on production safety guarantees for production and business operation entities, the production safety rights and obligations of employees, production safety supervision and administration, emergency response and rescue, investigation and handling of production safety accidents, as well as corresponding legal liabilities

Laws and Regulations Relating to Product Quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) which was promulgated by the SCNPC on February 22, 1993, became effective on September 1, 1993 and last amended and became effective on December 29, 2018, for all activities of production and sale of any product within the territory of the PRC, the manufacturers and sellers shall be liable for product quality in accordance with the Product Quality Law. In the event of a violation of any legal provisions of the Product Quality Law, manufacturers and sellers may be fined, suspended of

operation, confiscated of any products illegally manufactured or sold and the proceeds gained therefrom or stripped of business licenses, and where the circumstances are serious, criminal liability shall be pursued. Consumers or other victims suffering personal injuries or property damage resulting from defects in commodities may demand compensation either from the sellers or from the manufacturers. If the liability lies with the manufacturers, the sellers shall have the right to recover the compensation from the manufacturers after paying the compensation, or vice versa.

The Civil Code of the PRC (《中華人民共和國民法典》) adopted by the NPC on May 28, 2020 and came into effect on January 1, 2021 stipulates the liability of manufacturers or sellers for personal injuries or property damage inflicted upon victims resulting from defects in products during the production, sales and circulation processes.

Laws and Regulations Relating to Cybersecurity, Data Security and Personal Information Protection

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “Cybersecurity Law”) was promulgated by the SCNPC on October 28, 2015 and effective from January 1, 2016. According to the Cybersecurity Law, network operators must comply with laws and regulations and fulfill their obligations to safeguard cybersecurity while conducting business operations and providing services.

The PRC Data Security Law (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021, provides that China shall establish a data classification and grading protection system, formulate the important data catalogs to enhance the protection of important data. The conduct of data processing activities shall be in compliance with the provisions of laws and administrative regulations, establishing and completing a data security management system for the entire workflow, organizing and conducting data security education and training, adopting corresponding technical measures and other necessary measures to ensure data security, strengthening risk monitoring, taking immediate disposition measures and promptly reporting to relevant authorities when data security incidents occur. Processors of important data shall specify the person responsible for data security and management agencies, implement data security protection responsibilities, periodically conduct risk assessment of such data processing activities as provided and submit risk assessment reports to the relevant authorities. Relevant authorities shall formulate measures governing the cross-border transfer of important data. Should any company illegally provide important data overseas in violation of the PRC Data Security Law and other applicable regulations, it may be subject to administrative sanctions, including but not limited to penalties, monetary fines, and/or suspension of relevant business operations or revocation of business licenses.

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》) (the “Personal Information Protection Law”), which took effect on November 1, 2021, which integrates the scattered rules with respect to personal information rights and privacy protection. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also

stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to personal information by way of co-processing or delegation.

On September 24, 2024, the State Council promulgated the Administration Regulations on Cyber Data Security (《網絡數據安全管理條例》), which took effect on January 1, 2025. The Administration Regulations on Cyber Data Security provides that where the network data processing activities of a network data processor affect or may affect national security, a national security review shall be conducted in accordance with relevant national provisions.

Regulations on Cybersecurity Review

On December 28, 2021, the Cyberspace Administration of China (the “CAC”), the NDRC, the Ministry of Industry and Information Technology of the People’s Republic of China (the “MIIT”) and ten other Chinese regulatory authorities jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. The Cybersecurity Review Measures mandate cybersecurity reviews under the following three circumstances: (i) when critical information infrastructure operators procure network products or services that affect or may affect national security; (ii) when network platform operators carry out data processing activities that affect or may affect national security; and (iii) when network platform operators possessing personal information of more than 1,000,000 individuals pursue overseas listings.

Laws and Regulations Relating to Foreign Investment and Overseas Investment

The Company Law

The Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “Company Law”), which was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on December 29, 1993, revised on December 29, 2023 and effective from July 1, 2024, governs all companies incorporated in China. The Company Law regulates the establishment, operation, corporate structure and governance of corporate entities in China, as well as the qualifications and obligations of company directors and senior management personnel. According to the Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

Laws and Regulations on Foreign Investment

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) was promulgated by the NPC on March 15, 2019 and came into effect on January 1, 2020. On December 26, 2019, the State Council promulgated the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020. On December 30, 2019, the MOFCOM and the SAMR promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020.

Investment activities in the PRC by foreign investors and foreign-invested enterprises shall comply with the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “Negative Lists (2024 Edition)”) promulgated by the NDRC and the MOFCOM on September 6, 2024 and came into effect on November 1, 2024, and the Catalog of Industries for Encouraging Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) (the “Encouraging Catalog (2022 Edition)”) promulgated by the NDRC and the MOFCOM on October 26, 2022 and came into effect on January 1, 2023. Under the Negative List (2024 Edition) and the Encouraging Catalog (2022

Edition), foreign investment projects are categorized as encouraged, restricted and prohibited. Foreign investment projects not included in the Negative Lists (2024 Edition) fall into the category of permitted foreign investment projects.

Laws and Regulations on Overseas Investment

Pursuant to the Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and effective from August 1, 2009, upon obtaining approval for relevant investment, a Chinese mainland enterprise shall apply for foreign exchange registration for its overseas direct investments. As previously noted, the administrative approval for foreign exchange registration under overseas direct investment has been abolished by the Notice on Further Simplifying and Improving the Policies for Foreign Exchange Administration of Direct Investments (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015 and implemented on June 1, 2015. Banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Administrative Measures for Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, amended on September 6, 2014 and effective from October 6, 2014, the MOFCOM and its provincial counterparts are responsible for administering and supervising overseas investments. Overseas investments by enterprises involving sensitive countries or regions, or sensitive industries, shall be subject to approval administration. For other categories of overseas investments, enterprises shall file records with the competent commerce authorities.

Pursuant to the Administrative Measures for Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and effective from March 1, 2018, domestic investing enterprises conducting overseas investments shall comply with the approval or filing procedures required by competent authorities. Where the direct investing entity is a local enterprise in Chinese mainland and the Chinese investment amount is below USD300 million in a non-sensitive overseas investment project, the filing authority shall be the provincial-level department of the NDRC in the investing entity's place of registration. Where enterprises invest in overseas entities to conduct overseas reinvestment, they shall report relevant information to the competent commerce authorities after completing overseas statutory procedures.

Laws And Regulations Relating To Environmental Protection In China

Laws and Regulations on Environmental Impact Assessment

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014 and effective as of January 1, 2015, entities causing environmental pollution or other public hazards shall adopt effective measures to prevent and control pollution and hazards. Pollution prevention and control facilities shall be designed, constructed and put into operation simultaneously with the main body of the production or business operation facilities generating pollution. Pollution prevention and control facilities must comply with the requirements specified in the approved documents regarding environmental impact assessment and shall not be dismantled or left idle without authorization.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, and latest amended on December 29, 2018, and the Provisions on Classified Examination and Approval of Environmental Impact Assessment Documents for Construction Projects (2009 Revision) (《建設項目環境影響評價文件分級審批規定(2009修訂)》) enacted by the Ministry of Environmental Protection of the PRC on January 16, 2009 and effective on March 1, 2009, the environmental impact assessments for

construction projects shall be categorized according to the degree of environmental impact. For projects with significant environmental impacts, the environmental impact report shall include a comprehensive assessment of potential environmental impacts. For projects with minor environmental impacts, the environmental impact form shall contain a general analysis or evaluation of environmental impacts. For projects with minor environmental impacts, an environmental impact registration form may substitute for an environmental impact assessment.

Pursuant to the Regulations on the Environmental Protection Management of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on December 29, 1998, revised on July 16, 2017 and effective on October 1, 2017, for projects requiring the preparation of an environmental impact report or environmental impact form, the project developer shall submit the environmental impact report or environmental impact form to the competent authorities for approval prior to project commencement. Construction shall not be commenced without approved environmental impact report or environmental impact form.

Furthermore, under the Regulations on the Environmental Protection Management of Construction Projects, supporting environmental protection facilities for construction projects may be put into production or use only after passing acceptance inspection. Facilities that have not undergone inspection or have failed acceptance inspection are prohibited from being put into production or use.

Laws and Regulations on Pollution Prevention and Control

According to the Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), which was promulgated by the SCNPC on May 11, 1984, and last amended on June 27, 2017, enterprises that discharge industrial wastewater or medical sewage directly or indirectly into water bodies shall obtain a pollutant discharge permit.

According to the Law on Air Pollution Prevention and Control of the PRC (《中華人民共和國大氣污染防治法》), which was promulgated by the SCNPC on September 5, 1987, and last revised on October 26, 2018 with effect from the same day, the ecological environmental protection authorities of local people's governments at or above the county level shall implement unified supervision and management of air pollution prevention and control. Enterprises that discharge industrial waste gas shall obtain a pollutant discharge permit and shall monitor the air pollutants emitted in accordance with relevant provisions and monitoring norms of the State, and preserve the original monitory records.

On December 24, 2021, the SCNPC promulgated the Law on the Prevention and Control of Noise Pollution of the PRC (《中華人民共和國噪聲污染防治法》), which came into effect on June 5, 2022. Pursuant to the Law on the Prevention and Control of Noise Pollution of the PRC, enterprises, public institutions and other producers and business operators that emit industrial noise shall take effective measures to reduce vibration and noise and obtain a pollutant discharge permit or fill in a pollutant discharge registration form. Entities subject to pollutant discharge permit management shall not emit industrial noise without a pollutant discharge permit and shall prevent and control noise pollution according to the requirements of the pollutant discharge permit.

According to the Law on Prevention and Control of Environment Pollution Caused by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, amended on April 29, 2020 and implemented on September 1, 2020, the prevention and control of environmental pollution by solid wastes shall be in adherence to the principle of liability for pollution.

Laws and Regulations on Pollutant Discharge Permits

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) issued by the State Council on January 24, 2021 and implemented on March 1, 2021, enterprises, public institutions and other producers and business operators that are subject to pollutant discharge permit management in accordance with laws. The pollutant discharge permit serves as the primary basis for ecological and environmental supervision over discharge entities.

Laws and Regulations Relating to Intellectual Property Rights***Regulations on Computer Software Copyright***

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, latest amended on November 11, 2020 and effective from June 1, 2021, copyright includes personal rights such as the right of publication and the right of authorship as well as property rights such as the right of reproduction and the right of distribution. Works include computer software, artistic works, engineering design drawings, product design drawings, other graphic works, model works, and more.

Pursuant to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, latest amended on January 30, 2013 and effective from March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and latest amended on June 18, 2004, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Regulations on Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, latest amended on April 23, 2019 and effective from November 1, 2019 and the Implementation Regulations for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was issued by the State Council on August 3, 2002, amended on April 29, 2014 and came into effect on May 1, 2014, the Trademark Office under the SAMR (the “Trademark Office”) takes charge of trademark registration. The trademark registrant enjoys exclusive rights to its registered trademark, which is protected by law. The validity period of a registered trademark is ten years, calculated from the date of approval, and is renewable upon expiration.

Regulations on Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020 and came into effect from June 1, 2021 and the Implementation Rules for the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was latest amended by the State Council on December 11, 2023 and came into effect from January 20, 2024, invention patent shall be valid for 20 years, utility model patent shall be valid for 10 years and design patent shall be valid for 15 years, all from the date of application.

Regulations on Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and came into effect from November 1, 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of “first apply, first register”. A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

Laws and Regulations Relating to Construction And Leasing***Construction Work Planning Permit***

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007, last amended and effective on April 23, 2019, in order to construct buildings, structures, roads, pipelines and other engineering projects in an area covered by city or town planning, the relevant construction entity or individual shall apply for a construction work planning permit from a competent urban and rural planning administrative department of the people’s government at the municipal or county level or to the people’s government of town as recognized by the people’s government of a province.

Construction Permit

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997, last amended and effective on April 23, 2019, a construction entity shall, prior to the commencement of a construction project, apply for a construction permit from a competent construction administrative department of the people’s government at or above the county level of the place where the project is located pursuant to relevant regulations.

Fire Control

Pursuant to the Fire Control Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and latest amended on April 29, 2021, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the construction entity shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated, the construction entity shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated on April 1, 2020 and amended on August 21, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Completion Inspection and Acceptance

According to the Regulations on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000, and last amended on April 23, 2019, construction entities shall, within 15 days from the date of passing the completion inspection and acceptance, submit the construction project completion inspection and acceptance report to the competent construction administration department or other relevant authorities for record-filing.

Laws and Regulations Relating to Leasing

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. Pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

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 from February 1, 2011. According to such measures, the party concerned is required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the construction (real estate) administrative authority of the people's government of the municipality directly under the Central Government, city or county at the place where the leased property is located. A party in violation of the regulations may be ordered to rectify within a stipulated period, and if the party fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Laws and Regulations Relating to Securities Issuance and Overseas Listing***Laws and Regulations on Securities Issuance***

The Securities Law of the PRC (《中華人民共和國證券法》) (the "Securities Law"), which was promulgated by the SCNPC on December 29, 1998, latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Regulations on 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 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》) (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”). 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 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”), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material involving state secrets and working secrets of state agencies to relevant securities companies, securities service agencies, 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 on Foreign Exchange

The Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the “Foreign Exchange Administration Regulations”) promulgated by the State Council on January 29, 1996 and latest amended on August 5, 2008 is the principal regulation governing foreign currency exchange in China. Under the Foreign Exchange Administration Regulations, RMB is freely convertible for payments of current account items without approval from the SAFE. However, RMB is not freely convertible for capital account items such as overseas direct investment, capital transfer, securities investment, derivative products and loans, unless prior approval from the SAFE is obtained.

