

# 爱尚大众

武汉大众口腔医疗股份有限公司  
Wuhan Dazhong Dental Medical Co., Ltd.

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

Stock Code : 2651



2025  
ANNUAL REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Yao Xue (姚雪) (*Chairman*)  
Ms. Shen Hongmin (沈洪敏)  
Mr. Guo Jiaping (郭家平)  
Ms. Liu Hongchan (劉紅嬋)  
(Appointed as an employee  
representative Director on 24 October 2025)

### Independent non-executive Directors

Mr. Shu Yijie (疏義傑)  
Ms. Huang Suzhen (黃素珍)  
Mr. Xie Dong (謝東) (Appointed on 24 October 2025)  
Ms. Wang Taosha (王陶沙)  
(Resigned on 24 October 2025)

## AUDIT COMMITTEE

Ms. Huang Suzhen (黃素珍) (*Chairperson*)  
Mr. Shu Yijie (疏義傑)  
Mr. Xie Dong (謝東) (Appointed on 24 October 2025)  
Ms. Wang Taosha (王陶沙)  
(Resigned on 24 October 2025)

## REMUNERATION COMMITTEE

Mr. Shu Yijie (疏義傑) (*Chairperson*)  
Mr. Yao Xue (姚雪)  
Ms. Huang Suzhen (黃素珍)

## NOMINATION COMMITTEE

Mr. Yao Xue (姚雪) (*Chairperson*)  
Mr. Shu Yijie (疏義傑)  
Ms. Huang Suzhen (黃素珍)  
(Appointed on 24 October 2025)  
Ms. Wang Taosha (王陶沙)  
(Resigned on 24 October 2025)

## AUTHORIZED REPRESENTATIVES

Ms. Liu Hongchan (劉紅嬋)  
Ms. Pau So Yi (鮑素怡)

## JOINT COMPANY SECRETARIES

Ms. Xu Liman (許莉曼)  
Ms. Pau So Yi (鮑素怡)

## REGISTERED OFFICE

Room 5, 11/F and Rooms 601, 608-612, 6/F  
Huayin Building  
No. 786 Minzhu Road  
Zhongnan Road Sub-District  
Wuchang District, Wuhan  
Hubei Province  
PRC

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 5, 11/F and Rooms 601, 608-612, 6/F  
Huayin Building  
No. 786 Minzhu Road  
Zhongnan Road Sub-District  
Wuchang District, Wuhan  
Hubei Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1920, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## H SHARE REGISTRAR

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



## Corporate Information

### HONG KONG LEGAL ADVISER

Tian Yuan Law Firm LLP  
Suites 3304-3309, 33/F  
Jardine House  
One Connaught Place  
Central  
Hong Kong

### AUDITOR

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor under the*  
*Accounting and Financial Reporting*  
*Council Ordinance*  
27/F, One Taikoo Place  
979 King's Road, Quarry Bay  
Hong Kong

### COMPLIANCE ADVISER

Haitong International Capital Limited  
Suites 3001-3006 and 3015-3016  
One International Finance Centre  
No. 1 Harbour View Street  
Central  
Hong Kong

### STOCK CODE

2651

### COMPANY'S WEBSITE

[www.chinadzyl.com](http://www.chinadzyl.com)

### LISTING DATE

9 July 2025

### PRINCIPAL BANKS

China Merchants Bank Wuhan Jiyuqiao Branch  
No. 108 Heping Avenue  
Wuchang District, Wuhan  
Hubei Province  
PRC

Bank of Communications Wuhan Shuiguohu Branch  
No. 108 Zhongbei Road  
Wuchang District, Wuhan  
Hubei Province  
PRC



# Chairman's Statement

Dear Shareholders,

Thank you for your attention and support in the development of the Group.

We stand together at a new historical starting point when you review this report. On 9 July 2025, Dazhong Dental successfully listed on the Main Board of the Stock Exchange, which marks not only a glorious milestone in our Company's development journey, but also a solemn prelude to our expansion into broader horizons and assumption of greater social responsibilities. On behalf of the Board of the Company, I would like to extend our most sincere gratitude to all Shareholders for their long-standing trust and support, to all employees for their dedicated service, to our partners for their steadfast collaboration, and to all friends who care about the development of Dazhong Dental!

In 2025, dental services industry in China was undergoing profound structural transformation. The deepening implementation of national centralized procurement policies and the continuous strengthening of industry regulation were accelerating the market's transition from "scale expansion" to "refined operations". Facing short-term market fluctuations and challenges, the Group's management remained committed to a long-term perspective, focusing its strategic efforts on the internal capacity building of "enhancing quality, improving efficiency and prioritizing returns". Despite the overall slowdown in industry growth, we have maintained the stability of our core business operations by leveraging our deep market roots in Central China and our efficient operational systems. Through rigorous cost control and process optimization, we achieved annual revenue of RMB371.6 million, with a gross profit margin of 37.7% and a net profit margin of 13.6%. Adhering to the principle of "steady expansion and lean operation", we opened eight new dental out-patient departments and two dental clinics in 2025. To optimize governance structure and enhance decision-making efficiency, the Company canceled the Board of Supervisors and correspondingly amended the Articles of Association and other internal rules. Concurrently, the Company appointed Mr. Xie Dong as a new independent non-executive Director, further enhancing the Board's professionalism and independence.



## Chairman's Statement

Looking ahead, we remain confident in the long-term growth potential of dental services industry in China. Population aging, enhanced residents' health awareness and increased payment capacity will continue to drive market expansion and upgrading. We will fully leverage the brand and capital advantages gained from our listing to stay true to our founding mission, focus on our core business, deepen regional presence, and accelerate expansion. We will uphold the "digitization and intelligence-driven" philosophy, increase investment in information technology research and development and infrastructure, comprehensively advance the digitization of diagnosis, treatment, marketing and management to enhance operational efficiency and optimize customer experience and establish new benchmarks for smart healthcare. We will consistently pursue refined operations through a series of meticulous management measures, such as strengthening operations, products, technology, talent, and services, to comprehensively elevate institutional output and profitability, ensuring the successful achievement of our annual objectives!

When the boat reaches midstream, those who row hard advance. We earnestly request all Shareholders to join us in maintaining steadfastness and embracing a long-term perspective. The Board and management of the Group will undoubtedly convert today's strategic investments into tangible financial returns and Shareholder value tomorrow with greater resolve and focused execution, collectively ushering in a stronger and more valuable Dazhong Dental!

Thank you once again for your trust and support!

**Wuhan Dazhong Dental Medical Co., Ltd.**

**Mr. Yao Xue**

*Chairman and Executive Director*



## Financial Highlights

Our revenue decreased by 8.7% from RMB407.1 million for the year ended 31 December 2024 to RMB371.6 million for the year ended 31 December 2025.

Our gross profit decreased by 8.0% from RMB152.3 million for the year ended 31 December 2024 to RMB140.1 million for the year ended 31 December 2025.

Our net profit decreased by 19.0% from RMB62.5 million for the year ended 31 December 2024 to RMB50.6 million for the year ended 31 December 2025.

Our adjusted net profit (non-IFRS measure) decreased by 11.1% from RMB68.3 million for the year ended 31 December 2024 to RMB60.7 million for the year ended 31 December 2025. Despite the challenging market conditions in 2025, such as consumption downgrade and fierce competition, we focused on the strategic initiatives of operating resilience and efficiency management to mitigate the negative impact on our profitability, especially the effective cost control under centralized management.

During the year ended 31 December 2025, we continued to expand our market layout and opened 8 new dental out-patient departments and 2 dental clinics.

For the year ended 31 December 2025, we recorded 729,404 customer visits, of which 159,535 were new customer visits.

The Board proposed to declare a final dividend of RMB0.668 per Share (tax-inclusive) for the year ended 31 December 2025.



# Management Discussion and Analysis

## BUSINESS REVIEW

We are a leading private dental services provider in Central China with a focus on Hubei and Hunan provinces, operating an expanding dental service network under the direct chain model in this thriving market. We provide reliable and accessible dental services to communities, dedicated to serving the general public.

Pursuing a single-brand strategy, all of our dental institutions are operated under the unified brand name “愛尚大眾口腔” together with a trademark of “愛尚大眾” ensuring a cohesive and robust identity across our multi-regional dental service network.

Most of our dental institutions are located in or adjacent to local communities, providing dental services to residents with ease of access. As of 31 December 2025, we operated 92 dental institutions, including 4 dental hospitals, 80 dental out-patient departments and 8 dental clinics covering 8 cities in Hubei and Hunan provinces. Over the years, we have been focusing our dental services on addressing the mass market demands, maintaining strong presence in densely populated Central China.

## Our Services

We provide a comprehensive range of dental services, including (i) general dentistry services, (ii) implantology services and (iii) orthodontics services.

### *General Dentistry Services*

General dentistry services generally refer to oral preventive care, treatment of regular oral diseases, and restorative services, encompassing full process from prevention, diagnosis to treatment, with the aim to provide customers with a one-stop oral health solution. As a customer-centric dental services provider located in densely populated areas and adjacent to communities, we focus on the daily oral health of our customers. Through regular oral health management and early intervention of dental diseases, we help customers mitigate the risks of worsening symptoms and avoid costly treatments of serious diseases. As healthy teeth and gums improve the comfort, appearance and confidence of customers, we believe regular oral health management not only tackles customers' basic and general dental problems but also enhances their overall quality of life.

### *Implantology Services*

Implantology is a specialty of dentistry that deals with the tooth replacement, which involves implanting artificial teeth root (implants) into the alveolar bone to support the restoration of missing teeth. Our implantology treatments utilize different types of dental equipment and consumables, mainly including cone beam computed tomography machines, implant machines, ultrasonic bone scalpels, implant membrane tacks, implant fixtures, bone grafts, abutments, drills and other dental tools for implants. Our implantology services aim to provide customers with a teeth replacement solution to replace the natural teeth with implants and achieve improved functionality and aesthetics. Through precise surgery and professional care, we can achieve successful implantation with long-term stability of the implants.