Pursuant to the Notice of the SAFE on Reforming the Administration of Foreign Exchange Settlement of Capital Fund of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資金結匯管理方式的通知》) (the “SAFE Circular 19”) which was promulgated by the SAFE and latest amended on March 23, 2023, and the Notice of the SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of 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》) (the “SAFE Circular 16”) which was promulgated by the SAFE and latest amended on December 4, 2023, the flow and use of the RMB capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for business beyond its business scope or to provide loans to non-affiliated parties unless otherwise permitted under its business scope.

On October 23, 2019, the SAFE promulgated the Notice of the SAFE on Further Facilitating Cross-Board 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》) (the “SAFE Circular 28”), which was partially amended on December 4, 2023. The notice lifted the restrictions on domestic equity investment with capital funds by foreign-invested enterprises not engaged in investment businesses, allowing them to legally conduct equity investment on the premise of conforming to the Negative List, ensuring the target investment

projects being authentic and complying with the laws of the PRC. According to the Notice of the SAFE on Optimizing Administration of Foreign Exchange 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》) (the “SAFE Circular 8”) issued by the SAFE on April 10, 2020 and became effective on June 1, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilized capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The bank concerned shall conduct spot checks afterwards in accordance with the relevant requirements.

Laws and Regulations Relating to Anti-Monopoly And Anti-Unfair COMPETITION

Anti-Monopoly Law

The currently effective Anti-Monopoly Law of PRC (《中華人民共和國反壟斷法》) (the “Anti-Monopoly Law”) was promulgated by the SCNPC on August 30, 2007, latest amended on June 24, 2022 and came into force on August 1, 2022.

On March 10, 2023, the SAMR promulgated the Provisions on Prohibition of Monopoly Agreements (《禁止壟斷協議規定》), the Provisions on Prohibiting Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), and the Provisions on the Examination of Concentrations of Undertakings (《經營者集中審查規定》).

Anti-unfair Competition Law

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “Anti-Unfair Competition Law”) which was promulgated by the SCNPC on September 2, 1993, last revised on June 27, 2025 and will come into effect on October 15, 2025, operators shall comply with the principle of voluntariness, equality, fairness, integrity and abide by laws and business ethics in production and business operations. Under the Anti-Unfair Competition Law, unfair competition refers to an operator who disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the Anti-Unfair Competition Law in their production and business operations. Operators who violate the Anti-Unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

Laws and Regulations Relating to Tax

Enterprise Income Tax

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”) which was promulgated by the SCNPC on March 16, 2007, latest amended on December 29, 2018 and took effect on the same date and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the “Implementation Regulations for the EIT Law”) which was promulgated by the State Council on December 6, 2007, latest amended on December 6, 2024 and implemented 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 MOF and the SAT on April 14, 2008, amended on January 29, 2016 and came into effect on January 1, 2016, high-tech enterprises referred to in these Measures may declare and claim tax incentives pursuant to the EIT Law and its implementation regulations, the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》), the Implementation Rules for the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》), etc., and the qualifications of an accredited high-tech enterprise shall be valid for three years from the date of issuance of the certificate.

Value-added Tax

In accordance with the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993 and latest amended on November 19, 2017, and the Implementation Rules for the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF and the SAT on December 25, 1993 and latest amended on October 28, 2011, entities or individuals engaging in sale of goods, provision of processing services, provision of repair and replacement services, sale of services, transfer of intangible assets, transfer of immovable property, importation of goods in China shall pay value-added tax. The applicable VAT rates are generally 17% on sales of goods, 6% on provision of services and 3% for small-scale taxpayers.

On April 4, 2018, the MOF and the SAT jointly issued the Notice of the MOF and the SAT on the Adjustment of VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), pursuant to which, the taxable sales or imported goods previously subject to VAT rates of 17% and 11% respectively are adjusted to 16% and 10%, respectively. Pursuant to the Announcement of the MOF, the SAT and the General Administration of Customs on Relevant Policies for Deepening VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) which became effective on April 1, 2019, the taxable sales or imported goods previously subject to VAT rates of 16% and 10% are further adjusted to 13% and 9%, respectively.

Dividends Distribution

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) which was most recently amended by the SCNPC on August 31, 2018 and came into effect on January 1, 2019, and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) which was most recently amended by the State Council on December 18, 2018 and came into effect on January 1, 2019, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

The EIT Law and the Implementation Regulation for the EIT Law provides that since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors' jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC companies.

The Company Law, Overseas Listing Trial Measures and Guidelines on the Bylaws

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (2023 Amendment) (《中華人民共和國公司法(2023修正)》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest amendment of which was implemented on July 1, 2024.
- 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》) (the “Overseas Listing Trial Measures”) and five relevant guidelines which were promulgated by the CSRC on February 17, 2023 pursuant to Securities Law of the PRC, came into effect on March 31, 2023, and were applicable to the direct and indirect overseas share offering and listing of domestic companies; and
- The Guidelines on the Bylaws of Listed Companies (《上市公司章程指引》) (the “Guidelines on the Bylaws”) which were latest amended and came into effect on March 28, 2025 by the CSRC. The related Guidelines on the Bylaws are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled “Appendix V — Summary of the Articles of Association” in this document.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its debts for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is provided by law that the joint stock limited company shall not be a contributor that undertakes joint and several liabilities for the debts of the invested companies, such provisions shall apply accordingly.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the full payment of the shares to be issued at the time of the establishment of the company, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of subscribers holding a majority of the voting rights. At the inaugural meeting, matters including the adoption of articles of association and

the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must authorize a representative to apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

If a promoter does not contribute in accordance with the shares subscribed for by it or if the actual value of the non-monetary property contributed as capital is significantly less than the shares subscribed for, the other promoters shall be jointly and severally liable with it to the extent of the shortfall in the capital contribution.

Share Capital

The promoters of a company can make capital contributions in cash or in non-monetary assets which can be valued in currency and transferable according to law, such as physical items, intellectual property rights, land use rights, equity interests, creditor's rights and so on, except for properties that are prohibited from being used as capital contributions under the provisions of laws and administrative regulations.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

The shares issued by a company shall be registered shares.

The Overseas Listing Trial Measures provide that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Shares issued by a company prior to the public offering of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall declare to the company their holdings of the

company's shares and the status of changes therein, and shall not transfer over 25% of the shares held by each of them in the company each year during the term of office determined at the time of assumption of office or transfer any share of the company held by each of them within one year after the listing date.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' general meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with valuated non-monetary property that may be valued in monetary term and may be transferred in accordance with the law, such as physical items, intellectual property rights, land-use rights, equity interests, creditor's rights and so on, except for properties that are prohibited from being used as capital contributions under the provisions of laws and administrative regulations. Pursuant to the Overseas Listing Trial Measures, domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, the shares issued by a company shall be registered shares. A joint stock company shall maintain a register of shareholders to be kept at the company, stating the following matters:

- the name and domicile of each shareholder;
- the type of shares subscribed by each shareholder and the number of shares;
- the serial numbers of the share certificate, if issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. In the case of the issue of shares without par value, more than half of the proceeds of issue of the new shares is to be included in the registered capital.

When a company offers shares to the public, it shall be registered by the securities regulatory authority under the State Council and announce a prospectus. When the shares issued by the company are fully paid up, a public announcement shall be made accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who request and are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by the company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' general meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If a listed company purchases its shares under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' general meeting exercises the following principal functions:

- to elect and change directors and supervisors, and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's profit distribution plan and loss recovery plan;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and change of company form;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total share capital;

- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors proposes; or
- other circumstances as provided for in the articles of association.

Under the Company Law, shareholders' general meetings shall be convened 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 does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Guidelines on the Bylaws, after the notice of the general meeting of shareholders is issued, the general meeting of shareholders shall not be postponed or canceled without justifiable reasons, and the proposals listed in the notice of general meeting of shareholders shall not be canceled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reasons at least two working days before the original meeting date.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting. Pursuant to the Guidelines on the Bylaws, the board of directors and the Secretary of the board of directors will cooperate with the general meeting of shareholders convened by the board of supervisors or shareholders. The board of directors will provide the register of shareholders on the date of equity registration. Moreover, when a general meeting of shareholders is held, all directors, supervisors and the secretary of the board of directors of the company shall attend the meeting, and managers and other senior management personnel shall attend the meeting as nonvoting delegates.

Pursuant to the Company Law, shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, except the shareholders of classified shares, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidelines on the Bylaws, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) equity incentive plan; (iv) the company purchases or sells major assets within one year or any guaranty provided to others by the company within one year exceeds 30% of the company's total audited assets in the latest period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters stipulated by laws, administrative regulations or the articles of association, as well as other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the Company Law, a joint stock limited company is required to establish a board of directors. A joint stock limited company that is of small size or has a small number of shareholders may not have a board of directors and may have one director who exercises the powers and functions of the board of directors as provided for in the Company Law. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;

- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to decide on the setup of the company's internal management organization;
- 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 manager and financial officer of the company and to decide on their remunerations;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempted from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of corruption, bribery, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less

than five years have elapsed since the date of completion of the sentence; If he/she has been pronounced on a suspended sentence, the period of two years has not elapsed since the expiration of the suspension of sentence;

- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of revocation of business license and the order for closure; or
- a person who is 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.

Other circumstances under which a person is disqualified from acting as a director are set out in the Guidelines on the Bylaws.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors.

The manager shall exercise his/her powers in accordance with provisions of the articles of association or as authorized by the board of directors. The manager attends board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association. Directors, supervisors and senior management have fiduciary and diligent duties to the company and should take measures to avoid any conflict between their own interests and the interests of the company and not make use of their powers to obtain improper benefits. Directors, supervisors and senior management have a duty of diligence to the company and should exercise reasonable care in performing their duties in the best interests of the company, as would normally be expected of a manager.

Directors, supervisors and senior management are prohibited from:

- misappropriating company property or funds;
- depositing the company's capital into accounts under his/her own name or the name of other individuals;
- giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

- taking commissions from the transactions between the company and any other person into his/her own pocket;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their fiduciary duty to the company.

Directors, supervisors and senior management, who directly or indirectly enter into contracts or conduct transactions with the company, shall report to the board of directors or the shareholders' general meeting on matters relating to the entering into of such contracts or the conduct of such transactions, which shall be approved by a resolution of the board of directors or the shareholders' general meeting in accordance with the provisions of the articles of association of the company.

Directors, supervisors and senior management shall not use the convenience of their positions to seek business opportunities belonging to the company for themselves or others, except in the following circumstances: i) after reporting to the board of directors or the shareholders' general meeting and a resolution by the board of directors or the shareholders' general meeting in accordance with the articles of association of the company has been passed; or ii) the company is unable to take advantage of the business opportunity in accordance with the provisions of the laws, administrative regulations or the articles of association of the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, a joint stock limited company shall prepare and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company which has issued shares to the public must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. Where the reserve fund 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. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting, board of directors or board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, 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 evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidelines on the Bylaws provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following:

(i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association occurred; (ii) the shareholders' general meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or

division; (iv) the business license is revoked, or the company is ordered to close down or be dissolved; or (v) 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 its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders. If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

In the event of (i) or (ii) above, a company may carry on its existence by amending its articles of association or by a resolution of the shareholders' general meeting if it has not distributed its assets to its shareholders yet. The amendment of the articles of association or resolution of a shareholders' general meeting in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established. The directors shall be the liquidation obligors of the company and form a liquidation group to carry out liquidation within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors except where the articles of association provide otherwise or the shareholders resolve to elect another person. If a liquidation group is not established within the stipulated period or fails to carry out the liquidation after its formation, any interested party may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to liquidate the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to distribute the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance with the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to apply for deregistration.

The members of the liquidation group are obliged to perform their liquidation duties with fidelity and diligence. The members of the liquidation group shall be liable for damages caused to the company if they are negligent in performing their liquidation duties. A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

If a share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 Revision) (《中華人民共和國證券法(2019修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

Securities Law and Regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the 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 the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers 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 two departments and reformed the CSRC.

The Interim Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deal with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles 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. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares 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.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (2017 Amendment) (《中華人民共和國仲裁法(2017修正)》) (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 (《最高人民法院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 was amended by the 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 (2021) (《最高人民法院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(2021)》). In accordance with this 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

According to the Arrangement of the Supreme People’s Court between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《最高人民法院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》) (the “Arrangement”) promulgated by the Supreme People’s Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of PRC and the court of the Hong Kong Special Administrative Region in a civil and commercial case with

written jurisdiction agreement, any party concerned may apply to the People's Court of Chinese mainland or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this Arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of Chinese mainland or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of Chinese mainland or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in Chinese mainland or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the PRC Supreme People's Court and the Hong Kong government signed 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》) (the "New 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 Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement came into effect on January 29, 2024.