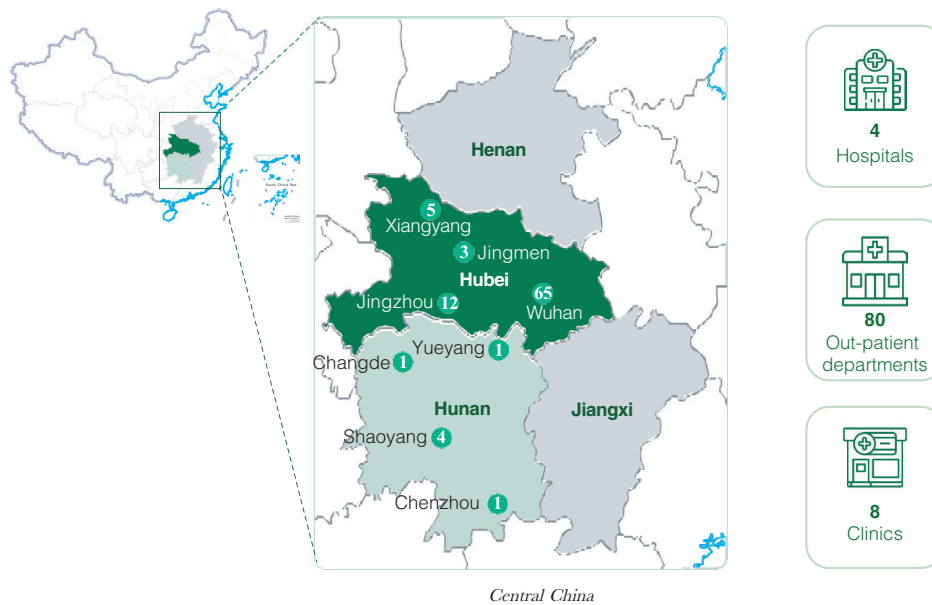


## Management Discussion and Analysis

### Orthodontics Services

Orthodontics is a specialty of dentistry that focuses on the diagnosis, prevention and treatment of dental and jawbone developmental abnormalities. These abnormalities include misaligned teeth, abnormal occlusion and irregularities in the size, shape and position of the jawbone. As an important specialty of dentistry, orthodontics not only focuses on the aesthetic alignment of teeth but also, more importantly, aims to restore and maintain normal function of mouth, such as chewing, speaking and facial aesthetics. Our orthodontic treatments use a range of dental equipment and consumables, mainly including metal brackets, ceramic brackets, clear aligners and other appliances.

### Network Coverage





## Management Discussion and Analysis

### Employees and Remuneration

As of 31 December 2025, we had 1,015 employees in total, all of whom were based in China as of the same date. The following table sets forth our employees by their function as of 31 December 2025:

<b>Function</b>	<b>Number of employees</b>	<b>% of total employees</b>
Employees in our dental institutions	932	92%
– Dentists	252	25%
– Other medical professionals	397	39%
– Operational and other employees	283	28%
Employees at our headquarters	83	8%
– Management	19	2%
– General administrative, marketing and other staff	64	6%
<b>Total</b>	<b>1,015</b>	<b>100%</b>

We offer our employees different remuneration packages based on their positions. Generally, the remuneration structure of our employees includes basic salaries and performance bonuses. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. We provide employee benefit plans for our staff, including housing provident fund contributions, pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance.

As of 31 December 2025, dentists with qualifications at mid-end and above level accounted for 54.8% of our dentist team, providing a solid guarantee for high-quality diagnosis and treatment services. Dentists who have an employment relationship with us for five years or more accounted for 58.3% of our total number of dentists, demonstrating a relatively high employee retention rate and strong talent cohesion.

During the Reporting Period, we did not experience any significant issues with our employees due to labor disputes nor did it experience any difficulty in the recruitment and retention of staff.



# Management Discussion and Analysis

## Industry Outlook

As public awareness of health management continues to grow and demographic shifts advance, the dental services market in China is currently undergoing a critical transition from “scale expansion” to “quality-driven competition”. Driven by both policy support and market demand, the overall penetration rate of the industry is expected to increase further and market capacity is anticipated to gradually expand, demonstrating a long-term development trend of structural optimization and service upgrades. According to the Frost & Sullivan Report, the market size of the dental services market in China is projected to reach RMB200.4 billion by 2029.

As a densely populated region with significant development potential, Central China has seen a continuous release of demand for dental services, particularly in the private dental services market, which is expected to maintain a growth rate higher than the national average level, becoming one of the key drivers of industry growth. The supply of services in this regional market has been continuously enriched, and the degree of specialization, standardization and chain operation has gradually deepened, creating sustainable development space for leading brands.

We have established a relatively solid market foundation and brand influence in Central China. Leveraging our strategic layout of deepening regional roots, highly standardized operating system and rapidly replicable business model, we have established significant network effects and economies of scale. Looking ahead, we will continue to leverage our existing brand recognition and service network to respond to the growing demand for high-quality dental services, strengthen our regional penetration and deepen our service offerings, consolidate and enhance our market position, and actively seize industry development opportunities.

## Future Development Directions

### 1. *Strategic focus and regional deepening to consolidate our growth foundation*

We will firmly implement our market strategy of “rooted in Wuhan, covering Hubei, radiating throughout Central China and expanding nationwide”, concentrating our resources on enhancing the operational efficiency and profitability of our core markets in the Central China region. Through refined operations and cost control, we will deeply tap into the development potential of our existing network to build a “base area” with solid performance and efficient operations, laying a firm foundation for future nationwide expansion.

### 2. *High-quality and efficient expansion to consolidate market position*

We will fully leverage the capital and branding advantages of the Hong Kong listing platform, focus on return on investment, and prudently seek growth opportunities. Our expansion strategy will remain efficiency-oriented, driven by the dual-wheel strategy of organic growth and strategic acquisitions, with a focus on exploring high-quality regional merger and acquisition targets to continuously enhance our market share and competitiveness in local markets. All expansion decisions will be supported by rigorous pre-investment assessments and post-investment management to ensure that new institutions can be rapidly integrated into the Group’s standardized system, generate profits, and achieve high-quality, efficient growth in scale, thereby continuously enhancing our regional market leadership.



## Management Discussion and Analysis

### 3. *Digital and intelligent upgrades to establish competitive barriers*

We regard being “driven by digital intelligence” as the core engine for our future development. We will systematically promote the digitalization of the entire chain of diagnosis and treatment, operations, management and customer service. Key initiatives include introducing AI-assisted diagnosis and treatment design tools, upgrading our intelligent operation management systems, and building an integrated customer service management platform. These initiatives will comprehensively enhance medical precision, operational efficiency, customer experience and management standards, transforming our technological advantages into sustainable performance, cost advantages and establishing a new benchmark for smart healthcare.

### 4. *Refined management to comprehensively empower and enhance efficiency*

Leveraging our Group’s scale advantages, we will deeply integrate resources and implement a standardized and refined management system across all functional management segments. We will also use digital tools to achieve full-process monitoring and closed-loop management. While ensuring medical safety and customer experience, we are committed to realizing the synergistic effects characterized by “optimal system cost, best customer experience and highest employee efficiency”.

Deepening the development of our talent and incentive systems, we adhere to the dual-wheel strategy of “internal cultivation and external recruitment” to continuously expand the reserve of medical professionals and management talents. We will improve our career promotion channels and remuneration incentive mechanisms, actively explore diversified employee incentive methods, and launch equity incentive plans at appropriate times based on market and operating conditions. This will effectively bind and motivate our core teams and build the Company into a career platform where employees can realize their value.

### 5. *Brand enhancement and strengthening value communication*

We will strive to elevate our brand from a regionally renowned name to one that is widely trusted by the capital markets. Internally, we will consolidate our brand foundation by continuously improving the quality of our medical services and reputation among our customers. Externally, we will establish a systematic and transparent investor relations management system and carry out refined value communication to clearly convey the Group’s strategic execution progress and long-term value proposition, thereby continuously promoting market recognition and value realization.



# Management Discussion and Analysis

## FINANCIAL REVIEW

The following discussions are based on the financial information and notes set out in other sections of this annual report and should be read in conjunction with them.

### Revenue

Our revenue decreased by 8.7% from RMB407.1 million for the year ended 31 December 2024 to RMB371.6 million for the year ended 31 December 2025.

#### *Revenue by dental service category*

we generated revenue from provision of a comprehensive range of dental services, including (i) general dentistry services, (ii) implantology services, and (iii) orthodontics services.

The following table sets forth our revenue by business line for the periods indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	% of revenue	RMB'000	% of revenue
General dentistry services	202,528	54.5	217,321	53.4
Implantology services	98,400	26.5	115,647	28.4
Orthodontics services	70,643	19.0	74,115	18.2
<b>Total</b>	<b>371,571</b>	<b>100.0</b>	407,083	100.0

#### General dentistry services

Our revenue from general dentistry services decreased by 6.8% from RMB217.3 million for the year ended 31 December 2024 to RMB202.5 million for the year ended 31 December 2025. The decrease was primarily due to the decrease of 2.7% of the number of customer visits from 516,000 for the year ended 31 December 2024 to 503,000 for the year ended 31 December 2025. Revenue from general dentistry services accounted for 54.5% of our total revenue, as compared to 53.4% for the year ended 31 December 2024.



## Management Discussion and Analysis

### Implantology services

Our revenue from implantology services decreased by 14.9% from RMB115.6 million for the year ended 31 December 2024 to RMB98.4 million for the year ended 31 December 2025. The decrease was primarily due to the decrease of 7.9% of number of customer visits from 87,000 for the year ended 31 December 2024 to 80,000 for the year ended 31 December 2025. Revenue from implantology services accounted for 26.5% of our total revenue, as compared to 28.4% for the year ended 31 December 2024.

### Orthodontics services

Our revenue from orthodontics services decreased by 4.7% from RMB74.1 million for the year ended 31 December 2024 to RMB70.6 million for the year ended 31 December 2025. The decrease was primarily due to a decline in average spending per customer. The number of customer visits increased by 1.1% from 145,000 for the year ended 31 December 2024 to 147,000 for the year ended 31 December 2025. Revenue from orthodontics services accounted for 19.0% of our total revenue, as compared to 18.2% for the year ended 31 December 2024.

### Cost of Sales

Our cost of sales primarily consists of (i) staff costs, mainly including salaries, bonuses and benefit expenses for dentists and other medical professionals working at our dental service network; (ii) costs of consumables and customized products, mainly representing costs to procure dental consumables and customize products used in our dental services, mainly including implant fixtures, porcelain crowns and dental braces; (iii) depreciation and amortization, mainly representing depreciation of right of use assets and medical equipment; (iv) office and property management expenses; and (v) share-based payments to medical professionals employed by us under the Pre-IPO Restricted Share Scheme.

Our cost of sales decreased by 9.1% from RMB254.7 million for the year ended 31 December 2024 to RMB231.5 million for the year ended 31 December 2025. The decrease was primarily due to (i) the decrease in consumables and customized products; (ii) the decrease in staff costs; and (iii) the decrease in depreciation and amortization.

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Employee remuneration	119,791	51.7%	125,069	49.1%
Consumables and processing fees	52,183	22.5%	65,855	25.9%
Depreciation and amortization	47,395	20.5%	52,802	20.7%
Office and property management fees	7,802	3.4%	8,151	3.2%
Share-based payments	2,063	0.9%	326	0.1%
Others	2,263	1.0%	2,540	1.0%
<b>Total</b>	<b>231,497</b>	<b>100.0%</b>	254,743	100.0%



## Management Discussion and Analysis

### Gross Profit and Gross Profit Margin

Our gross profit decreased by 8.0% from RMB152.3 million for the year ended 31 December 2024 to RMB140.1 million for the year ended 31 December 2025. The decrease in our gross profit was primarily due to the decrease in our revenue. Our gross profit margin increased from 37.4% for the year ended 31 December 2024 to 37.7% for the year ended 31 December 2025. The increase in our gross profit margin was primarily due to our effective cost control.

### Other Income and Gains, Net

Our other income and gains, net primarily consists of (i) investment income from wealth management products we purchased; (ii) government grants mainly representing certain government grants by the relevant government authorities; (iii) gain arising from lease termination, representing gains arising from adjustment on the lease terms; (iv) bank interest income; and (v) rental income, representing income generated from lease of certain properties owned by us or sublease of our right of use assets. Our other income and gains, net increased by 1.6% from RMB5.5 million for the year ended 31 December 2024 to RMB5.6 million for the year ended 31 December 2025.

### Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) advertising and promotion expenses; and (ii) staff costs, mainly representing salaries, bonuses and benefit expenses for our branding and marketing staff. Our selling and distribution expenses increased by 4.8% from RMB40.5 million for the year ended 31 December 2024 to RMB42.4 million for the year ended 31 December 2025, primarily due to the increase in advertising and promotion expenses resulting from strategic adjustments to marketing activities in 2025.

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Advertising and promotion expenses	<b>36,015</b>	32,399
Staff costs	<b>6,089</b>	7,781
Share-based payments	<b>177</b>	–
Others	<b>121</b>	293
<b>Total</b>	<b>42,402</b>	40,473



## Management Discussion and Analysis

### Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, mainly representing salaries, bonuses and benefit expenses for our management and administrative personnel; (ii) depreciation and amortization; (iii) consultation and professional service expenses; (iv) office expenses; (v) listing expenses; (vi) share-based payment expenses for Restricted Shares granted to our directors and employees under the Pre-IPO Restricted Share Scheme; and (vii) entertainment expenses. Our administrative expenses decreased by 16.3% from RMB34.9 million for the year ended 31 December 2024 to RMB29.2 million for the year ended 31 December 2025, primarily due to the optimization of functional and personnel structures.

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Staff costs	<b>15,206</b>	20,329
Depreciation and amortization expenses	<b>1,949</b>	2,811
Daily office expenses	<b>521</b>	1,139
Entertainment expenses	<b>662</b>	979
Consultation and professional service expenses	<b>1,482</b>	2,108
Listing expenses	<b>5,783</b>	5,207
Share-based payments	<b>2,100</b>	676
Others	<b>1,490</b>	1,626
<b>Total</b>	<b>29,193</b>	34,875



## Management Discussion and Analysis

### Enterprise Income Tax

Our enterprise income tax expense decreased from RMB8.3 million for the year ended 31 December 2024 to RMB7.2 million for the year ended 31 December 2025, primarily due to the decrease in profit before tax during the Reporting Period.

### Net Profit

As a result of the foregoing, our net profit decreased by 19.0% from RMB62.5 million for the year ended 31 December 2024 to RMB50.6 million for the year ended 31 December 2025. Our net profit margin (i.e., the percentage of net profit to revenue during the Reporting Period) decreased from 15.4% for the year ended 31 December 2024 to 13.6% for the year ended 31 December 2025. Our adjusted net profit<sup>(1)</sup> (non-IFRS measure) decreased by 11.1% from RMB68.3 million for the year ended 31 December 2024 to RMB60.7 million for the year ended 31 December 2025. The following table reconciles our adjusted net profit (non-IFRS measure) for the periods indicated:

	Year ended December 31	
	2025 RMB'000	2024 RMB'000
<b>Net profit for the year</b>	<b>50,609</b>	62,500
Add:		
Fair value losses/(gains) on redeemable preference shares	–	(1,716)
Share-based payment expenses <sup>(2)</sup>	<b>4,340</b>	2,355
Listing expenses	<b>5,783</b>	5,207
<b>Adjusted net profit (non-IFRS measure)</b>	<b>60,732</b>	68,346

Notes:

- (1) **Adjusted net profit (non-IFRS measure)** – We define adjusted net profit (non-IFRS measure), as net profit for the period adjusted by adding (i) fair value losses or gains on redeemable preference shares; (ii) share-based payment expenses; and (iii) listing expenses. Our redeemable preference shares represent shares issued by us in connection with Series A Investment and Series B Investment to Independent Third-Party investors. All special rights granted to such investors have been terminated in September 2024. We ceased to recognize any further loss or gain on fair value changes of redeemable preference shares thereafter, because there were no more redeemable preference shares upon the termination of all special rights.
- (2) **Share-based payment expenses** – representing expenses arising from Restricted Shares granted to our employees and former employees under the Pre-IPO Restricted Share Scheme.



## Management Discussion and Analysis

### Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets decreased by 44.5% from RMB21.8 million as of 31 December 2024 to RMB12.1 million as of 31 December 2025, primarily due to the transfer of relevant listing expenses from prepayments to capital reserves upon the Listing of our company.

### Goodwill

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 our previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. As of 31 December 2025, the carrying amount of our goodwill remained stable at RMB63.1 million.

### Contingent Liabilities

As at 31 December 2025 and 31 December 2024, we had no material contingent liabilities.

### Liquidity, Financial Resources and Capital Structure

During the Reporting Period, we financed our capital expenditure and working capital requirements mainly through cash generated from operations and net proceeds from the Global Offering. Our cash and deposits increased from RMB95.0 million as at 31 December 2024 to RMB251.5 million as at 31 December 2025, primarily due to the increase of proceeds from the Listing.

As at 31 December 2025, we had no bank loans and we had obtained undrawn bank loan facilities of RMB50.0 million.

As at 31 December 2025, we had net current assets of RMB213.9 million, as compared to net current liabilities of RMB13.5 million as at 31 December 2024; as at 31 December 2025, our liquidity as represented by current ratio<sup>(1)</sup> was 3.4 times, compared to 0.9 times as at 31 December 2024; as we had no bank loans and other borrowings, the gearing ratio (total bank loans and other borrowings to total equity) was 0% as at 31 December 2025 (31 December 2024: 0%).

The primary objectives of the Group's capital management are to maintain the Group's stability and growth, safeguard its normal operations and maximize shareholders' value.

*Note:* (1) Current ratio = total current assets/total current liabilities



# Management Discussion and Analysis

## Capital Expenditures

Our capital expenditures primarily consist of expenditures on (i) property, plant and equipment; (ii) acquisition of subsidiaries; and (iii) other intangible assets. Our capital expenditures decreased from RMB24.3 million for the year ended 31 December 2024 to RMB13.9 million for the year ended 31 December 2025, primarily due to the decrease in our expenditures on property, plant and equipment.

## Contractual Commitments

As at 31 December 2025, our capital commitments in respect of contracts for property, plant and equipment, intangible assets, etc. were nil, as compared to RMB0.4 million as at 31 December 2024.

## Pledge of Assets

As at 31 December 2025, we did not have any pledged assets.

## Foreign Exchange Risk

As we primarily operate our business in the PRC with most transactions settled in RMB, however, some of our assets (in particular, the net proceeds from the Global Offering) are denominated in Hong Kong dollars. As at the end of the Reporting Period, these Hong Kong dollar-denominated assets accounted for more than 50% of the Group's total cash, constituting significant assets denominated in a currency other than the functional currency; therefore, the Group is exposed to a certain degree of foreign exchange risk. Fluctuations in the exchange rate between the Hong Kong dollar against RMB may have a potential impact on the Group's financial position. The Board will from time to time review analyses prepared by our accounting department and assess whether there will be any material adverse impact on our financial performance and whether we should enter into any hedging or derivative financial instruments to manage such foreign exchange risk exposures. As at 31 December 2025, the Group did not engage in hedging activities for managing the foreign exchange risk.

## Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

During the Reporting Period, there were no material acquisitions or disposals of our subsidiaries, associates or joint ventures.

## Events After the Reporting Period

The Directors are not aware of other significant events affecting the Company and its subsidiaries which have occurred after the end of the Reporting Period.

## Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, as of 31 December 2025, we did not have any material investments and any detailed future plans for material investments or acquisitions of capital assets.