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

SHARE ISSUES

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of separate resolutions at the general meeting:

- (i) issuing shares to unspecified parties;
- (ii) issuing shares to specific targets;
- (iii) distribution of bonus shares to existing shareholders;
- (iv) converting the reserve funds into share capital;
- (v) other means approved by the laws, administrative regulations, securities regulatory authorities of the place where the shares of the Company are listed and stock exchanges.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in the Company Law of the People's Republic of China ("Company Law") and other relevant regulations as well as the Articles of Association.

REPURCHASE OF SHARES

The Company shall not acquire its own shares, except in any of the following circumstances:

- (i) to reduce the registered capital of the Company;
- (ii) to merger with other companies holding shares in the Company;
- (iii) to use shares for employee shareholding schemes or as equity incentives;
- (iv) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings regarding the merger or division of the Company;
- (v) to use the shares to satisfy the conversion of the convertible corporate bonds into shares issued by the Company;
- (vi) to safeguard corporate value and shareholders' interests as the Company deems necessary.

Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) or (vi) as set out above, such acquisition shall be conducted through public centralized trading.

Where the Company acquires its shares under the circumstances prescribed in items (i) and (ii) as set out above, such acquisition shall be resolved at a general meeting. Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) and (vi) as set out above, such acquisition shall be resolved at a Board meeting attended by at least 2/3 of the directors in accordance with the applicable securities regulatory rules of the place where the shares of the Company are listed.

Where the Company acquires its shares under the circumstances prescribed in item (i) as set out above, such shares shall be canceled within ten days from the date of acquisition. Where the shares are acquired under the circumstances prescribed in items (ii) and (iv) as set out above, such shares shall be transferred or canceled within six months. Where the shares are acquired under the circumstances prescribed in items (iii), (v) and (vi) as set out above, the total number of the shares held by the Company shall not exceed 10% of the total issued shares, and such shares shall be transferred or canceled within three years. If there are other provisions in the laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed on matters relating to the share repurchases, such provisions shall prevail.

TRANSFER OF SHARES

Shares of the Company shall be transferred in accordance with the laws.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. In the event that the securities regulatory rules of the place where the shares of the Company are listed provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

When shareholders holding more than 5% of the shares, Directors and senior management officers of the Company sell their shares or other equity securities within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the resulting gains are owned by the Company and the Board of Directors of the Company shall recover its resulting gains. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares acquired under underwriting, and other circumstances stipulated by the CSRC are excluded. If there are other securities regulatory rules of the place where the shares of the Company are listed, those regulations shall prevail.

The shares or other equity securities held by the Directors, senior management officers and natural person shareholders referred to in the preceding paragraph shall include the shares or other equity securities held by their spouse, parents, children, and those held through the accounts of others.

Shareholders may require the Board of Directors of the Company to comply with the above requirement within 30 days if the Board of Directors fails to do so. In the event that the Board of Directors of the Company fails to rectify the situation within the said timeline, shareholders may file a legal action to the people's court in their own name for safeguarding the interests of the Company. If the Board of Directors of the Company fails to comply with the above requirement, relevant responsible Directors shall bear joint liability pursuant to the laws.

SHAREHOLDERS AND GENERAL MEETINGS**Shareholders**

The Company shall set up a register of shareholders based on the certificates provided by the securities registration agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The original register of shareholders of H shares listed in Hong Kong shall be kept in Hong Kong and made available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with the applicable laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed. Any person who is a shareholder registered on the register of shareholders of H shares or who requests his/her/its name be entered in the register of shareholders of H shares may, if his/her/its share certificate relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares. Application by a holder of overseas listed shares, who has lost his/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of overseas listed shares is maintained, the rules of the stock exchange or other relevant regulations.

Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other distributions in proportion to the number of shares held;
- (ii) to request, convene, hold, preside over, participate or send proxy to attend general meetings and exercise corresponding rights to vote in accordance with the law;
- (iii) to monitor, make suggestions on or question the Company's operation;
- (iv) to transfer, donate or pledge shares in his/her/its possession in accordance with the law, administrative regulations, and provisions of the Articles of Association;
- (v) to inspect and duplicate the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the meetings of the Board of Directors, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and certificates;
- (vi) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (vii) the shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their shares;
- (viii) other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders demanding inspection or duplication of the relevant information or copies of the materials mentioned in the preceding provision shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the

shareholder's identity, the Company shall provide such information at the shareholder's request in accordance with the Company Law, the Securities Law of the People's Republic of China ("Securities Law"), and other relevant laws, administrative regulations, and the Articles of Association.

If a resolution passed at the Company's general meeting or the Board meeting violates laws or administrative regulations, shareholders have the right to institute proceedings before a people's court to render the resolution invalid. If the procedures for convening, or the method of voting at, a general meeting or a Board meeting violate laws, administrative regulations or the Articles of Association, or a resolution violates the Articles of Association, shareholders are entitled to institute proceedings before a people's court to rescind such resolution within 60 days of the adoption of such resolution, unless the procedures for convening, or the method of voting at, a general meeting or a Board meeting only contains a minor defect without a substantial impact on the resolution.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management (other than members of the Audit Committee) when performing their duties in our Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the people's court. Where the Audit Committee violates laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the Shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of our Company.

In the event of a director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may file an action with the court.

In the event of a director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The obligations of Shareholders are as follows:

- (i) To abide by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association;
- (ii) To provide Share capital according to the Shares subscribed for and Share participation methods;
- (iii) Not to return Shares unless prescribed otherwise in laws and administrative regulations;
- (iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;
- (v) To perform other duties prescribed in laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Any Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

Controlling shareholders and actual controllers of the Company shall comply with the following provisions:

- (i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (ii) to strictly implement the public statements and undertakings made and shall not change or waive them;
- (iii) to fulfill information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (iv) not to appropriate the Company's funds in any way;
- (v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (vi) not to make use of the Company's undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, foreign investment or any other means;
- (viii) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (ix) a controlling shareholder and actual controller of the company shall not directly or through investment holding, equity participation, joint venture, consortium or other forms, operate any business that is the same, similar or competitive with the company's principal business by his/her own or for the account of others; a senior management personnel shall not serve as a senior officer of companies or corporations that operate in the same, similar, or competitive business as the company's principal business;
- (x) other provisions of laws, administrative regulations, the CSRC, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Where a controlling shareholder or actual controller of the Company instructs a director or senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or senior management.

GENERAL RULES OF THE GENERAL MEETING

The General Meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with the law:

- (i) to elect and replace directors who are not employee representatives, and to decide on matters relating to the remuneration of directors;
- (ii) to consider and approve the reports of the Board;
- (iii) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (iv) to resolve on the increase or reduction of the registered capital of the Company;
- (v) to resolve on the issue of securities or bonds of the Company;
- (vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) to resolve on the appointment and dismissal of the accounting firm that undertakes the auditing activities of the Company;
- (ix) to consider and approve the guarantee matters stipulated in Article 38 of the Articles of Association;
- (x) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (xi) to consider and approve the change in use of proceeds;
- (xii) to consider share incentive schemes and employee share ownership schemes;
- (xiii) to consider any related party transactions between the Company and related parties, whose amount is more than RMB30 million and accounts for more than 5% of the absolute value of the latest audited net assets of the Company;
- (xiv) to consider and approve the following material purchase or sales of assets (excluding the purchase of raw materials, fuels and power related to daily operations, or the sale of products, commodities and other assets related to daily operations), external investment (including entrusted financial management, investment in subsidiaries, etc., other than the purchase of wealth management products from banks or the establishment or capital increase of wholly-owned subsidiaries), leasing in or leasing out of assets, signing of management contracts (including entrusted or trusted operation, etc.), giving or receiving assets as gift (excluding gift of cash assets), restructuring of claims or debts, transfer of research and development projects, signing of license agreements, waiver of rights (including waiver of preemption rights, priority subscription rights, etc.) and other transactions:
 - 1. the total assets involved in the transaction account for 50% or more of the latest audited total assets of the Company, and if the total assets involved in the transaction have both book value and appraised value, the higher of which shall be used for calculation;

2. the operating revenue related to the subject matter of the transaction (such as equity interests) for the most recent financial year accounts for 50% or more of the Company's audited operating revenue for the same period, with the absolute amount exceeding RMB50 million;
 3. the net profit in connection with the subject matter of transaction (such as equity interests) for the most recent financial year accounts for 50% or more of the Company's audited net profit for the same period, with the absolute amount exceeding RMB5 million;
 4. the transaction amount of the transaction (including the debt and expenses) accounts for 50% or more of the Company's latest audited net assets, with the absolute amount exceeding RMB50 million;
 5. the profit derived from the transaction accounts for 50% or more of the Company's audited net profit for the most recent financial year, with the absolute amount exceeding RMB5 million.
- (xv) to consider other matters required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association to be decided by the General Meeting.

The General Meeting may authorize the Board of Directors to make a resolution on the issuance of bonds of the Company. Unless otherwise stipulated in the laws, administrative regulations, and securities regulatory rules of the place where the shares of the Company are listed, the aforesaid functions and powers of the General Meeting shall not be exercised by the Board of Directors or other bodies and individuals through any form of authorization.

The following acts of the Company's external guarantees shall be considered and approved by the General Meeting:

- (i) any single guarantee with an amount exceeding 10% of the Company's latest audited net assets;
- (ii) any guarantee provided after the total amount of guarantee provided by the Company and its controlling subsidiary has exceeded 50% of the Company's latest audited net assets;
- (iii) any guarantee to be provided to guarantee recipients whose asset-to-liability ratio is over 70%;
- (iv) guarantee where the amount of guarantee provided in 12 consecutive months exceeds 50% of the Company's latest audited net assets, with the absolute amount exceeding RMB50 million;
- (v) any guarantee provided after the total amount of guarantee provided by the Company and its controlling subsidiary has exceeded 30% of the Company's latest audited total assets;
- (vi) guarantee where the amount of guarantee provided in 12 consecutive months exceeds 30% of the Company's latest audited total assets;
- (vii) any guarantee provided to shareholders, de facto controllers, and their related parties;

- (viii) other guarantees that meet the requirements of laws, regulations, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The General Meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

- (i) when the number of directors falls short of the statutory number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (ii) when the unrecovered losses of the Company amount to one-third of the total share capital;
- (iii) when shareholders individually or together holding 10% or more of the shares of the Company request to hold such a meeting;
- (iv) when the Board of Directors deems it necessary;
- (v) when the Audit Committee proposes to hold such a meeting;
- (vi) other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

In the event that an extraordinary general meeting is convened at the request of the securities regulatory rules of the place where the shares of the Company are listed, the effective date of the extraordinary general meeting may be adjusted in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

CONVENING OF GENERAL MEETINGS

The Board of Directors shall convene the general meeting on time within the specified period as stipulated in the Articles of Association. Subject to the consent of more than half of all the independent directors, the independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement.

The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued

within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval of the Audit Committee. Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders who individually or jointly hold more than 10% of the Company's shares are entitled to request the Board of Directors to convene an extraordinary general meeting and such requisition shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the requisition.

Where the Board of Directors agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose the Audit Committee to convene the extraordinary general meeting and such requisition shall be made in writing to the Audit Committee.

Where the Audit Committee agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Audit Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the general meeting by themselves.

If the general meeting is convened by the Audit Committee or shareholders on their own, it shall notify the Board of Directors in writing and file a record with the Shenzhen Stock Exchange at the same time. Before the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%. The Audit Committee or the shareholders who convene the meeting shall submit the relevant evidentiary materials to the Shenzhen Stock Exchange when issuing the notice of the general meeting and the announcement of the resolution of the general meeting.

Where the Audit Committee or the shareholders convene a general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

PROPOSALS AND NOTICES OF GENERAL MEETING

When the Company convenes a general meeting, the Board of Directors, the Audit Committee and shareholders who individually or jointly hold more than 1% of the Company's shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the general meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed or the Articles

of Association, or are not within the terms of reference of the general meeting. If the general meeting needs to be postponed due to the issuance of a supplementary notice of the shareholders' meeting according to the securities regulatory rules of the place where the shares of the Company are listed, the convening of the general meeting shall be postponed according to the securities regulatory rules of the place where the shares of the Company are listed.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

The convener shall notify all shareholders by announcement at least 21 days prior to the convention of an annual general meeting, or at least 15 days prior to the convention of an extraordinary general meeting. The Company shall not include the date of convention of meeting into the calculation of starting and ending time.

Notice of the general meeting shall contain:

- (i) the date, venue and duration of the meeting;
- (ii) matters and proposals submitted for consideration at the meeting;
- (iii) a clear statement that: each shareholder is entitled to attend the general meeting in person, or appoint one or more proxies who need not be shareholders of the Company, to attend and vote on his/its behalf;
- (iv) the date of record for the determination of shareholders who are entitled to attend the general meeting;
- (v) name and telephone number of permanent contact person;
- (vi) time and procedures for voting online or by other means.

HOLDING OF GENERAL MEETINGS

All shareholders whose names appear on the register of members on the record date or their proxies are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, unless individual shareholders are required to abstain voting from individual matter as stipulated by the securities regulatory rules of the place where the shares of the Company are listed.

Shareholders may attend a general meeting in person, or may appoint a proxy to attend and vote on his/her behalf.

An individual shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the power of attorney issued by the shareholder.

Shareholder who is a corporation shall attend and vote at a meeting by its legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative

status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the shareholder as a corporation, except for shareholder who is a recognized clearing house and its nominees.

If the shareholder is a recognized clearing house, it may authorize one or more persons it deems fit to act as its representative at any general meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence of the duly authorization is required), as if such person is an individual shareholder of the Company.

VOTING AND RESOLUTIONS AT GENERAL MEETINGS

Resolutions of the general meeting include ordinary resolutions and special resolutions. An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the general meeting. A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the Board;
- (ii) plans formulated by the Board for the distribution of profits and for making up losses;
- (iii) appointment and removal of the members of the Board, their remunerations and methods of payment;
- (iv) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a general meeting:

- (i) the increase or reduction of share capital of the Company;
- (ii) the split, spin-off, merger, dissolution and liquidation of the Company;
- (iii) amendments to the Articles of Association;
- (iv) the acquisition or disposal of major assets or guarantees within one year exceeds 30% of the Company's latest audited total assets;
- (v) equity incentive plan;
- (vi) any other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.

The shares held by the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting.

The Board of the Company, independent directors, shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations or requirements of the CSRC may publicly solicit shareholders' voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders' voting rights. It is forbidden to solicit shareholders' voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.

DIRECTORS AND THE BOARD OF DIRECTORS

General provisions in relation to directors

A director of the Company who is a natural person shall not act as the director of the Company under any of the following circumstances:

- (i) lacking or having limited capacity to engage in civil juristic acts;
- (ii) having been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market; or having ever been deprived of political rights due to any crime, with less than 5 years having elapsed since the completion date of the execution of the penalty, or having been granted probation, with less than 2 years having elapsed since the completion date of the probation period;
- (iii) acting as a director, factory director or general manager of a company or enterprise that has been bankrupt and liquidated, whereby the director is personally liable for the bankruptcy of such company or enterprise, with 3 years having not elapsed since the completion date of the bankruptcy and liquidation of the company or enterprise;
- (iv) acting as the legal representative of a company or enterprise, but the business license of this company or enterprise has been revoked and this company or enterprise has been ordered to close due to a violation of the law, whereby the director is personally liable for the revocation, with 3 years having not elapsed since the revocation date of the business license thereof;
- (v) classified as a dishonest person subject to enforcement due to significant outstanding debts that have become due but have not been paid;
- (vi) prohibited from entering the securities market by the CSRC with the penalty period not yet expired;

- (vii) recognized by stock exchanges as unsuitable for serving as a director or senior management officer of a company, with the disciplinary action period not yet expired;
- (viii) other circumstances as stipulated by the laws, administrative regulations, departmental regulation, and other securities regulatory rules of the places where the Company's shares are listed.

Directors shall comply with laws, administrative regulations, and the articles of association, and owe fiduciary duties to the Company. They shall take measures to avoid conflicts of interest between themselves and the Company, and shall not exploit their positions to seek improper benefits. Directors owe the following fiduciary duties to the Company:

- (i) They shall not misappropriate Company property or embezzle Company funds;
- (ii) They shall not deposit Company funds into accounts opened in their personal names or in the names of other individuals;
- (iii) They shall not solicit or accept bribes or other illegal benefits through their authority;
- (iv) They shall not directly or indirectly enter into contracts or transactions with the Company unless they have reported to the Board of Directors or the General meeting and obtained approval through a resolution of the General meeting or the Board of Directors in accordance with the articles of association;
- (v) They shall not exploit their positions to seize business opportunities that rightfully belong to the Company for their own benefit or the benefit of others, except that such opportunities are reported to the Board of Directors or General meeting and approved by a resolution of the General meeting; or the Company is legally, administratively, or under its articles of association unable to pursue such opportunities;
- (vi) They shall not engage in any business competing with the Company, either on their own behalf or for others, unless they have reported to the Board of Directors or General meeting and obtained approval through a resolution of the General meeting;
- (vii) They shall not retain commissions derived from transactions between third parties and the Company;
- (viii) They shall not disclose Company secrets without authorization;
- (ix) They shall not harm the Company's interests through their affiliated relationships;
- (x) They shall comply with other fiduciary duties stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the articles of association.

Any income obtained by Directors in violation of this provision shall be returned to the Company. Directors who cause losses to the Company through such violations shall be liable for compensation.

Any contract or transaction entered into between the Company and immediate family members of Directors, senior management personnel, enterprises directly or indirectly controlled by Directors, senior management personnel, or their immediate family members, and other connected persons affiliated with Directors or senior management personnel, shall be governed by Article 90, Paragraph 1(iv) of the articles of association.

The Directors shall abide by the provisions of laws, administrative regulations and the articles of association, and have a diligent obligation to the Company, and shall perform their duties in the best interests of the Company and with the reasonable care normally due by the management. The Directors have the following diligent obligations to the Company:

- (i) to exercise the rights granted by the Company in a prudent, serious and diligent manner to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that the business activities do not exceed the business scope specified in the business license;
- (ii) to ensure that they have sufficient time and energy to participate in the affairs of the Company, to read the Company's operations and financial reports and the news on the Company carefully, to timely understand and continue to pay attention to the Company's business operation and management and the significant matters that have occurred or may occur to the Company and their impacts, and to report the problems in the business activities to the Board in a timely manner, and not to shirk responsibility on the grounds of not directly engaging in operation and management, or not knowing it;
- (iii) to, in principle, attend the Board in person, to prudently judge the risks and benefits that may arise from the matters considered; those who are unable to attend the Board in person for reasons shall prudently select the trustees, the authorized matters and decision-making intention shall be specific and clear, and shall not be delegated with full authority;
- (iv) to promptly report to the Board and supervise the Company's performance of its information disclosure obligations when it learns that the Company's shareholders, de facto controllers and their associates have misappropriated the Company's assets, abused their control and other circumstances that harm the interests of the Company or other shareholders;
- (v) to treat all the shareholders equally and fairly;
- (vi) to sign written confirmation opinions on the securities offering documents and regular reports of the Company so as to ensure that the information disclosed by the Company is true, accurate and complete. Where the directors are unable to ensure the truthfulness, accuracy and completeness of the content of the securities offering documents and regular reports or holding dissenting views, their opinions and reasons shall be stated in the written confirmation and disclosed by the Company. Directors and senior management may directly apply for disclosure if the Company fails to disclose;
- (vii) to truthfully provide the Audit Committee with relevant information and materials, and shall not hinder the Audit Committee from exercising its functions and powers;
- (viii) to prudently judge the risks and benefits that may arise from the matters considered by the Board of the Company, and to express clear opinions on the matters discussed; if voting against or abstaining from voting at the Board of the Company, the reasons, basis, suggestions or measures for improvement for the voting intention, shall be clearly disclosed;
- (ix) to read the financial and accounting reports of the Company carefully, pay attention to whether there are any material errors or omissions in the preparation of the financial and accounting reports, whether major accounting data and financial indicators fluctuate

significantly and whether the explanations for the fluctuations are reasonable; if there are doubts about the financial and accounting reports, they shall take the initiative to investigate or request the board of directions to supplement the required materials or information;

- (x) to actively promote the Company's standardized operation, to urge the Company to fulfill its information disclosure obligations in accordance with laws and regulations, to timely correct and report violations of the Company, and to support the Company in fulfilling its social responsibilities;
- (xi) not to provide any form of convenience or assistance that is detrimental to the legitimate rights and interests of the Company or shareholders to any organization or individual and their acquisition actions that are intended to or are implementing a hostile takeover of the Company;
- (xii) to comply with other obligations of diligence stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Company has established a director resignation management system to clarify the safeguards for unfulfilled public commitments and other outstanding matters. When the resignation of a Director takes effect or the term of office expires, all transfer procedures shall be completed to the board of directors, and the fidelity obligations of the director to the Company and the Shareholders shall not be automatically discharged after the end of the term of office, but shall remain valid for one year after the resignation of the director takes effect or the term of office expires. Its obligation to keep the Company's trade secrets confidential shall survive the termination of its duties until such time as the secrets become public information. The Directors' responsibilities in the performance of their duties during their term of office shall not be relieved or terminated by reason of their departure from office.

BOARD OF DIRECTORS

The Board of Directors consists of seven Directors, three of whom are independent Directors.

The Board of Directors exercises the following powers:

- (i) To convene the general meeting and report on work to the general meeting;
- (ii) Implement the resolutions of the general meeting;
- (iii) Determine the business and investment plans of our Company;
- (iv) Devise the earnings distribution and loss offset plans of our Company;
- (v) Formulate the plans for increasing or decreasing our Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;
- (vi) Formulate plans for major acquisitions of the Company, the buy-back of shares of our Company, corporate merger, separation, dissolution and changing the form of our Company;
- (vii) Determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the general meeting;

- (viii) Decide on the setup of our Company's internal management organization;
- (ix) To decide on matters such as appointment or dismissal of the Company's president and the secretary of the Board and on their compensation and incentives/disincentives; to decide on matters such as appointment or dismissal of the Company's vice president, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the president;
- (x) Set the basic management systems of our Company;
- (xi) Make the modification plan to the Articles of Association;
- (xii) Manage the disclosure of company information;
- (xiii) Request to the general meeting of shareholders to hire or replace the accounting firm auditing for the company;
- (xiv) Attend to the work report of our Company's president and review the work of the president;
- (xv) Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If any Director has connection with the enterprise or individual involved in the resolution made at a Board meeting, the said Director shall report to the Board of Directors in writing in a timely manner and shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the general meeting for consideration. If there are any additional restrictions on Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

INDEPENDENT DIRECTORS

The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent directors on a regular or ad hoc basis. Matters listed in items (1) to (3) of the paragraph 1 of Article 122 and Article 123 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors may study and discuss other matters of our Company as needed.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings.

The Company shall facilitate and support the convening of special meetings of independent directors.

SPECIAL COMMITTEES OF THE BOARD

The Board of the Company has established an Audit Committee. The Audit Committee consists of three members, who are directors not holding senior management positions in the Company. Among them, there are two independent directors, and shall be convened by a professional possessing accounting or financial management expertise as required by the securities regulatory rules of the place where the shares of the Company are listed among the independent directors.

The Board of the Company has established other special committees such as the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, etc., which perform their duties in accordance with the Articles and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for review and decision-making. The working procedures of the special committees shall be formulated by the Board.

SENIOR MANAGEMENT MEMBERS

The Company has one president, who is appointed or dismissed by the Board. The Company has one executive vice president and certain vice presidents, who are appointed or dismissed by the Board based on the nomination by the president. The president, executive vice president, vice president, chief financial officer and secretary of the Board are the senior management members of the Company.

The president is responsible to the Board and exercises the following authorities:

- (i) preside over the production, operation and management work of the Company, organize the implementation of the resolutions of the Board, and report the work to the Board;
- (ii) organize the implementation of the Company's annual business plan and investment plan;
- (iii) draft the Company's internal management organization setup plan;
- (iv) draft the Company's basic management system;
- (v) formulate the specific rules and regulations of the Company;
- (vi) propose to the Board the appointment or dismissal of the Company's executive vice president, vice president and chief financial officer;
- (vii) decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board;
- (viii) to draft the salaries, benefits, rewards and penalty for the staff of the Company, and to decide on the appointment or dismissal of employees of the Company;
- (ix) to propose to convene the meeting of the Board;
- (x) other duties and powers as conferred by the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association or the Board.

The president shall attend the meetings of the Board.

The Company has a secretary of the Board, who is responsible for the preparation of the meetings of the general meeting and the Board of the Company, the custody of documents, the management of the Company's shareholder information, and handling matters related to information disclosure, etc.

The secretary of the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules and regulations and the Articles.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall submit an annual financial report to the competent authorities of CSRC and the stock exchange within 4 months after the end of each fiscal year, submit and disclose its interim report to the competent authorities of CSRC and the stock exchange within 2 months after the end of the first half of each accounting year.

The above-mentioned annual report and interim report are prepared in accordance with relevant laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital.

When the Company's statutory reserve is not sufficient to make up for the Company's losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

If the general meeting resolves to distribute any profits to the shareholders in violation of the Company Law, the shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the shareholders, as well as any directors, and senior officers responsible for the violation, shall be liable for compensation.

The Company shall not distribute any profits in respect of the shares held by it.

The Company is required to appoint one or more receiving agent(s) in Hong Kong for shareholders of H shares. The receiving agent(s) shall receive and hold on behalf of such shareholders of H shares any dividends allocated to H shares and other amounts payable by the Company, and transmit such payments to such shareholders of H shares. The receiving agent(s) appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The provident fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being capitalized.

When using the Company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory provident fund, the remaining statutory provident fund shall not be less than twenty-five percent (25%) of the Company's registered capital immediately prior to such capital increase through provident fund transfer

After the shareholders make a decision for distribution of profits in general meeting, or after the Board of Directors formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual general meeting of shareholders, the Board of Directors must finish distributing the dividends (or shares) within two months.

INTERNAL AUDIT

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

The internal audit institution of the Company shall conduct supervision and inspection on the Company's business activities, risk management, internal control, financial information and other matters.