# Directors' and Senior Management's Profiles

## EXECUTIVE DIRECTORS

**Mr. Yao Xue (姚雪)**, aged 61, founded our Group in July 2007 and has been the chairman of the Board and a Director since then. He has been the chairperson of the Nomination Committee and a member of the Remuneration Committee since 9 July 2025. Mr. Yao is primarily responsible for the overall strategy planning, business operation and management of our Group.

Mr. Yao has over 30 years of experience in medical and healthcare industry and corporate management. He served as a regional manager in Xi'an Janssen Pharmaceutical Co., Ltd. (西安楊森製藥有限公司) from July 1993 to April 1994. Then, he served as the general manager of the Chinese sales department in Zhuhai United Laboratories Co., Ltd. (珠海聯邦製藥股份有限公司), a subsidiary of The United Laboratories International Holdings Limited (Stock code: 3933.HK), from November 1994 to September 1996, primarily responsible for the overall management of its sales business in China. Mr. Yao then worked in Hubei Pukang Pharmaceutical Co., Ltd. (湖北普康醫藥有限公司) from May 1999 to February 2005. Mr. Yao served as the chairman of the board of Hubei Wanjia Pharmaceutical Co., Ltd. (湖北萬佳醫藥有限公司) and was responsible for its overall management from March 2005 to November 2009. From December 2009 to December 2022, Mr. Yao served as the general manager of Nanjing Pharmaceutical Hubei Co., Ltd. (南京醫藥湖北有限公司) primarily responsible for its operation management, and since December 2020, he has been the chairman of the board of Nanjing Pharmaceutical Hubei Co., Ltd.

Mr. Yao is a well-regarded figure and holds positions at a number of public offices and associations throughout his career. Mr. Yao has been a deputy to the Fifteenth People's Congress of Wuhan City (武漢市第十五屆人民代表大會) since January 2022. He was also a vice chairman of the Fourth Private Dental Medical Branch of the Chinese Stomatological Association (中華口腔醫學會民營口腔醫療分會) from May 2018 to May 2021 and a vice chairman of the Fifth Council of Hubei Stomatological Association (湖北省口腔醫學會) from November 2017 to November 2022. Mr. Yao is currently the vice president of the Sixth Council of Hubei Stomatological Association. In December 2017, Mr. Yao was recognized as an outstanding member of Committee of the Chinese People's Political Consultative Conference of Hubei Province (中國人民政治協商會議湖北省委員會). In April 2018, Mr. Yao was recognized as the seventeenth model worker by Wuhan People's Government (武漢市人民政府). Mr. Yao was also rewarded as an outstanding entrepreneur for the years from 2015 to 2019 by Wuhan Enterprise Federation (武漢企業聯合會) and Wuhan Entrepreneurs Association (武漢企業家協會).

Mr. Yao obtained his bachelor's degree in medical science from Hubei Medical College (湖北醫科大學) (the predecessor of Wuhan University School of Medicine (武漢大學醫學部)) in July 1987 and his bachelor's degree in laws from Central China Normal University (華中師範大學) in June 1991. Mr. Yao obtained an executive master of business administration degree from National University of Singapore in June 2005. From October 2017 to October 2020, Mr. Yao served as a part-time professor at the School of Management, Wuhan University of Technology (武漢理工大學). In December 2020, he was appointed as a social mentor for candidates for master of business administration at the School of Management, Huazhong University of Science and Technology (華中科技大學). He was recognized as a senior economist by Hubei Province Economic Profession (Wuhan) Senior Appraisal Committee (湖北省經濟專業(武漢)高評會) in April 2020.



## Directors' and Senior Management's Profiles

**Ms. Shen Hongmin (沈洪敏) (formerly known as Shen Hongmin (沈宏敏))**, aged 63, joined our Group in December 2014 as a Director and the vice chairman of the Board and was appointed as the general manager of our Company in April 2017. Ms. Shen is primarily responsible for the daily operation and management of our Group. She also serves as director of Shaoyang Hospital, Chenzhou Hospital and Jingzhou Dazhong.

Ms. Shen has over 30 years of experience in medical and healthcare industry and corporate management. Ms. Shen commenced her career in medical and healthcare industry as a provincial manager in Xi'an Janssen Pharmaceutical Co., Ltd. (西安楊森製藥有限公司) from June 1993 to November 1994, primarily responsible for sales and distribution in Heilongjiang Province. Ms. Shen subsequently served as the deputy general manager of the Chinese sales department of Zhuhai United Laboratories Co., Ltd. (珠海聯邦製藥股份有限公司), a subsidiary of The United Laboratories International Holdings Limited (Stock code: 3933.HK), from December 1994 to August 1996, overseeing the sales and distribution across East, North, Northeast, and Northwest regions of China. She worked in Hubei Pukang Pharmaceutical Co., Ltd. (湖北普康醫藥有限公司) primarily responsible for its daily operation and management from May 1999 to February 2005 and the general manager in Hubei Wanjia Pharmaceutical Co., Ltd. (湖北萬佳醫藥有限公司) primarily responsible for its daily operation and management from March 2005 to November 2009. She served as the director and the vice general manager in Nanjing Pharmaceutical Hubei Co., Ltd. (南京醫藥湖北有限公司) from December 2009 to December 2016, primarily responsible for the management of functional departments at headquarters.

Ms. Shen holds positions at a number of public offices and associations throughout her career. She is a member of the Sixth Council of the Chinese Stomatological Association (中華口腔醫學會), a standing member of the Private Dental Medical Branch of the Chinese Stomatological Association (中華口腔醫學會民營口腔醫療分會), a standing member of the Sixth Council of Hubei Stomatological Association (湖北省口腔醫學會) and a deputy to the Sixteenth People's Congress of Wuchang District (武昌區第十六屆人民代表大會). Ms. Shen was recognized as an outstanding member of Committee of the Chinese People's Political Consultative Conference of Wuchang District (中國人民政治協商會議武昌區委員會) for the years of 2011, 2013 and 2014.

Ms. Shen obtained her bachelor's and master's degrees in medical science from Harbin Medical University (哈爾濱醫科大學) in July 1986 and August 1993, respectively. She obtained an executive master of business administration degree from National University of Singapore in June 2003. From October 2017 to October 2020, Ms. Shen served as a part-time professor at the School of Management, Wuhan University of Technology (武漢理工大學).

**Mr. Guo Jiaping (郭家平)**, aged 61, joined our Group in February 2021 and was appointed as a vice general manager of our Company in August 2022 and a Director in October 2024. He is primarily responsible for the medical management, clinical work and professional training of our Group.

Mr. Guo has over 30 years of experience in dental medical industry. Prior to joining our Group, Mr. Guo served as a chief physician in the clinical dentistry department of Wuhan General Hospital of the Guangzhou Military Region (廣州軍區武漢總醫院) (the predecessor of The General Hospital of Central Theater Command of Chinese People's Liberation Army (中國人民解放軍中部戰區總醫院)) from July 1991 to April 2009. Mr. Guo then served as a chief physician and the director of clinical dentistry department of Wuhan General Hospital of the Guangzhou Military Region from April 2009 to November 2020.



## Directors' and Senior Management's Profiles

Mr. Guo is a well-regarded physician and has been actively involved in a number of professional associations. He was a member of the standing committee of the General Stomatological Committee to the Chinese Stomatological Association (中華口腔醫學會) from 2015 to 2021 and the Sixth Council of the Oral and Maxillofacial Surgery Professional Committee to Chinese Stomatological Association (中華口腔醫學會口腔頰面外科專業委員會). Mr. Guo was a vice president of both the Fourth and Fifth Councils of Hubei Stomatological Association (湖北省口腔醫學會) from November 2012 to November 2022, a director member of the Fourth Council of General Dentistry Professional Committee of Hubei Stomatological Association (湖北省口腔醫學會全科口腔醫學專業委員會) from November 2019 to November 2021 and a deputy director of the Third Council of Dental Physician Branch of Hubei Physician Association (湖北省醫師協會口腔醫師分會) from November 2019 to November 2023. He has been a vice president of Wuhan Stomatological Association (武漢市口腔醫學會) from August 2017 to August 2022. Mr. Guo was awarded the third prize of the Military Science and Technology Progress Award by the Central Military Commission's Science and Technology Committee (中央軍委科學技術委員會) in February 2020.

Mr. Guo obtained his bachelor's and master's degrees in dentistry from Hubei Medical College (湖北醫科大學) (the predecessor of Wuhan University School of Medicine (武漢大學醫學部)) in July 1987 and July 1990, respectively.

**Ms. Liu Hongchan (劉紅嬋)**, aged 52, joined our Group in November 2014 and was appointed as a vice general manager of our Company and the secretary to the Board in December 2014. Ms. Liu was appointed as a Director in October 2024 and was appointed as an employee representative Director on 24 October 2025. Ms. Liu is primarily responsible for the investment and procurement management, corporate governance and securities matters of our Group.

Ms. Liu has over 30 years of experience in finance management and corporate governance. Prior to joining our Group, she held various financial management positions in medical and healthcare industry. From July 1992 to July 1994, she served as the financial staff in Hubei Shashi Famen General Factory (湖北沙市閩門總廠). She then worked in Hubei Pharmaceutical Co., Ltd. (湖北省醫藥有限公司) from August 1994 to March 2005. Ms. Liu served as the financial manager in Hubei Wanjia Pharmaceutical Co., Ltd. (湖北萬佳醫藥有限公司) from April 2005 to November 2009. Subsequently, Ms. Liu served as the financial manager in Nanjing Pharmaceutical Hubei Co., Ltd. (南京醫藥湖北有限公司) from December 2009 to October 2014.

Ms. Liu obtained her associate diploma in finance management from Wuhan University (武漢大學) in July 1992 and her qualification certificate as an intermediate accountant (中級會計師) from Ministry of Finance of the PRC (中華人民共和國財政部) in May 2002.



## Directors' and Senior Management's Profiles

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Shu Yijie (疏義傑)**, aged 62, was appointed as an independent non-executive Director, the chairperson of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee on 22 November 2024 with effect from the Listing Date, primarily responsible for providing independent opinion to our Board.