APPOINTMENT OF ACCOUNTING FIRM

The Company shall appoint an accounting firm in compliance with the Securities Law and the securities regulatory rules of the place where the shares of the Company are listed to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and selection of the Company's accounting firm shall be decided by the general meeting. The Board of Directors shall not appoint the accounting firm until it is decided by the general meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to an accounting firm shall be decided by the general meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 15 days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**Merger, Division, Capital Increase and Capital Reduction**

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the designated information disclosure media within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

When the Company is divided, its assets shall be split accordingly. In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on division and shall make an announcement in the media designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the general meeting and make announcement thereof in the media designated by the Company or the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders' capital contribution or shareholding, unless otherwise stipulated by the laws or the Articles of Association.

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

- (i) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (ii) the general meeting resolves to dissolve the Company;
- (iii) dissolution is necessary due to merger or division of the Company;
- (iv) the Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;
- (v) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstances of items (i) and (ii) above and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the general meeting.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) above, it shall be liquidated. The Directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution. The liquidation committee shall comprise the Directors, unless the Articles of Association provide otherwise or it is resolved at a general meeting to elect another person(s).

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in the designated media and periodicals or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, 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 committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

In case the Company is declared to be insolvent according to the laws, liquidation shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

- (i) after the amendments are made to the Company Law or relevant laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed, the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations or securities regulatory rules of the place where the shares of the Company are listed;
- (ii) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;
- (iii) the general meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by the general meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of Our Company**

Our Company was established as a limited liability company in the PRC on November 19, 2009 and was converted into a joint stock company with limited liability on December 26, 2019 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB208,897,000 divided into 208,897,000 Shares with a nominal value of RMB1.00 each.

Our Company has established a place of business in Hong Kong at Unit B, 22/F, Mai Luen Industrial Building, 23-31 Kung Yip Street, Kwai Chung, New Territories, Hong Kong, and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on September 9, 2025. Ms. Ha Ching Ching (夏正靜) has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is Room 504, 5/F, Cheong Tai Commercial Building, 60-66 Wing Lok Street, Sheung Wan, Hong Kong.

2. Changes in Share Capital of Our Company

When our Company was converted into a joint stock liability company with limited liability under the PRC Company Law in December 2019, our initial registered capital was RMB120,000,000, divided into 120,000,000 Shares with a nominal value of RMB1.00 each.

In December 2023, we granted and issued 750,750 Shares to grantees pursuant to relevant Employee Incentive Schemes.

In September 2024, we repurchased 146,250 Shares. Upon the completion of such repurchase, the share capital of our Company is RMB209,092,000 comprising 209,092,000 Shares with a nominal value of RMB1.00 each.

In August 2025, we repurchased 195,000 Shares. Upon the completion of such repurchase, the share capital of our Company is RMB208,897,000 comprising 208,897,000 Shares with a nominal value of RMB1.00 each.

As of the Latest Practicable Date, the registered share capital of our Company was RMB208,897,000 comprising 208,897,000 A Shares with a nominal value of RMB1.00 each.

For further details on the historical change of share capital of our Company, see “History, Development and Corporate Structure” in this prospectus. Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

There has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders

Pursuant to a general meeting of our Company held on August 26, 2025, the following resolutions, among others, were passed by our Shareholders:

- (a) the issue by our Company of H Shares of a nominal value of RMB1.00 each and that such H Shares be listed on the Hong Kong Stock Exchange;

- (b) that the number of H Shares to be issued shall not be more than 15% of the total issued share capital of our Company as enlarged by the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes);
- (c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and
- (d) authorization of our Board to handle all relevant matters relating to, among other things, the issue and listing of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

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 prospectus that are or may be material:

- (a) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, Lens Technology (HK) Co., Limited (藍思科技(香港)有限公司) (“Lens Technology (HK)”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which Lens Technology (HK) agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$10,000,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (b) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, Changsha Yufeng Technology Co., Ltd. (長沙雨豐科技有限公司) (“Changsha Yufeng”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which Changsha Yufeng agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$6,990,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (c) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, China Galaxy International Investment Company Limited (“CGII”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which CGII agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$6,510,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares) and hold such Offer Shares on a non-discretionary basis to hedge a series of cross-border delta-one OTC equity swap transactions entered into by CGII, China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) and Vision Capital Management Co., Ltd. (遠信(珠海)私募基金管理有限公司);

- (d) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, Panjing Harbourview Investment Fund (盤京港景投資基金) (“Panjing Fund”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which Panjing Fund agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$5,000,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (e) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, FR M CONSULTING CO., LTD (“FR M CONSULTING”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which FR M CONSULTING agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$3,000,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (f) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, HongKong HQD Industry Limited (香港漢清達實業有限公司) (“HQD Industry”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which HQD Industry agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$2,500,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (g) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, Da Cheng International Asset Management Company Limited (大成國際資產管理有限公司) (“Da Cheng International”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which Da Cheng International agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$2,000,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (h) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, Sinohealth Technology Holdings Limited (中康科技控股有限公司) (“Sinohealth Technology”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which Sinohealth Technology agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$2,000,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (i) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, ODI TRUST LIMITED (“ODI TRUST”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which ODI TRUST agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$1,000,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (j) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, Huang Xuelin (黃雪林) (“Mr. Huang”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which Mr. Huang agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$5,000,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (k) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, Dai Jun’an (戴鈞安) (“Mr. Dai”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which Mr. Dai agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$2,500,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (l) the cornerstone investment agreement dated April 23, 2026 entered into among the Company, Lu Qinchao (陸勤超) (“Ms. Lu”), Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) and BNP Paribas Securities (Asia) Limited (法國巴黎證券(亞洲)有限公司), pursuant to which Ms. Lu agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of Hong Kong dollar equivalent of US\$2,000,000 (exclusive of the brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee in respect of such number of H Shares); and
- (m) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material to our business:

No.	Owner	Registration No.	Place of Registration	Trademark	Class	Expiry Date
1 . . .	the Company	306990887	Hong Kong		5, 10, 35	August 7, 2035
2 . . .	the Company	81608193	PRC	Cofoe AirLink	35	April 27, 2035
3 . . .	the Company	81405232	PRC		10	May 13, 2035
4 . . .	the Company	81168134	PRC		35	June 13, 2035
5 . . .	the Company	81164142	PRC		10	June 13, 2035
6 . . .	the Company	80536285	PRC		35	February 13, 2035
7 . . .	the Company	80536285	PRC		5	February 13, 2035

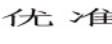
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No.	Owner	Registration No.	Place of Registration	Trademark	Class	Expiry Date
8 . . .	the Company	80538886	PRC	IBSSÖM	10	May 20, 2035
9 . . .	the Company	80536285	PRC	顏本舒	10	February 13, 2035
10 . .	the Company	80538886	PRC	IBSSÖM	3	May 20, 2035
11 . .	the Company	80538886	PRC	IBSSÖM	5	May 20, 2035
12 . .	the Company	80536285	PRC	顏本舒	3	February 13, 2035
13 . .	the Company	80538886	PRC	IBSSÖM	35	May 20, 2035
14 . .	the Company	80139649	PRC	可孚 顏本舒	3	April 20, 2035
15 . .	the Company	80139649	PRC	可孚 顏本舒	10	April 20, 2035
16 . .	the Company	80139649	PRC	可孚 顏本舒	5	April 20, 2035
17 . .	the Company	78739513	PRC	IBSSÖM 顏本舒	35	January 27, 2035
18 . .	the Company	78739513	PRC	IBSSÖM 顏本舒	9	January 27, 2035
19 . .	the Company	78739513	PRC	IBSSÖM 顏本舒	10	January 27, 2035
20 . .	the Company	78739513	PRC	IBSSÖM 顏本舒	5	January 27, 2035
21 . .	the Company	78739513	PRC	IBSSÖM 顏本舒	3	January 27, 2035
22 . .	the Company	78340117	PRC	背背佳	25	October 20, 2034
23 . .	the Company	78313298	PRC	背背佳	35	October 20, 2034
24 . .	the Company	78332288	PRC	背背佳	28	November 20, 2034
25 . .	the Company	74905329	PRC	逸测	5	April 20, 2034
26 . .	the Company	74905329	PRC	逸测	10	April 20, 2034
27 . .	the Company	72674363	PRC	通楚 T O N G C H U	3	June 13, 2034
28 . .	the Company	72674363	PRC	通楚 T O N G C H U	10	June 13, 2034
29 . .	the Company	72674363	PRC	通楚 T O N G C H U	5	June 13, 2034
30 . .	the Company	70742066	PRC	可孚 健耳听力	37	February 27, 2034
31 . .	the Company	70742066	PRC	可孚 健耳听力	35	February 27, 2034
32 . .	the Company	60158853	PRC	可孚	3	April 13, 2032

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No.	Owner	Registration No.	Place of Registration	Trademark	Class	Expiry Date
33 . .	the Company	60151096	PRC		3	April 20, 2032
34 . .	the Company	60158853	PRC		5	April 13, 2032
35 . .	the Company	60151096	PRC		5	April 20, 2032
36 . .	the Company	44224515	PRC		10	January 13, 2031
37 . .	the Company	44224515	PRC		44	January 13, 2031
38 . .	the Company	44221109	PRC		10	April 6, 2031
39 . .	the Company	39039787	PRC		10	March 13, 2030
40 . .	the Company	39045994	PRC		5	March 13, 2030
41 . .	the Company	39033108	PRC		10	March 13, 2030
42 . .	the Company	36909341	PRC		10	March 20, 2030
43 . .	the Company	36764850	PRC		35	January 27, 2030
44 . .	the Company	22521842	PRC		28	February 13, 2028
45 . .	the Company	20368426	PRC		10	August 6, 2027
46 . .	the Company	20088907	PRC		10	July 13, 2027
47 . .	the Company	19149259	PRC		5	March 27, 2027
48 . .	the Company	18918946	PRC		12	February 20, 2027
49 . .	the Company	16827906	PRC		5	June 20, 2026
50 . .	the Company	15543678	PRC		10	December 6, 2035
51 . .	the Company	15305540	PRC		5	January 6, 2036
52 . .	the Company	15305540	PRC		10	January 6, 2036
53 . .	the Company	15305540	PRC		12	January 6, 2036
54 . .	the Company	10325841	PRC		10	February 20, 2033

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No.	Owner	Registration No.	Place of Registration	Trademark	Class	Expiry Date
55 . .	the Company	9609603	PRC	背背佳 BEI BEI JIA	7	July 13, 2032
56 . .	the Company	7529548	PRC		10	October 27, 2030
57 . .	Goodhushi	14349370	PRC		35	May 27, 2035
58 . .	Goodhushi	13621236	PRC		35	February 13, 2035
59 . .	Goodhushi	12115990	PRC		35	July 20, 2034
60 . .	Goodhushi	15474893	PRC		5	December 13, 2035
61 . .	Goodhushi	19035093	PRC	易准	10	March 6, 2027
62 . .	Goodhushi	15474836	PRC	逸睿	10	December 13, 2035
63 . .	Goodhushi	17971732	PRC		39	November 6, 2026
64 . .	Goodhushi	17971731	PRC		39	November 6, 2026
65 . .	Goodhushi	15437293	PRC	悦畅	12	January 20, 2036
66 . .	Hunan Keyuan	13300429	PRC	舒尔宝	10	August 20, 2035
67 . .	Hunan Keyuan	13388769	PRC	莺乐	10	February 6, 2035
68 . .	Hunan Keyuan	12802996	PRC		35	April 6, 2035
69 . .	Hunan Keyuan	13621287	PRC	 科源医疗	35	August 20, 2035
70 . .	Hunan Keyuan	14770477	PRC	森合	35	July 6, 2035
71 . .	Hunan Keyuan	12115991	PRC	科源	35	July 20, 2034

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Owner	Domain name	Registration date
1. . . .	Our Company	cofoe.com.cn	May 9, 2014
2. . . .	Our Company	cofoe.com	July 15, 2012
3. . . .	Hunan Haohushi Medical Treatment Appliance Co., Ltd. (湖南好護士醫療器械連鎖經營有限公司)	hhsyl.com	August 19, 2013
4. . . .	Hunan JOYOR HearingCare Co., Ltd. (湖南健耳聽力助聽器有限公司)	jianerting.com	March 4, 2015

(c) Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business.

No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
1 . . .	An Automatic Detection Device and Method for Electronic Sphygmomanometers	Our Company	201910437539.6	Invention	May 24, 2019
2 . . .	An Electrochemical Measurement Method	Our Company	202110312613.9	Invention	March 24, 2021
3 . . .	A Water Temperature Control Method for a Humidification Water Tank of a Breathing Apparatus and the Corresponding Device	Our Company	202111001171.2	Invention	August 30, 2021
4 . . .	A Ventilator Fan Driving Method and Ventilator Equipment	Our Company	202111236619.9	Invention	October 23, 2021
5 . . .	A Two-Stage Centrifugal Impeller Fan for a Ventilator Air Boosting System	Our Company	202111552049.4	Invention	December 17, 2021
6 . . .	Blood pressure measuring device and its linear model coefficient self-correction method and system	Our Company	202211692039.5	Invention	December 28, 2022
7 . . .	Testing and Calibration Method and System for Electrochemical Biosensors	Our Company	202310006184.1	Invention	January 4, 2023
8 . . .	Metabolic Index Detection Method, System and Electrochemical Measurement System	Our Company	202310113959.5	Invention	February 15, 2023
9 . . .	Hematocrit Correction Method, System and Electrochemical Measurement System	Our Company	202310708966.X	Invention	June 15, 2023
10 . .	A Posture Correction Belt	Our Company	202222394244.5	Utility Model	September 9, 2022
11 . .	A Posture Correction Belt	Our Company	202320113146.1	Utility Model	January 17, 2023
12 . .	A Blood Glucose and Uric Acid Test Strip with Hematocrit Correction Function	Our Company	202320142978.6	Utility Model	February 7, 2023

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No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
13 . .	A Integrated Machine for Blood Pressure and Blood Glucose Detection	Our Company	202320248415.5	Utility Model	February 17, 2023
14 . .	Respiratory Support Equipment and Its Temperature Control Circuit	Our Company	202321342889.2	Utility Model	May 30, 2023
15 . .	A Photochemical Detection Module Mounting Structure and Multi-Parameter Detector	Our Company	202321367220.9	Utility Model	May 31, 2023
16 . .	A Ventilation Tube Fixing Assembly and Ventilator	Our Company	202322719640.5	Utility Model	October 10, 2023
17 . .	A Nebulizer	Our Company	202322821141.7	Utility Model	October 20, 2023
18 . .	A Heat Preservation Structure for an Ear Thermometer and the Ear Thermometer	Our Company	202323025683.X	Utility Model	November 9, 2023
19 . .	Air Intake Structure and Ventilation Therapy Equipment	Our Company	202323327409.8	Utility Model	December 6, 2023
20 . .	Air Intake Structure and Ventilation Therapy Equipment	Our Company	202323327379.0	Utility Model	December 6, 2023
21 . .	Chamber Communication Channel Structure and Ventilation Therapy Equipment	Our Company	202323313266.5	Utility Model	December 6, 2023
22 . .	Ventilation Therapy Equipment	Our Company	202323313285.8	Utility Model	December 6, 2023
23 . .	Ventilation Therapy Equipment	Our Company	202323321876.X	Utility Model	December 6, 2023
24 . .	A Noise Reduction Device for a Fan and a Ventilator Equipped Therewith	Our Company	202323314888.X	Utility Model	December 6, 2023
25 . .	Electronic Sphygmomanometer (65B)	Our Company	201630052401.1	Design Patent	February 25, 2016
26 . .	Electronic Sphygmomanometer (65C)	Our Company	201630052403.0	Design Patent	February 25, 2016
27 . .	Sphygmomanometer (75C)	Our Company	201630081624.0	Design Patent	March 21, 2016
28 . .	Sphygmomanometer (65E)	Our Company	201630136733.8	Design Patent	April 21, 2016
29 . .	Sphygmomanometer (75B)	Our Company	201630136731.9	Design Patent	April 21, 2016
30 . .	Body-Shaping Garment (babaka U+)	Our Company	201630419124.3	Design Patent	August 24, 2016

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No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
31 . .	Body-Shaping Garment (babaka U9)	Our Company	201630419125.8	Design Patent	August 24, 2016
32 . .	Portable Oxygen Concentrator	Our Company	202430385496.3	Design Patent	June 22, 2024
33 . .	Pipeline Connector	Our Company	202430385470.9	Design Patent	June 22, 2024
34 . .	Nebulizer (D21)	Our Company	202430385458.8	Design Patent	June 22, 2024
35 . .	Ear Thermometer (80A)	Our Company	202430420197.9	Design Patent	July 5, 2024
36 . .	Waterproof Intimate Patch for Swimming	Our Company	202430446963.9	Design Patent	July 17, 2024
37 . .	Posture Correction Belt (UP)	Our Company	202430454740.7	Design Patent	July 19, 2024
38 . .	Forehead Thermometer (Bear Claw)	Our Company	202430479475.8	Design Patent	July 30, 2024
39 . .	Fetal Doppler (Wireless Split-Type)	Our Company	202430589407.7	Design Patent	September 14, 2024
40 . .	Posture Correction Belt	Our Company	202430660134.0	Design Patent	October 19, 2024
41 . .	A Manual Nursing Bed	Hunan Cofoe	202320927040.5	Utility Model	April 23, 2023
42 . .	An Electric Nursing Bed	Hunan Cofoe	202321013119.3	Utility Model	April 28, 2023
43 . .	A Household Nursing Bed	Hunan Cofoe	202321013138.6	Utility Model	April 28, 2023
44 . .	Nursing Bed (KD-BC-CJ01)	Hunan Cofoe	202330260397.8	Design Patent	May 6, 2023
45 . .	Nursing Bed (KD-DHC-J02)	Hunan Cofoe	202330260382.1	Design Patent	May 6, 2023
46 . .	Electric Nursing Bed	Hunan Cofoe	202430156777.1	Design Patent	March 25, 2024
47 . .	Manual Nursing Bed	Hunan Cofoe	202430156992.1	Design Patent	March 25, 2024
48 . .	Electric Nursing Bed (J10)	Hunan Cofoe	202430544934.6	Design Patent	August 27, 2024
49 . .	Electric Nursing Bed (J30)	Hunan Cofoe	202430545164.7	Design Patent	August 27, 2024
50 . .	Electric Nursing Bed	Hunan Cofoe	202430677517.9	Design Patent	October 26, 2024
51 . .	A Hair Removal Device	Our Company	202310580094.3	Invention	May 23, 2023
52 . .	A Sliding Protection Device for the Air Outlet of a Ventilator	Our Company	202311308075.1	Invention	October 10, 2023
53 . .	A Ventilation Tube Fixing Assembly and Ventilator	Our Company	202311308100.6	Invention	October 10, 2023
54 . .	A Zero-Point Voltage Output Offset Control Circuit for a Sensor and a Sensor Zero-Point Voltage Calibration Method	Our Company	202411382043.0	Invention	September 30, 2024
55 . .	A Preparation Method for a Glucose Oxidase Sensor with a Porous-Structured Outer Membrane	Our Company	202311057381.2	Invention	August 22, 2023

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No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
56 . .	A Fusion-Based Sound Signal Noise Reduction Processing Method and Device for Hearing Aids	Hunan Cofoe Hearing Technology Co., Ltd.	202310079098.3	Invention	January 29, 2023

(d) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights, which we consider to be material to our business:

No.	Copyright Name	Registered Owner	Registration No.	Category	Registration Date	Place of Registration
1 . . .	Mesh Nebulizer Software (網式霧化器軟件)	Our Company	2022SR1411284	Software copyright	October 24, 2022	PRC
2 . . .	Blood Glucose Meter Development Software Based on Sonix SN8P2988 (基於松翰 SN8P2988的血糖儀開 發軟件)	Our Company	2023SR0256051	Software copyright	February 17, 2023	PRC
3 . . .	Software for Dual-Port Integrated Blood Glucose & Uric Acid Tester (雙口血糖尿酸一 體機軟件)	Our Company	2022SR1413599	Software copyright	October 25, 2022	PRC
4 . . .	Automated Fixture Software for Blood Glucose Meters (血糖 儀自動化治具軟件)	Our Company	2022SR1413600	Software copyright	October 25, 2022	PRC
5 . . .	Sitting Posture Reminder Software (坐姿提醒器 軟件)	Our Company	2022SR1413601	Software copyright	October 25, 2022	PRC
6 . . .	Oxygen Concentrator Software with Intelligent Voice Function (智能語音功 能的製氧機軟件)	Our Company	2023SR0721857	Software copyright	June 26, 2023	PRC
7 . . .	Software for Electronic Korotkoff Sound Auscultation Sphygmomanometer (Arm-Type) (電子柯氏 音聽診法血壓計軟件(臂 式))	Our Company	2023SR0759131	Software copyright	June 29, 2023	PRC
8 . . .	Software for Full-Digital Frequency-Shifting Hearing Aid (全數字移 頻助聽器軟件)	Our Company	2023SR0759136	Software copyright	June 29, 2023	PRC

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No.	Copyright Name	Registered Owner	Registration No.	Category	Registration Date	Place of Registration
9 . . .	Dynamic Testing Fixture Software for Sphygmomanometer (Wrist-Type) (血壓計動態測試治具軟件(腕式))	Our Company	2023SR1035446	Software copyright	September 11, 2023	PRC
10 . . .	Software for Tunnel-Type Electronic Sphygmomanometer (隧道式電子血壓計軟件)	Our Company	2023SR0759130	Software copyright	June 29, 2023	PRC
11 . . .	Software for Intense Pulsed Light Therapy Device (強脈衝光治療儀軟件)	Our Company	2023SR0877310	Software copyright	August 1, 2023	PRC
12 . . .	Software for Finger-Clamp Pulse Oximeter (指夾式脈搏血氧儀軟件)	Our Company	2023SR0936353	Software copyright	August 15, 2023	PRC
13 . . .	Software for Chronic Disease Multi-Parameter Detector (慢病多參數檢測儀軟件)	Our Company	2023SR0941989	Software copyright	August 16, 2023	PRC
14 . . .	System Software for HCT Blood Glucose & Uric Acid Integrated Tester (HCT血糖尿酸一體測試儀系統軟件)	Our Company	2023SR0940096	Software copyright	August 16, 2023	PRC
15 . . .	System Software for Blood Glucose & Ketone Integrated Tester (血糖血酮一體機系統軟件)	Our Company	2023SR0941325	Software copyright	August 16, 2023	PRC
16 . . .	Calibration Fixture Software for Blood Glucose & Blood Pressure Tester (血糖血壓測試儀校準治具軟件)	Our Company	2023SR0941234	Software copyright	August 16, 2023	PRC
17 . . .	Cofee ERP System (可孚ERP系統)	Our Company	2024SR0431319	Software copyright	March 26, 2024	PRC
18 . . .	Software for Electronic Sphygmomanometer (Wrist-Type) (電子血壓計軟件(腕式))	Our Company	2024SR0597638	Software copyright	May 6, 2024	PRC
19 . . .	Cofee AirLink APP (可孚AirLinkAPP)	Our Company	2024SR1266051	Software copyright	August 29, 2024	PRC
20 . . .	Cofee Software for Blood Glucose & Blood Pressure Integrated Machine (可孚血糖血壓一體機軟件)	Our Company	2024SR2089937	Software copyright	December 16, 2024	PRC

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

3. Licenses, permits and approvals

The table below sets forth a summary of the material license, permits and approvals that we have obtained for our business operations as of the Latest Practicable Date:

Licenses/Permits/Approvals	Issuing Authority	Issue Date	Expiry Date ⁽¹⁾
Sanitary License for Disinfection Product Manufacturers	Health Commission of Hunan Province	October 23, 2025	November 8, 2029
Pollution Discharge Registration for Stationary Pollution Sources	Ministry of Ecology and Environment of the PRC	August 31, 2023	August 30, 2028
Pollution Discharge Registration for Stationary Pollution Sources	Ministry of Ecology and Environment of the PRC	May 22, 2025	May 21, 2030
Medical Device Manufacture License	Hunan Medical Products Administration	May 14, 2024	May 14, 2029
Medical Device Manufacture License	Hunan Medical Products Administration	October 22, 2024	November 6, 2029
Medical Device Manufacture License	Hunan Medical Products Administration	February 13, 2026	January 12, 2031
Customs Import and Export Consignor and Consignee Record	Xingsha Customs of the People's Republic of China	April 17, 2020	Permanent
Customs Import and Export Consignor and Consignee Record	Yueyang Customs of the People's Republic of China	May 10, 2021	Permanent
Customs Declaration Unit Registration Certificate	Xingsha Customs of the People's Republic of China	March 20, 2018	Permanent
Customs Declaration Unit Registration Certificate	Xingsha Customs of the People's Republic of China	March 11, 2015	Permanent
Online Sales Filing Record	Changsha Administration for Market Regulation	October 18, 2024	N/A
Online Sales Filing Record	Changsha Administration for Market Regulation	March 18, 2025	N/A
Online Sales Filing Record	Changsha Administration for Market Regulation	August 28, 2024	N/A
Online Sales Filing Record	Changsha Administration for Market Regulation	September 9, 2025	N/A
Online Sales Filing Record	Changsha Administration for Market Regulation	October 18, 2024	N/A
Online Sales Filing Record	Changsha Administration for Market Regulation	October 13, 2022	N/A
Online Sales Filing Record	Changsha Administration for Market Regulation	October 19, 2022	N/A
Class I Medical Device Operation Filing Certificate	Changsha Administration for Market Regulation	May 31, 2024	N/A
Class II Medical Device Operation Filing Certificate	Changsha Administration for Market Regulation	October 10, 2024	N/A
Class II Medical Device Operation Filing Certificate	Yueyang Administration for Market Regulation	September 18, 2023	N/A
Class II Medical Device Operation Filing Certificate	Changsha Administration for Market Regulation	August 13, 2025	N/A
Class II Medical Device Operation Filing Certificate	Changsha Administration for Market Regulation	June 19, 2024	N/A
Class II Medical Device Operation Filing Certificate	Changsha Administration for Market Regulation	October 10, 2024	N/A
Class II Medical Device Operation Filing Certificate	Changsha Administration for Market Regulation	December 5, 2023	N/A
Class II Medical Device Operation Filing Certificate	Changsha Administration for Market Regulation	September 9, 2022	N/A
Class II Medical Device Operation Filing Certificates	Changsha Administration for Market Regulation	September 9, 2022	N/A