Mr. Shu has over 40 years of experience in pharmaceutical industry and corporate management. He began his career as a pharmacist at the First Affiliated Hospital of Anhui Medical University (安徽醫科大學第一附屬醫院), where he provided pharmaceutical services. Mr. Shu then served as a department manager and vice general manager in Hefei Pharmaceutical Company (合肥市醫藥公司) from December 1992 to December 2002, where he was primarily responsible for its marketing and management. From December 2002 to December 2015, Mr. Shu successively served as the vice general manager and general manager in Nanjing Pharmaceutical Hefei Tianxing Co., Ltd. (南京醫藥合肥天星有限公司) (now known as Anhui Tianxing Pharmaceutical Group Co., Ltd. (安徽天星醫藥集團有限公司)), a subsidiary of Nanjing Pharmaceutical Co., Ltd. (南京醫藥股份有限公司) (Stock code: 600713.SH), where he was responsible for its corporate management. He then successively served as the vice president and president in Nanjing Pharmaceutical Co., Ltd. from January 2016 to April 2022, responsible for its overall operation and management. Mr. Shu served as the chairman of the board of Anhui Tianxing Pharmaceutical Group Co., Ltd. from May 2022 to May 2024, where he was responsible for board matters of the company.

Mr. Shu also served as a standing member of the second committee of the Pharmaceutical Management Professional Committee of the Hospital Association of Anhui Province (安徽省醫院協會藥事管理專業委員會) from July 2017 to July 2021, the deputy director of the seventh committee of the Pharmaceutical Preparation Professional Committee of the Pharmaceutical Society of Anhui Province (安徽省藥學會藥劑專業委員會) from July 2017 to July 2022, the honorary president of the Eighth Pharmaceutical Profession Association of Anhui Province (安徽省醫藥商業協會) since 2019, the president of the Seventh Pharmaceutical Profession Association of Anhui Province from 2015 to 2019 and a member of Committee of the Chinese People's Political Consultative Conference of Hefei (中國人民政治協商會議合肥市委員會) from January 2013 to January 2018. He was also appointed as the deputy director of the ninth board of Pharmaceutical Association of Anhui Province (安徽省藥學會) in November 2017.

Mr. Shu obtained his secondary vocational diploma in pharmacy from Anqing Health School (安慶衛生學校) in August 1982. He obtained an associate diploma in pharmacy from Anhui University of Chinese Medicine (安徽中醫學院) in June 1989 through part-time study. Mr. Shu continued his education through part-time study and graduated from the correspondence school of the Party School of the Central Committee of the Communist Party of China (中共中央黨校) with a major in economic management in December 1995. Mr. Shu also obtained a master of business administration degree from Anhui Business Administration College (安徽工商管理學院) in December 2001 and an executive master of business administration degree from Jinan University (暨南大學) in June 2015. Mr. Shu has been serving as an industry mentor for master of business administration degree candidates at Hefei University of Technology (合肥工業大學) since 2023. Mr. Shu was recognized as a certified practicing pharmacist by the Department of Personnel of Anhui Province (安徽省人事廳) in September 1995 and a deputy director pharmacist by the Senior Professional Technical Position Appraisal Committee for Pharmaceutical Professionals of Anhui Province (安徽省藥學專業高級專業技術職務評審委員會) in December 2002.



## Directors' and Senior Management's Profiles

**Ms. Huang Suzhen (黃素珍)**, aged 59, was appointed as an independent non-executive Director, the chairperson of the Audit Committee and a member of the Remuneration Committee on 22 November 2024 with effect from the Listing Date, and has been a member of the Nomination Committee since 24 October 2025, primarily responsible for providing independent opinion to our Board.

Ms. Huang has approximately 30 years of experience in accounting. From December 1996 to October 2021, Ms. Huang successively served as an accountant, the deputy section chief and section chief in the financial supervision section, accounting section and economic construction section of the Bureau of Finance of Jiang'an District, Wuhan (武漢江岸區財政局), primarily responsible for supervising the implementation of financial policies, the compliance with financial discipline and accounting standardization inspection of administrative and public institutions in Jiang'an District, Wuhan.

Ms. Huang obtained her associate diploma in financial accounting from Wuhan River Transport College (武漢河運專科學校) (the predecessor of Wuhan University of Technology (武漢理工大學)) in July 1988. She was accredited as a certified public accountant by the Certified Public Accountants Examination Committee of Ministry of Finance (財政部註冊會計師考試委員會) in April 1997 and a certificate public valuer by China Appraisal Society (中國資產評估協會) in June 2001.

**Mr. Xie Dong (謝東)**, aged 45, was appointed as an independent non-executive Director and a member of the Audit Committee from 24 October 2025. He is primarily responsible for providing independent opinion to our Board.

Mr. Xie has over 19 years of professional experience in sectors of financial management, auditing, investment and financing, and capital markets. He has served as the chief financial officer, director and senior vice president of Here Group Limited (stock code: HERE) since January 2021, June 2022 and October 2025, respectively. He has served as an independent non-executive director of China BlueChemical Ltd. (中海石油化學股份有限公司) (stock code: 3983) since May 2021; and an independent non-executive director of Duality Biotherapeutics, Inc. (stock code: 9606) since April 2025. Prior to these positions, from October 2006 to October 2007, Mr. Xie worked as a staff accountant in the auditing department of Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)). From April 2010 to September 2010, he served as vice president of CCB International (China) Limited (建銀國際(中國)有限公司). From October 2010 to August 2014, he served as associate director at Deloitte China. From September 2014 to December 2018, he served as the chief financial officer and company secretary of FinUp Finance Technology Group (Holding) Limited. From January 2019 to March 2020, he served as the director and chief financial officer of Renmai Technology Group (Holding) Limited (任買科技集團(控股)有限公司).

Mr. Xie obtained a bachelor's degree in economics and a master's degree in world economics from Nankai University in June 2003 and June 2006, respectively. He holds Chinese Institute of Certified Public Accountants (CICPA), Certified Internal Auditor (CIA), Certified Tax Agent (CTA) and Chinese Legal Professional Qualification.



## Directors' and Senior Management's Profiles

### SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business.

The following table sets forth certain information regarding our senior management:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Ms. Shen Hongmin (沈洪敏)	63	– Executive Director – Vice chairman of the Board – General manager	December 2014	10 April 2017	Responsible for the daily operation and management of our Group
Mr. Guo Jiaping (郭家平)	61	– Executive Director – Vice general manager	February 2021	18 August 2022	Responsible for the medical management, clinical work and professional training of our Group
Ms. Liu Hongchan (劉紅嬋)	52	– Executive Director (employee representative Director) – Vice general manager – Secretary of the Board	November 2014	24 December 2014	Responsible for the investment and procurement management, corporate governance and securities matters of our Group
Mr. Wang Hong (王宏)	62	– Vice general manager	January 2021	1 January 2021	Responsible for the daily operation of our medical institutions outside Wuhan
Ms. Wang Lixia (王麗霞)	43	– Vice general manager	July 2007	20 February 2023	Responsible for the marketing of our Group
Ms. Wang Lanlan (王蘭蘭)	42	– Financial director	June 2024	24 June 2024	Responsible for the financial management of our Group

For biographical details of **Ms. Shen Hongmin (沈洪敏)**, **Mr. Guo Jiaping (郭家平)** and **Ms. Liu Hongchan (劉紅嬋)**, see “Executive Directors.”



## Directors' and Senior Management's Profiles

**Mr. Wang Hong (王宏)**, aged 62, joined our Group in January 2021 as a vice general manager of our Company. He is primarily responsible for the daily operation of our medical institutions outside Wuhan. Mr. Wang also served as directors of our subsidiaries in Jingzhou and Jingmen, Hubei Province as well as Hunan Province.

Mr. Wang has over 30 years of experience in medical and healthcare industry. Prior to joining our Group, he served as the sales effective manager and head of global dermatology division in Xi'an Janssen Pharmaceutical Co., Ltd. (西安楊森製藥有限公司) from May 1994 to December 2002, primarily responsible for its marketing and business development. He then successively served as the nationwide marketing director, deputy general manager of marketing and the vice president in Chia Tai Tianqing Pharmaceutical Group Co., Ltd. (正大天晴藥業集團股份有限公司), a subsidiary of Sino Biopharmaceutical Limited (Stock code: 1177.HK), from December 2002 to December 2020, where he was responsible for its nationwide marketing and sales.

Mr. Wang obtained his associate diploma in animal husbandry from Henan University of Animal Husbandry and Economy (河南牧業經濟學院) in July 1984 and his master's degree in pathology from Shanghai Medical University (上海醫科大學) in July 1991. He also obtained an executive master of business administration degree from the National University of Singapore in August 2002.

**Ms. Wang Lixia (王麗霞)**, aged 43, joined our Group in July 2007 and was appointed as a vice general manager of our Company in March 2023. She is primarily responsible for the marketing of our Group.

Ms. Wang has been with our Group for more than 17 years since we started our business in 2007. She has accumulated rich experience in marketing and human resources of our Group through various positions within our Group. Since She started to work as a manager in respect of marketing and human resources in July 2007, Ms. Wang successively served as a director, a senior director and a vice general manager of our Group.

Ms. Wang obtained her bachelor's degree in chemical engineering and technology and master's degree in enterprise management from Wuhan University of Technology (武漢理工大學) in June 2004 and December 2006, respectively.

**Ms. Wang Lanlan (王蘭蘭)**, aged 42, joined our Group as the financial director of our Company in June 2024. She is primarily responsible for the financial management of our Group.

Ms. Wang has more than 15 years of experience in financial management. Prior to joining our Group, Ms. Wang served as a financial manager in Hubei Handan Electromechanical Co., Ltd. (湖北漢丹機電有限公司) from June 2009 to May 2015. From May 2015 to June 2024, she served as a deputy financial director in Nanjing Pharmaceutical Hubei Co., Ltd. (南京醫藥湖北有限公司).