Licenses/Permits/Approvals	Issuing Authority	Issue Date	Expiry Date ⁽¹⁾
Class II Medical Device Operation Filing Certificates	Changsha Administration for Market Regulation	May 17, 2024	N/A
Medical Device Operation License	Changsha Administration for Market Regulation	October 10, 2024	October 26, 2026
Medical Device Operation License	Changsha Administration for Market Regulation	December 2, 2024	January 6, 2030
Medical Device Operation License	Changsha Administration for Market Regulation	October 10, 2024	November 17, 2029
Medical Device Operation License	Changsha Administration for Market Regulation	December 5, 2023	May 17, 2026
Medical Device Operation License	Changsha Administration for Market Regulation	April 25, 2023	May 13, 2028

Note:

(1) “N/A” represents licenses that do not have an expiration date and will remain valid unless revoked.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the Global Offering (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes), so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Name	Position	Capacity/ nature of interest	Number and class of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares ⁽¹⁾ (%)	Approximate percentage of shareholding in the total issued share capital of our Company ⁽²⁾ (%)
Mr. Zhang ⁽²⁾ . . .	Executive Director, chairperson of the Board and president	Beneficial owner Interest in spouse Interest in controlled corporations	12,114,881 A Share 100,680,543 A Share 97,194,804 A Share	5.80 48.20 46.53	5.14 42.68 41.20
Mr. Zhang Zhiming (張志明) ⁽³⁾ . . .	Executive Director and vice chairperson of the Board	Beneficial owner Interest in controlled corporations	7,268,928 A Share 12,114,881 A Share	3.48 5.80	3.08 5.14

Name	Position	Capacity/ nature of interest	Number and class of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares ⁽¹⁾ (%)	Approximate percentage of shareholding in the total issued share capital of our Company ⁽²⁾ (%)
Mr. Xue Xiaoqiao (薛小橋)	Executive Director, secretary of the Board, vice president and joint company secretary	Beneficial owner	108,750 A Share	0.05	0.05
Mr. He Bangjie (賀邦傑)	Executive Director	Beneficial owner	108,750 A Share	0.05	0.05

Notes:

- (1) The calculation is based on the total number of 208,897,000 A Shares upon Listing.
- (2) The calculation is based on the total number of 235,897,000 Shares (without taking into account any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes) in issue upon Listing.
- (3) Changsha Xiezihao was owned as to 90% and 10% by Mr. Zhang and Ms. Nie, respectively. Mr. Zhang is the executive partner and the general partner of Changsha Keyuan with 5% partnership interest in Changsha Keyuan, Ms. Nie Juan (聶娟) is a limited partner of Changsha Keyuan with 55% partnership interest in Changsha Keyuan and Mr. Zhang Zhiming (張志明) is a limited partner of Changsha Keyuan with 40% partnership interest in Changsha Keyuan. Mr. Zhang is deemed to be interested in the 85,079,923 A Shares and 12,114,881 A Shares held by Changsha Xiezihao and Changsha Keyuan, respectively, under the SFO.
- (4) Mr. Zhang Zhiming (張志明) is a limited partner of Changsha Keyuan with 40% partnership interest in Changsha Keyuan. As such, Mr. Zhang Zhiming (張志明) is deemed to be interested in the 12,114,881 A Shares held by Changsha Keyuan under the SFO.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see “Substantial Shareholders” in this prospectus.

Save as set out below, our Directors are not aware of any other person (other than our Directors or chief executive) who will, immediately following completion of the Global Offering, 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 member of our Group other than our Company:

Our subsidiary	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary (%)
Jerry Medical Instrument (Shanghai) Co., Ltd. (吉芮醫療器械(上海)有限公司)	Chen Jianguo (陳建國)	13.84
	Shanghai Jerry Investment Partnership Enterprise (Limited Partnership) (上海吉芮投資合夥企業 (有限合夥))	10.06

Our subsidiary	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary (%)
Hunan Kefu Xinchu Medical Technology Co., Ltd. (湖南可孚芯馳醫療科技有限公司)	Liu Yang (劉陽)	49.00
Inner Mongolia Lingyun Technology Co., Ltd. (內蒙古聆韻科技有限公司)	Ai Shuangli (艾雙利)	15.00
Beijing Lingyun Technology Co., Ltd. (北京聆韻科技有限公司)	Ai Shuangli (艾雙利)	15.00
Hohhot Lingyun Listening Technology Co., Ltd. (呼和浩特聆韻聽力科技有限公司)	Ai Shuangli (艾雙利)	15.00
Beijing Youshengde Medical Equipment Co., Ltd. (北京優聲德醫療器械有限公司)	Ai Shuangli (艾雙利)	15.00
Shenyang Leping Technology Co., Ltd. (瀋陽樂聽科技有限公司)	Ai Shuangli (艾雙利)	15.00
Tongliao Lingyun Medical Technology Co., Ltd. (通遼市聆韻醫療科技有限公司)	Ai Shuangli (艾雙利)	15.00
Beijing Wode Xinsheng Medical Equipment Co., Ltd. (北京沃德新聲醫療器械有限公司)	Ai Shuangli (艾雙利)	15.00
Nanjing Lingyun Listening Technology Co., Ltd. (南京聆韻聽力科技有限公司)	Ai Shuangli (艾雙利)	15.00
Ulanhot Lingyun Medical Equipment Co., Ltd. (烏蘭浩特市聆韻醫療器械有限公司)	Ai Shuangli (艾雙利)	15.00
Baotou Lingyun Hearing Technology Co., Ltd. (包頭聆韻聽力科技有限公司)	Ai Shuangli (艾雙利)	15.00
Xilinhot Lingyun Hearing Medical Equipment Co., Ltd. (錫林浩特市聆韻聽覺醫療器械有限公司)	Ai Shuangli (艾雙利)	15.00
Bayannur Lingyun Hearing Medical Equipment Co., Ltd. (巴彥淖爾聆韻聽覺醫療器械有限公司)	Ai Shuangli (艾雙利)	15.00
Beijing Lingyun Hearing Medical Equipment Co., Ltd. (北京聆韻聽覺醫療器械有限公司)	Ai Shuangli (艾雙利)	15.00
Sichuan Jian'er Hearing Aid Co., Ltd. (四川健耳聽力助聽器有限公司)	Li Yan (李雁)	20.00
Hunan Tianlaizhiyin Hearing Aid Co., Ltd. (湖南天籟之音助聽器有限公司)	Jin Kai (金凱)	20.00
Xiamen Sanjia San Hearing Aid Fitting Service Co., Ltd. (廈門三加三助聽器驗配服務有限公司)	Jin Kai (金凱)	20.00
Shanghai Zhisheng Medical Equipment Co., Ltd. (上海智聲醫療器械有限公司)	Jin Kai (金凱)	20.00
Xiamen Tianlai Zhiyin Medical Equipment Co., Ltd. (廈門天籟之音醫療器械有限公司)	Jin Kai (金凱)	20.00
Shanghai Tianlai Zhiyin Medical Instrument Co., Ltd. (上海天籟之音醫療儀器有限公司)	Jin Kai (金凱)	20.00
Ya'an Yi'er Hearing Aid Co., Ltd. (雅安益耳聽力助聽器有限公司)	Li Yan (李雁)	20.00
Shanghai Ruiting Trading Co., Ltd. (上海銳聽貿易有限公司)	Jin Kai (金凱)	20.00
Chengdu Liyin Hearing Aids Co., Ltd. (成都麗音助聽器有限公司)	Li Yan (李雁)	20.00

Our subsidiary	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary (%)
Jerry Medical Instrument (Nantong) Co., Ltd. (吉芮醫療器械(南通)有限公司)	Chen Jianguo (陳建國)	13.84
	Shanghai Jerry Investment Partnership Enterprise (Limited Partnership) (上海吉芮投資合夥企業(有限合夥))	10.06
Jiangsu Zhizun Intelligent Equipment Co., Ltd. (江蘇智尊智能設備有限公司).	Chen Jianguo (陳建國)	13.84
	Shanghai Jerry Investment Partnership Enterprise (Limited Partnership) (上海吉芮投資合夥企業(有限合夥))	10.06
Jerry Rehabilitation Equipment Nantong Co., Ltd. (吉芮康復器材南通有限公司).	Chen Jianguo (陳建國)	13.84
	Shanghai Jerry Investment Partnership Enterprise (Limited Partnership) (上海吉芮投資合夥企業(有限合夥))	10.06
Beijing Haiyinrui Hearing Technology Co., Ltd. (北京海音瑞聽力技術有限公司)	Hu Bing (胡兵)	25.00
Shanghai Aomang Electronic Technology Co., Ltd. (上海奧芒電子科技有限公司)	Chen Jianguo (陳建國)	13.84
	Shanghai Jerry Investment Partnership Enterprise (Limited Partnership) (上海吉芮投資合夥企業(有限合夥))	10.06
Jerry Trading (Shanghai) Co., Ltd. (吉芮商貿(上海)有限公司)	Chen Jianguo (陳建國)	13.84
	Shanghai Jerry Investment Partnership Enterprise (Limited Partnership) (上海吉芮投資合夥企業(有限合夥))	10.06
Beijing Lingfeng Hearing Technology Co., Ltd. (北京聆風聽力科技有限公司).	Hu Bing (胡兵)	25.00
Hunan Knowledge Matrix Information Technology Co., Ltd. (湖南知識矩陣信息科技有限公司)	Hangzhou Knowledge Matrix Information Technology Co., Ltd. (杭州知識矩陣信息科技有限公司)	35.00
	Hangzhou Knows Friends Information Technology Partnership Enterprise (Limited Partnership) (杭州可知的朋友們信息科技合夥企業(有限合夥))	10.00

3. Service Contracts

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" in this prospectus and note 8 to the Accountants' Report, for the years ended December 31, 2023, 2024 and 2025, none of our Directors received other remunerations or benefits in kind from us.

5. Employee Incentive Schemes

On December 21, 2021 and March 21, 2024, our Shareholders meeting has approved and adopted Employee Incentive Scheme 2021 and Employee Incentive Scheme 2024, respectively. As of the Latest Practicable Date, 3,120,000 options (taking into account the adjustment pursuant to the Capitalization Issue 2022 and Dividends Distributions) had been granted under the Employee Incentive Scheme 2021. Out of such granted options, 897,000 options has been exercised, and the remaining 2,223,000 options has been canceled or void. No further options will be granted under the Employee Incentive Scheme 2021, and no Shares will be issued pursuant to any options granted thereunder.

The following is a summary of the principal terms of the Employee Incentive Scheme 2024. Given no further share options will be granted under the Employee Incentive Scheme 2024 after the Global Offering, the terms of the Employee Incentive Scheme 2024 is not subject to the provisions of Chapter 17 of the Listing Rule.

(i) Purpose

The purpose of the Employee Incentive Scheme 2024 is to improve our Group's incentive mechanism and incentivize our Group's employees to achieve a sustained and healthy development of our Group. The Employee Incentive Scheme 2024 is implemented to align the interests of the Shareholders with the interests of our Group and key employee which will benefit the sustained development of our Group.

(ii) Administration

The Employee Incentive Scheme 2024 is subject to the approval of the Shareholders' meeting and administration of the Board.

(iii) Participants

The participants of the Employee Incentive Scheme 2024 include Directors, members of senior managements, mid-level management and key personnels. The scope of participants excludes independent Directors, supervisors, ultimate beneficial owners, and Shareholders who individually or collectively hold 5% or more of the equity interest of our Company and their respective spouse, parents and children.

(iv) Maximum number of options

The shares underlying the options to be granted under the Employee Incentive Scheme 2024 is A Shares to be issued by our Company to the selected participants. Each option granted represents the right to purchase one A Share within the exercise period at the exercise price. The maximum number of options that can be granted under the Employee Incentive Scheme 2024 is 6,633,000.

(v) *Date of grant and duration of the incentive plan*

The date on which the options are granted shall be a trading day determined by the Board within 60 days after the date of approval of the Employee Incentive Scheme 2024 by the Shareholders' meeting. The grant of options shall be approved by the Board, registered and announced within 60 days after the approval of the Employee Incentive Scheme 2024 by the Shareholders' meeting. The Employee Incentive Scheme 2024 shall be valid commencing from the date of the first grant of the options to all options no longer than 60 months.

(vi) *Conditions to the grant of options*

The options under the Employee Incentive Scheme 2024 will only be granted to selected participants if the following conditions are fulfilled:

- (a) with respect to our Company, none of the following circumstances having occurred:
 - (1) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;
 - (2) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;
 - (3) Our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;
 - (4) Applicable laws and regulations prohibit the implementation of any share incentive scheme; or
 - (5) Any other circumstances determined by the CSRC.
- (b) with respect to a grantee, none of the following circumstances having occurred:
 - (1) The grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) The grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (3) The grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;
 - (4) The grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (5) The grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or
 - (6) Any other circumstances determined by the CSRC.

No consideration is payable by the grantees for the grants of the options.

(vii) Exercise of options

Options may be exercised by a grantee provided that (i) the conditions set out under paragraph (vi) above are fulfilled at the time of exercise of options; and (ii) the annual assessment and performance targets as set out under the Employee Incentive Scheme 2024 are achieved.

The exercise price for the option to be granted under Employee Incentive Scheme 2024 shall be RMB16.60 per share (without taking into account the Dividend Distributions).

The exercise schedule of the options granted are either:

- (a) exercisable in tranches of 30% or 35% in each of the three exercise periods that occur between the first trading date after the 13-month anniversary from the date of grant and the last trading day up to the 49-month anniversary of the date of grant;
- (b) exercisable in tranches of 30% or 35% in each of the three exercise periods that occur between the first trading date after the 12-month anniversary from the date of grant and the last trading day up to the 48-month anniversary of the date of grant; or
- (c) exercisable in tranches of 50% in each of the two exercise periods that occur between the first trading date after the 15-month anniversary from the date of grant and the last trading day up to the 39-month anniversary of the date of grant.

The grantees must exercise their options within the validity period of the respective options. Upon the expiry of the validity period, options granted but not exercised will cease to be exercisable and shall be canceled by our Company.

(viii) Outstanding options

As of the Latest Practicable Date, the number of A Shares underlying the outstanding options granted under the Employee Incentive Scheme 2024 amounted to 4,481,200 A Shares (excluding an aggregate of 330,800 options held by 46 departed employees which are subject to cancelation), representing approximately 1.90% of the issued Shares immediately following the completion of the Global Offering (assuming no changes to our issued and outstanding shares between the Latest Practicable Date and the Global Offering and without taking into account of any A Shares to be issued upon exercise of the share options granted under the Employee Incentive Schemes). As of the Latest Practicable Date, the outstanding options were held by 327 grantees (excluding the departed employees). Assuming full exercise of all outstanding options granted under the Employee Incentive Scheme 2024, the issued and outstanding shareholding of the Shareholders immediately following completion of the Global Offering will be diluted by approximately 1.86%.

The following table summarizes the number of underlying A Shares of the outstanding options granted to our Directors, senior management members or other connected persons and grantees who have been granted an outstanding options to subscribe for 77,000 or more A Shares under the Employee Incentive Scheme 2024 as of the Latest Practicable Date.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Name of grantee	Position held at our Company	Address	Date of Grant	Exercise Price ⁽²⁾ (RMB per Share)	Consideration ⁽²⁾ (RMB per Share)	Number of A Shares underlying the outstanding options granted	Exercise period	Approximate percentage of issued Shares immediately after completion of the Global Offering (%)
Lu Hongyuan (魯紅院) . . .	General manager of procurement center	Area 2, Hehuayan Village, Xinzhou Town, Xiangtan City, Hunan Province, PRC	March 21, 2024	11.92	11.92	280,000	Please refer to the Note 1 below	0.12
Nie Yali (聶亞力) . . .	Party committee secretary	Building 1, No. 31 Gangkou Street, Lusong District, Zhuzhou City, Hunan Province, PRC	March 21, 2024	11.92	11.92	273,000	Please refer to the Note 1 below	0.12
Liu Lin (劉琳) . .	Assistant to president	Unit 5, Building 47, Anxiangli, Chaoyang District, Beijing, PRC	March 21, 2024	11.92	11.92	210,000	Please refer to the Note 1 below	0.09
QUANGANG YANG	Dean	Unit 4, Building C8, Chuyangyuan, Greentown Guihuacheng, Yuhua District, Changsha City, Hunan Province, PRC	March 21, 2024	11.92	11.92	196,000	Please refer to the Note 1 below	0.08
Xue Xiaoqiao (薛小橋) . . .	Executive Director, secretary of the Board, vice president and joint company secretary	Building D7, Yingang Shuijingcheng, Section 3, Wanjiali North Road, Furong District, Changsha City, Hunan Province, PRC	March 21, 2024	11.92	11.92	140,000	Please refer to the Note 1 below	0.06
He Bang jie (賀邦傑) . . .	Executive Director	Building 8, Zhonglong International Yuxi Community, No. 188 Guqu South Road, Yuhua District, Changsha City, PRC	March 21, 2024	11.92	11.92	140,000	Please refer to the Note 1 below	0.06
Huang Xiao (黃曉)	General manager of e-commerce business division	Jinlong Village, Changshou Town, Pingjiang County, Hunan Province, PRC	March 21, 2024	11.92	11.92	140,000	Please refer to the Note 1 below	0.06
Xu Zhaobo (徐招波) . . .	Customer manager	Xujiali, Shui'an Village, Ruoheng Town, Wenling City, Zhejiang Province, PRC	March 21, 2024	11.92	11.92	140,000	Please refer to the Note 1 below	0.06
Wei Xianjun (魏先軍) . . .	Assistant to president	Building 3, Mingxingyuan, No. 139 Guitang Road, Yuhua District, Changsha City, Hunan Province, PRC	March 21, 2024	11.92	11.92	109,200	Please refer to the Note 1 below	0.05

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Name of grantee	Position held at our Company	Address	Date of Grant	Exercise Price ⁽²⁾ (RMB per Share)	Consideration ⁽²⁾ (RMB per Share)	Number of A Shares underlying the outstanding options granted	Exercise period	Approximate percentage of issued Shares immediately after completion of the Global Offering (%)
Chen Wangpeng (陳望朋) . . .	Chief financial controller and vice president	No. 4 Fanzheng Street, Furong District, Changsha City, PRC	March 21, 2024	11.92	11.92	91,000	Please refer to the Note 1 below	0.04
Yu Xiangyu (于翔宇) . . .	Vice president	Building 9, Taoyuan Chunju, Xihu District, Hangzhou City, PRC	March 21, 2024	11.92	11.92	91,000	Please refer to the Note 1 below	0.04
Ouyang Jie (歐陽傑) . . .	Vice president	Building A8, Guihua City, No. 508 Changsha Avenue, Yuhua District, Changsha City, PRC	March 21, 2024	11.92	11.92	91,000	Please refer to the Note 1 below	0.04
Zuo Hanqing (左汗青) . . .	Vice president	Building 8, Xiangjiang Yujing Garden, No. 69 Shuangwan Road, Kaifu District, Changsha City, PRC	March 21, 2024	11.92	11.92	91,000	Please refer to the Note 1 below	0.04
Luo Xiaoyun (羅曉雲) . . .	General manager of hearing aid business division	No. 8 Piaomao Lane, Tianxin District, Changsha City, Hunan Province, PRC	March 21, 2024	11.92	11.92	91,000	Please refer to the Note 1 below	0.04
Li Leiluo (李累落) . . .	General manager of marketing and deputy general manager of hearing aid business division	Group 12, Nanshi Village, Nanshi Town, Xingping City, Shaanxi Province, PRC	March 21, 2024	11.92	11.92	91,000	Please refer to the Note 1 below	0.04
Wang Xifeng (王錫峰) . . .	General manager of innovation business division	Honglichang, Honglichang Group, Longpanzhou Village, Wangling Town, You County, Zhuzhou City, Hunan Province, PRC	March 21, 2024	11.92	11.92	91,000	Please refer to the Note 1 below	0.04
Chen Hailong (陳海龍) . . .	Assistant to vice president	No. 28, Area 7, Lane 3118 Yindu Road, Minhang District, Shanghai, PRC	March 21, 2024	11.92	11.92	77,000	Please refer to the Note 1 below	0.03

Notes:

- (1) 30%, 35% and 35% of the share options granted under the Employee Incentive Scheme 2024 on March 21, 2024 will vest in each of the three exercise periods that occur between the first trading date after the 13-month anniversary from the date of grant and the last trading day up to the 49-month anniversary of the date of grant, respectively.
- (2) Taking into account the Dividend Distributions.

The table below sets forth the details of options granted to other grantees (excluding the abovementioned 2 Directors, 4 members of senior management and 11 staff members of our Company) under the Employee Incentive Scheme 2024 which were outstanding as of the Latest Practicable Date:

	Number of grantees	Date of grant	Number of A Shares underlying the outstanding options	Exercise price ⁽⁶⁾ (RMB)	Exercise period	A Share underlying the outstanding options as a percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾ (%)
Employee Incentive Scheme 2024	278 ⁽²⁾⁽⁷⁾⁽⁸⁾	March 21, 2024	1,855,000	11.92	Please refer to the Note 3 below	0.79
	35 ⁽⁴⁾⁽⁷⁾⁽⁸⁾	March 18, 2025	284,000	11.92	Please refer to the Note 5 below	0.12

Notes:

- (1) The calculation is based on the assumption that no new Shares are issued under the Employee Incentive Scheme 2024, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Global Offering.
- (2) Exclude the 44 departed employees.
- (3) 30%, 35% and 35% of the share options granted under the Employee Incentive Scheme 2024 on March 21, 2024 will be exercisable in each of the three exercise periods that occur between the first trading date after the 13-month anniversary from the date of grant and the last trading day up to the 49-month anniversary of the date of grant, respectively.
- (4) Exclude the 3 departed employee.
- (5) 50% and 50% of the share options granted under the Employee Incentive Scheme 2024 will be exercisable in each of the two exercise periods that occur between the first trading date after the 15-month anniversary from the date of grant and the last trading day up to the 39-month anniversary of the date of grant, respectively.
- (6) Taking into account the Dividend Distributions.
- (7) the disclosure in table below categorized based on the number of A Shares underlying each individual grantee, being: 1 to 10,000 A Shares and 10,001 to 76,999 A Shares under each Employee Incentive Schemes:

Date of Grant	Range of outstanding A Shares under options granted	Number of grantees	Number of A Shares underlying the outstanding options	A Share underlying the outstanding options as a percentage of issued Shares immediately after completion of the Global Offering (%)
March 21, 2024	1 to 10,000 A Shares	244	1,262,800	0.54
	10,001 to 76,999 A Shares	34	592,200	0.25
March 18, 2025	1 to 10,000 A Shares	28	157,000	0.07
	10,001 to 76,999 A Shares	7	127,000	0.05

- (8) three employees were granted under the Employee Incentive Scheme 2024 on both March 21, 2024 and March 18, 2025.

6. Disclaimers

- (a) Save as disclosed in this section and the section headed “History, Development and Corporate Structure” in this prospectus, none of our Directors or any of the parties listed in the paragraph headed “— Other Information — 5. Qualifications of Experts” in this Appendix is:
 - (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or
 - (ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (b) Save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in the paragraph headed “— Other Information — 5. Qualifications of Experts” in this Appendix:
 - (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) Save as disclosed in this section and the section headed “Directors and Senior Management” in this prospectus, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; and
- (d) So far as is known to our Directors, none of our Directors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive a fee of US\$0.5 million to act as a sponsor to our Company in connection with the Global Offering.

4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this prospectus are as follows:

Name	Qualifications
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
BNP Paribas Securities (Asia) Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Hunan Qiyuan Law Firm	Company's PRC legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. . .	Independent industry consultant

6. Consents

Each of the experts as referred to in the paragraph headed “— Other Information — 5. Qualifications of Experts” in this Appendix has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

7. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(b) Consultation with Professional Advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our Company, our Directors, Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in the financial or trading position of our Company since December 31, 2025 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

9. Promoters

The promoters of our Company are all then 13 shareholders of our Company as of December 25, 2019 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

10. Restrictions on Repurchase

For details, please refer to the sections headed "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" to this prospectus.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Prospectus

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this prospectus:

- (a) within the two years preceding the date of this prospectus, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

- (b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) our Company has no outstanding convertible debt securities or debentures;
- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (g) our Company is a joint stock limited company and is subject to the PRC Company Law.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) a copy of the material contracts referred to in the paragraph headed “Further Information about the Business of Our Company — 1. Summary of Material Contracts” in Appendix VI to this prospectus; and
- (ii) the written consents referred to in the paragraph headed “Other Information — 6. Consents” in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.cofoe.com.cn during a period of 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (d) the report prepared by Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (e) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed “Industry Overview” in this prospectus;
- (f) the PRC legal opinion issued by Hunan Qiyuan Law Firm, our legal advisor as to PRC law, in respect of, among other things, the general matters of our Group under the PRC laws;
- (g) the material contracts referred to in the paragraph headed “Further Information about the Business of Our Company — 1. Summary of Material Contracts” in Appendix VI to this prospectus;
- (h) the service contracts referred to in the paragraph headed “Further Information about Our Directors and Substantial Shareholders — 3. Service Contracts” in Appendix VI to this prospectus;
- (i) the written consents referred to in the paragraph headed “Other Information — 6. Consents” in Appendix VI to this prospectus; and
- (j) the PRC Company Law, the PRC Securities Law, Guidelines on the Bylaws of Listed Companies (《上市公司章程指引》).

DOCUMENT AVAILABLE FOR INSPECTION

A list of grantees under the Employee Incentive Scheme 2024, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of O’Melveny & Myers, at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus.



Cofoe Medical Technology Co., Ltd.*
可孚醫療科技股份有限公司