Ms. Wang obtained her bachelor's degree in business administration and master's degree in accounting from Wuhan University of Technology (武漢理工大學) in June 2006 and December 2008, respectively. She was accredited as an intermediate accountant (中級會計師) by Hubei Province Professional Title Reform Leading Group Office (湖北省職稱改革領導小組辦公室) in March 2012. Ms. Wang has been a non-practicing certified public accountant (非執業註冊會計師) certified by Hubei Institute of Certified Public Accountants since April 2019.



## Directors' and Senior Management's Profiles

### JOINT COMPANY SECRETARIES

**Ms. Xu Liman (許莉曼)**, aged 29, joined our Group as the general management officer of our Company in March 2023 and was appointed as the joint company secretary of our Company on 22 November 2024. She is primarily responsible for overall coordination and execution of corporate governance and company secretarial matters of our Group.

Prior to joining our Group, Ms. Xu served as the general management officer in Nanjing Pharmaceutical Hubei Co., Ltd. (南京醫藥湖北有限公司) from April 2018 to March 2023, primarily responsible for its general corporate governance matters.

Ms. Xu obtained her bachelor's degree in financing management from Hubei University of Economics (湖北經濟學院) in June 2018 and a dual bachelor's degree in laws from Zhongnan University of Economics and Law (中南財經政法大學). Ms. Xu obtained her master's degree in accounting from Zhongnan University of Economics and Law in June 2020. She obtained intermediate accounting professional qualification from Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障局) and Ministry of Finance of the PRC (中華人民共和國財政部) in September 2020 and was accredited as a certified public accountant by the Certified Public Accountants Examination Committee of Ministry of Finance (財政部註冊會計師考試委員會) in February 2023.

**Ms. Pau So Yi (鮑素怡)**, was appointed as the joint company secretary of our Company on 22 November 2024.

Ms. Pau is a manager of company secretarial services of Tricor Services Limited, which is a member of Vistra Group. Ms. Pau has over 9 years of experience in corporate secretarial work. She has been providing professional corporate governance and compliance services to Hong Kong listed companies and private companies.

Ms. Pau obtained her bachelor's degree in accounting with honor from Hong Kong Shue Yan University in July 2015. Ms. Pau is a Chartered Secretary, a Chartered Governance Professional, an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, respectively.

### CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) during the period from the date of the Company's 2025 interim report to the Latest Practicable Date are set out below:

Ms. Wang Taosha resigned as an independent non-executive Director of the fourth session of the Board, a member of the Audit Committee and the Nomination Committee of the Company due to other work commitments with effect from 24 October 2025.

Mr. Xie Dong was appointed as an independent non-executive Director of the fourth session of the Board and a member of the Audit Committee of the Company with effect from 24 October 2025.

Ms. Huang Suzhen was appointed as a member of the Audit Committee with effect from 24 October 2025.

Save as disclosed above and in the section headed "Directors' and Senior Management's Profiles" of this annual report, our Directors confirm that there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



# Directors' Report

The Board is pleased to present this Report of the Directors together with the consolidated financial statements of the Group for the year ended 31 December 2025.

## GENERAL INFORMATION

The Company was incorporated as a limited liability company in Wuhan, Hubei Province on 10 July 2007 and was converted into a joint stock company with limited liability on 24 December 2014. The H Shares of the Company were listed on the Main Board of the Stock Exchange on 9 July 2025 with stock code 2651.

## DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were as follows:

### Executive Directors

Mr. Yao Xue (姚雪)  
Ms. Shen Hongmin (沈洪敏)  
Mr. Guo Jiaping (郭家平)  
Ms. Liu Hongchan (劉紅嬋) (Appointed as an employee representative Director on 24 October 2025)

### Independent non-executive Directors

Mr. Shu Yijie (疏義傑)  
Ms. Huang Suzhen (黃素珍)  
Mr. Xie Dong (謝東) (Appointed on 24 October 2025)  
Ms. Wang Taosha (王陶沙) (Resigned on 24 October 2025)

## PRINCIPAL ACTIVITIES

We are a private dental services provider in Central China with a focus on Hubei and Hunan provinces. Guided by our founding principles of “Health and Care”, our mission is to “bring health and happiness to every customer”.

Since we opened our first clinic in 2007, we have been providing dental services spanning (i) general dentistry services, (ii) implantology services and (iii) orthodontics services. Through decades of commitment and endeavors in the dental healthcare industry, we have earned the trust of our customers.

There were no significant changes in the nature of the Company's principal activities during the Reporting Period.



# Directors' Report

## BUSINESS REVIEW AND RESULTS

A fair review of the business of the Group during the Reporting Period is provided in the section headed “Business Review” under “Management Discussion and Analysis” in this annual report. An analysis of the Group’s performance using financial key performance indicators during the Reporting Period is provided in the section headed “Financial Review” under “Management Discussion and Analysis” in this annual report. These sections form an integral part of this Directors’ Report.

The results of the Group for the Reporting Period are set out in the consolidated Financial Statements of this annual report.

## FINAL DIVIDEND

The Board recommends the payment of the final dividend for the year ended 31 December 2025 (the “**Final Dividend**”). Based on the total share capital of 49,379,042 Shares as of the date of this annual report, a cash dividend of RMB0.668 (tax-inclusive) per Share will be distributed to all Shareholders. The total proposed cash dividend to be distributed is RMB32,985,200 (tax-inclusive). The above proposal is subject to consideration and approval at the 2025 AGM of the Company. Details regarding the dividend distribution will be set forth in the circular to be issued and despatched to Shareholders by the Company.

Subject to the approval of the proposed Final Dividend by the Shareholders at the forthcoming 2025 AGM, it is expected that the payment date of the proposed Final Dividend will be no later than 30 June 2026.

The proposed Final Dividend will be declared in Renminbi and paid in Renminbi to Shareholder of Unlisted Shares, and in Hong Kong dollars to Shareholder of H Shares. The exchange rate from Renminbi to Hong Kong dollars will be based on the average of the middle exchange rates published by the People’s Bank of China during the calendar week preceding the announcement of the proposed Final Dividend (i.e., the date of the 2025 AGM).

As of the date of this annual report, the Board is not aware of any Shareholders has waived or agreed to any arrangement to waive dividends.



## Directors' Report

### TAX ON DIVIDENDS

According to the Enterprise Income Tax Law of the PRC 《中華人民共和國企業所得稅法》 which came into effect on 1 January 2008, and was amended on 24 February 2017, 29 December 2018 and 6 December 2024, the Implementation Rules of 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 took effect on 1 January 2008 and was amended on 23 April 2019, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders Which Are Overseas Non-resident Enterprises (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 promulgated by the State Taxation Administration and came into effect on 6 November 2008, where a Chinese resident enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to H shareholders which are overseas non-resident enterprises (such term shall have the meaning as defined under the Enterprise Income Tax Law of the PRC), it is required to withhold 10% enterprise income tax for such overseas non-resident enterprise Shareholders of H shares. Therefore, for a non-resident enterprise Shareholder of the H Shares (i.e., any Shareholder holding the H Shares in the name of a non-individual Shareholder, including but not limited to any holders of H Shares registered in the name of HKSCC Nominees Limited, or any other nominee or trustee, or any other organisation or group), the Company shall withhold the enterprise income tax for the Final Dividend at the tax rate of 10% on its behalf. After receiving dividends, the non-resident enterprise Shareholder may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

Pursuant to the Notice on Issues Concerning the Levy and Administration of Individual Income Tax After 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知》 issued by the State Taxation Administration on 28 June 2011, dividends to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, are subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual Shareholders of H Shares whose names appear on the H Share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice on Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa (1993) No. 045.

The Company assumes no responsibilities whatsoever in respect of and will not entertain for any claim arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholdings.

Shareholders are recommended to consult their financial advisors regarding the tax implications in the PRC, Hong Kong and elsewhere associated with the ownership and disposal of H Shares.

Save as disclosed in this report, the Board is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.



## Directors' Report

### RISKS AND UNCERTAINTIES

We are subject to the following major risks and uncertainties:

We operate in a highly competitive industry and such industry experienced dampened growth and fluctuation in recent years. If we do not compete successfully against existing or new competitors, our business, financial condition and results of operations may be materially and adversely affected.

We operate in a strictly regulated industry with strict compliance requirements in health, safety and environmental laws and regulations, and are subject to on-going compliance costs. As of the Latest Practicable Date, we have completed the relocation and necessary Fire Safety Filing of the remaining one dental clinic mentioned in the Prospectus.

Centralized procurement policies may further affect the pricing of our implantology services, which may in turn affect our financial condition and results of operations.

The demands for our dental services are affected by the disposable income of our customers and their willingness to pay for oral health and personal appearance, which are vulnerable to variations in the macroeconomic environment.

Regulatory pricing controls under the public medical insurance programs may further affect the pricing of dental services provided by our Medical Insurance Designated Medical Institutions, which may in turn affect our financial condition and results of operations.

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

We may not be able to identify expansion opportunities or execute our expansion plans and our expansion strategies are subject to uncertainties and risks. This may materially and adversely affect our business, financial condition, results of operations and prospects.

Our business generates and possesses a large amount of personal and medical information of customers, and any improper collection, storage, use, leakage or disclosure of such information could materially and adversely affect our brand image, reputation and business.

Failure to renew our current leases on reasonable terms or to locate desirable alternatives for our dental institutions could materially and adversely affect our business, financial condition and results of operations.

As the major risks and uncertainties mentioned above are not exhaustive, please refer to the section headed "Risk Factors" in the Prospectus for detailed information.



## Directors' Report

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the Reporting Period. For the year ended 31 December 2025, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

### ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is not exposed to significant environmental risks. During the Reporting Period, no fines or other penalties were imposed on the Group for non-compliance with environmental regulations.

Details of the Group's environmental policy and performance will be provided in the Company's environmental, social and governance report for the year ended 31 December 2025 to be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinadzyl.com](http://www.chinadzyl.com)) at the same time as the publication of this annual report.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, we had a total of 1,015 employees, compared to 1,164 employees as of 31 December 2024. The remuneration package we provide to employees mainly includes basic salaries and performance bonuses. We conduct annual performance reviews for them, and the review results will be used in their salary determination, bonus awards and promotion assessments.

We highly value the recruitment, management, training and retainment of our employees, especially medical professionals. In particular, we arrange diversified training sessions for our employees, including pre-job training, training on basic medical theory, basic medical knowledge, and basic medical skills, advanced training and special training focused on selected specialties. We also encourage our employees to participate in a wide range of academic exchange activities and professional studies to enrich their technical know-how and develop their capabilities and skills.

We also adopted the Pre-IPO Restricted Share Scheme in July 2017 to incentivize employees and align their interests with ours. Employee benefit expenses mainly include salaries, bonuses and allowances we provide to employees in the PRC. For the year ended 31 December 2025, employee benefit expenses amounted to RMB154.3 million (year ended 31 December 2024: RMB160.7 million). In particular, under the employee incentive schemes, we recognized share-based payment expenses of RMB4.3 million for the year ended 31 December 2025 (year ended 31 December 2024: RMB2.4 million).

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. We provide our employees with employee benefit plans, including housing provident fund contributions, pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Employees of the Group in the PRC are entitled to participate in various government-sponsored housing provident funds, medical insurance and other social insurance plans. The Group makes monthly contributions to these funds at a certain percentage of the salaries of these employees (subject to certain caps). The Group's obligations in respect of these funds are limited to the annual contributions payable. As of 31 December 2025, the Group did not have the matter referred to in paragraph 26(2) of Appendix D2 to the Listing Rules where an employer may use forfeited contributions under a defined contribution plan to reduce the level of existing contributions.

We believe that we maintain a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the Reporting Period.



## Directors' Report

### MAJOR SUPPLIERS

Our dental service network requires various products for its business operations, mainly covering dental devices and pharmaceuticals. Our suppliers primarily comprise (i) suppliers of the above products; (ii) marketing and promotion services providers as well as consulting services providers; and (iii) software, hardware and services providers of informatization. We mainly purchase from suppliers located in China, including domestic distributors that are licensed to import dental tools and equipment manufactured by foreign manufacturers.

For the year ended 31 December 2025, our purchases from the five largest suppliers accounted for 41.3% of our total purchases (2024: 42.4%). For the year ended 31 December 2025, our purchases from the largest supplier accounted for 12.4% of our total purchases (2024: 14.6%).

For the year ended 31 December 2025, all of our five largest suppliers were independent third parties. To the best of the knowledge of our Directors, for the year ended 31 December 2025, none of our Directors, their respective associates or any Shareholder who owns more than 5% of our issued share capital (excluding the treasury shares, if any) had any interest in any of our five largest suppliers.

For the year ended 31 December 2025, we did not have any material disputes with our suppliers.

### MAJOR CUSTOMERS

Our customers were individual customers who received dental services at our dental institutions. Our comprehensive dental services cover a broad range of customers in all age groups. Given the dispersed base of our customers, we do not have any customer concentration risk. Our business and profitability are not materially dependent on any single individual customer. None of our individual customers accounted for more than 0.1% of our total revenue for the year ended 31 December 2025.

All of our five largest customers for the year ended 31 December 2025 were Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital (excluding the treasury shares, if any) had any interest in any of our five largest customers for the year ended 31 December 2025.

For the year ended 31 December 2025, we did not have any material disputes with our customers.



## Directors' Report

### KEY RELATIONSHIP WITH STAKEHOLDERS

The Group firmly believes that the cornerstone of success lies in building a mutually beneficial ecosystem with all stakeholders, including Shareholders, employees, suppliers and customers. To this end, we are committed to deepening cooperation, strengthening connections, and driving the long-term and sustainable development of the enterprise by establishing solid and mutually trusted partnerships.

#### Relationship with Shareholders

We attach great importance to the protection of Shareholders' rights and interests and regard effective communication with them as a top priority. Adhering to the principle of two-way communication, we are committed to actively listening to the valuable feedback of our Shareholders through regular dialogues while ensuring the quality and effectiveness of information disclosure. We firmly believe that timely and fair disclosure of information through channels such as general meetings, corporate communications, annual reports and results announcements is crucial to ensuring that Shareholders and investors make informed investment decisions.

#### Relationship with Employees

Talent is our most valuable asset. We are committed to cultivating capable and loyal employees, and always adhere to treating them with due dignity, respect and fairness. We deeply recognize that the professional expertise and knowledge level of our dentists are the cornerstones of the Group's continued success. To this end, we continuously invest in employee training and regularly organize various training courses to help employees constantly refine their professional knowledge and skills. In terms of remuneration and benefits, we provide differentiated remuneration packages based on job responsibilities. We enter into formal employment contracts with each employee, clearly stipulating matters such as wages, benefits and termination clauses. The remuneration package of our employees typically comprises basic salaries and performance bonuses. In addition, we provide employee benefit plans for our employees, including housing provident fund contributions, pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance.

#### Relationship with Suppliers

In the selection of suppliers, we adhere to three core criteria: legal and regulatory compliance, product quality and industry reputation. We not only strictly control the service quality of our suppliers, but also cherish building long-term and healthy cooperative relationships with them. We firmly believe that a solid supply chain cannot exist without mutual trust and mutual benefit. To this end, we actively foster strategic partnerships with our suppliers, aiming to encourage them, through close collaboration, to consistently deliver services of the highest standard in the most efficient manner, and jointly achieve long-term goals.



## Directors' Report

### Relationship with Customers

Our customer base consists of a vast number of individual patients. We firmly believe that customer feedback is the driving force for our growth. To this end, we have established multi-dimensional feedback collection channels: satisfaction surveys after clinic visit, direct communication with medical staff, and a 24-hour customer service hotline. We value every piece of feedback and complaint, and implement rectifications promptly. Such a virtuous cycle from listening, improvement to prevention helps us continuously consolidate the trust of our customers and drive the continuous expansion of our customer base.

### INTERESTS AND SHORT POSITIONS

#### Interests or Short Positions of The Directors and Chief Executive in Shares, Underlying Shares and Debentures of Our Company or Any of Its Associated Corporations

As at 31 December 2025, to the best knowledge of the Directors after making reasonable enquiry, the interests and/or short positions (as applicable) of our Directors and chief executive in the Shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (i) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:



## Directors' Report

### (1) Interests in the Shares of Our Company

Name	Position	Nature of interest	Number of Shares	Description of Shares	Approximate percentage of the number of Shares of that class <sup>(1)</sup>	Approximate percentage of the total issued Shares of our Company <sup>(1)</sup>
Mr. Yao <sup>(2)</sup>	Chairman of the Board and executive Director	Interest in controlled corporation	31,324,102	Unlisted Shares	96.82%	63.44%
		Beneficial interest	475,800	Unlisted Shares	1.47%	0.96%
		Interest of concert party	31,774,102	Unlisted Shares	98.21%	64.35%
Ms. Shen <sup>(2)</sup>	Executive Director, vice chairman of the Board and general manager	Interest in controlled corporation	31,324,102	Unlisted Shares	96.82%	63.44%
		Beneficial interest	450,000	Unlisted Shares	1.39%	0.91%
		Interest of concert party	31,799,902	Unlisted Shares	98.29%	64.40%
Mr. Guo Jiaping <sup>(3)</sup>	Executive Director and vice general manager	Interest in controlled corporation	1,505,000	H Shares	8.84%	3.05%

#### Notes:

- (1) The percentage is for illustrative purpose only and may be subject to discrepancies. The calculation is based on a total number of 49,379,042 Shares in issue as at 31 December 2025 (comprising 17,026,140 H Shares and 32,352,902 Unlisted Shares).
- (2) As at 31 December 2025, Mr. Yao and Ms. Shen held 475,800 Unlisted Shares and 450,000 Unlisted Shares in our Company, respectively; Mr. Yao and Ms. Shen held 51,300,000 shares and 36,500,000 shares in Zhongshan Medical Investment, respectively, representing approximately 44.11% and 31.38% of the equity interest in Zhongshan Medical Investment, respectively; Zhongshan Medical Investment held 31,324,102 Unlisted Shares in our Company. Pursuant to an acting-in-concert agreement entered into between Mr. Yao and Ms. Shen on 3 June 2014, Mr. Yao and Ms. Shen agreed to act in concert in respect of their voting rights in Zhongshan Medical Investment and our Company.
- See "History, Development and Corporate Structure — Our Major Corporate Development — Early Development" in the Prospectus for details. Therefore, Mr. Yao and Ms. Shen were deemed to be interested in the Shares directly held by Zhongshan Medical Investment and each other by virtue of the SFO.
- (3) As at 31 December 2025, Mr. Guo Jiaping was the general partner of Wuhan Zhulin. Therefore, Mr. Guo Jiaping was deemed to be interested in the 1,505,000 H Shares in our Company directly held by Wuhan Zhulin by virtue of the SFO.
- (4) All interest(s) represented long position(s).



## Directors' Report

### (2) Interests in Our Associated Corporation

Name	Position	Nature of interest	Name of associated corporation	Number of Shares	Approximate percentage of shareholding
Mr. Yao <sup>(1)</sup>	Chairman of the Board	Beneficial interest	Zhongshan Medical Investment	51,300,000	44.11%
	and executive Director	Interest of concert party	Zhongshan Medical Investment	36,500,000	31.38%
Ms. Shen <sup>(1)</sup>	Executive Director,	Beneficial interest	Zhongshan Medical Investment	36,500,000	31.38%
	vice chairman of the Board and general manager	Interest of concert party	Zhongshan Medical Investment	51,300,000	44.11%
Ms. Liu Hongchan	Executive Director,	Beneficial interest	Zhongshan Medical Investment	1,500,000	1.29%
	vice general manager and secretary of the Board	Interest of spouse <sup>(2)</sup>	Zhongshan Medical Investment	1,900,000	1.63%

#### Notes:

- (1) As at 31 December 2025, Mr. Yao and Ms. Shen held 51,300,000 shares and 36,500,000 shares in Zhongshan Medical Investment, respectively, representing approximately 44.11% and 31.38% of the equity interest in Zhongshan Medical Investment, respectively. Pursuant to an acting-in-concert agreement entered into between Mr. Yao and Ms. Shen on 3 June 2014, Mr. Yao and Ms. Shen agreed to act in concert in respect of their voting rights in Zhongshan Medical Investment. See "History, Development and Corporate Structure — Our Major Corporate Development — Early Development" in the Prospectus for details. Therefore, each of them was deemed to be interested in the equity interest in Zhongshan Medical Investment held by each other by virtue of the SFO.
- (2) As at 31 December 2025, Mr. Liu Baoping (劉保平), the spouse of Ms. Liu Hongchan, held 1,900,000 shares in Zhongshan Medical Investment, representing approximately 1.63% of the equity interest in Zhongshan Medical Investment. Under the SFO, Ms. Liu Hongchan was deemed to be interested in the equity interest in Zhongshan Medical Investment held by Mr. Liu Baoping.
- (3) All interest(s) represented long position(s).

As at 31 December 2025, save as disclosed above, to the best knowledge of the Directors after making reasonable enquiry, none of the Directors or chief executive had any interests and/or short positions in the Shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (i) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to our Company and the Stock Exchange pursuant to the Model Code.

### Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

As at 31 December 2025, so far as the Directors are aware after making reasonable enquiry, the persons (other than the Directors or chief executive of the Company) who held interests and/or short positions (as applicable) in the Shares or underlying shares which would be required to be notified to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept by our Company pursuant to section 336 of the SFO were set out in the table below:

Name of Shareholder	Nature of Interest	Number	Description of Shares	Approximate percentage of the number of Shares of that class <sup>(1)</sup>	Approximate percentage of the total issued Shares of our Company <sup>(1)</sup>
Zhongshan Medical Investment <sup>(2)</sup>	Beneficial interest	31,324,102	Unlisted Shares	96.82%	63.44%
Wuhan Xinglin	Beneficial interest	2,740,740	H Shares	16.10%	5.55%
Yao Qi <sup>(3)</sup>	Interest in controlled corporation	2,740,740	H Shares	16.10%	5.55%
Wuhan Taolin	Beneficial interest	1,505,000	H Shares	8.84%	3.05%
Ma Zhenrong <sup>(4)</sup>	Interest in controlled corporation	1,505,000	H Shares	8.84%	3.05%
Wuhan Zhulin	Beneficial interest	1,505,000	H Shares	8.84%	3.05%

*Notes:*

- (1) The percentage is for illustrative purpose only and may be subject to discrepancies. The calculation is based on a total number of 49,379,042 Shares in issue as at 31 December 2025 (comprising 17,026,140 H Shares and 32,352,902 Unlisted Shares).
- (2) As at 31 December 2025, Mr. Yao and Ms. Shen held 51,300,000 shares and 36,500,000 shares in Zhongshan Medical Investment, respectively, representing approximately 44.11% and 31.38% of the equity interest in Zhongshan Medical Investment, respectively. Pursuant to an acting-in-concert agreement entered into between Mr. Yao and Ms. Shen on 3 June 2014, Mr. Yao and Ms. Shen agreed to act in concert in respect of their voting rights in Zhongshan Medical Investment. See "History, Development and Corporate Structure — Our Major Corporate Development — Early Development" in the Prospectus for details. Therefore, each of them was deemed to be interested in the equity interest in Zhongshan Medical Investment held by each other by virtue of the SFO.
- (3) As at 31 December 2025, Yao Qi was the general partner of Wuhan Xinglin. Therefore, Yao Qi was deemed to be interested in the Shares directly held by Wuhan Xinglin by virtue of the SFO.
- (4) As at 31 December 2025, Ma Zhenrong was the general partner of Wuhan Taolin. Therefore, Ma Zhenrong was deemed to be interested in the Shares held directly by Wuhan Taolin by virtue of the SFO.
- (5) All interest(s) represented long position(s).



## Directors' Report

As at 31 December 2025, save as disclosed above, so far as the Directors are aware after making reasonable enquiry, no other persons (other than the Directors or chief executive of the Company) held interests and/or short positions in the Shares or underlying shares of our Company which would be required to be notified to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept pursuant to section 336 of the SFO.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The H Shares were first listed on the Stock Exchange on 9 July 2025. During the period from the Listing Date to 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including the sale of treasury shares, if any). As of 31 December 2025, the Company did not hold any treasury shares.

### **PRE-IPO RESTRICTED SHARE SCHEME**

The Pre-IPO restricted share scheme (the “**Restricted Share Scheme**”) was adopted on 27 July 2017 and amended on 28 October 2024 by the Company, the principal terms of which are set out in the section headed “D. Pre-IPO Restricted Share Scheme” in Appendix VI to the Prospectus. The purposes of the Restricted Share Scheme are to (i) establish a long-term effective incentive mechanism to enhance our employees’ sense of responsibility and promote continuous and healthy development of our Company, and (ii) provide incentives to our Directors, Supervisors, senior management, key employees and consultants to recognize their contributions to our Company and align their interests with our Company’s long-term development. The Company has not set a term for the Restricted Share Scheme, but it will terminate on the date the grantee no longer holds any incentive shares.

#### **Participants of the Scheme**

The participant of the Restricted Share Scheme is any person belong to any of (i) senior management of the Group; (ii) key employees and consultants; and (iii) other employees who, in the opinion of the Board, have great contribution to our Group’s operating performance and future development and should be incentivized.

#### **Maximum Number of Shares Available for Subscription**

The number of Restricted Shares issued under the Restricted Share Scheme is 5,750,740 Shares, representing approximately 11.65% of the Company’s total issued share capital as of the date of this annual report. Pursuant to the Restricted Share Scheme, the Restricted Shares were issued in a single tranche prior to the listing to the three employee stock ownership platforms, the general partner and limited partners of which are the participants of the Restricted Share Scheme including (i) Wuhan Xinglin, (ii) Wuhan Taolin and (iii) Wuhan Zhulin. As the Restricted Share Scheme constitutes a share scheme that is funded only by existing Shares and no Shares are available for issue under the Restricted Share Scheme as at the date of this annual report. There is no maximum limit of Restricted Shares which may be granted to each participant subject to the compliance of the Listing Rules.

#### **Vesting Period and Purchase Price of the Restricted Share**

The Restricted Shares granted to grantees vested when the completion of public offering.

The purchase price of the Restricted Shares shall be determined by our Company with reference to the latest net assets, profitability and development potential of our Company set forth in the restricted share agreement.



## Directors' Report

The following table sets forth details of changes in awards granted under the Restricted Share Scheme during the Reporting Period:

Name or category of participant	Date of grant	Purchase price (RMB/Share)	Unvested as of 1 January 2025 (Shares)	Granted during the Reporting Period (Shares)	Vested during the Reporting Period (Shares)	Unvested as of 31 December 2025 (Shares)	Vesting period	Closing price of Shares immediately prior to the date of grant of restricted share units during the Reporting Period	Fair value immediately following the grant date <sup>(1)</sup>	Cancelled/lapsed during the Reporting Period
<b>Directors</b>										
Guo Jiaping	June 2022	4.87	100,000	0	100,000	0	June 2022 to July 2025	N/A	7.46	N/A
Guo Jiaping	November 2022	7.52	360,000	0	360,000	0	November 2022 to July 2025	N/A	7.46	N/A
Liu Hongchan	November 2023	7.72	75,000	0	75,000	0	November 2023 to July 2025	N/A	9.62	N/A
<b>Five highest paid individuals</b>										
	July 2017	3.8	150,000	0	150,000	0	July 2017 to July 2025	N/A	5.19	N/A
	June 2022	4.87	25,000	0	25,000	0	June 2022 to July 2025	N/A	7.46	N/A
	April 2025	7.52	0	155,000	155,000	0	April 2025 to July 2025	N/A	16.37	N/A
<b>Other employees</b>										
	February 2015	2	1,887,360	0	1,887,360	0	February 2015 to July 2025	N/A	4.55	N/A
	July 2017	3.8	1,755,000	0	1,755,000	0	July 2017 to July 2025	N/A	5.19	N/A
	May 2019	4.57	120,000	0	120,000	0	May 2019 to July 2025	N/A	6.29	N/A
	October 2020	4.84	400,000	0	400,000	0	October 2020 to July 2025	N/A	6.29	N/A
	June 2022	4.87	150,000	0	150,000	0	June 2022 to July 2025	N/A	7.46	N/A
	November 2022	7.52	304,120	0	304,120	0	November 2022 to July 2025	N/A	7.46	N/A
	April 2025	7.52	0	269,260	269,260	0	April 2025 to July 2025	N/A	16.37	N/A
Total			5,326,480	424,260	5,750,740	0				

(1) The fair value of restricted share units at the date of grant was calculated in accordance with the accounting standards and policies adopted for preparing the financial statements, for further details, please refer to note 29 to the financial statements.

(2) The Restricted Shares were all vested on the Listing Date; therefore, the weighted average closing price of the Shares immediately before the vesting date of the Restricted Shares is not applicable.

(3) No Restricted Shares lapsed or were canceled during the Reporting Period.



## Directors' Report

### **EMOLUMENT POLICY AND DIRECTORS' REMUNERATION**

We have established the Remuneration Committee to formulate remuneration policies in accordance with the Corporate Governance Code contained in Appendix C1 to the Listing Rules. The remuneration packages of the Directors and senior management were recommended by the Remuneration Committee based on the qualifications, positions, performance and experience of the respective Directors and senior management, and submitted to the Board for consideration and approval. The remuneration of the independent non-executive Directors was determined by the Board based on the recommendations of the Remuneration Committee. Details of the remuneration of the Directors, management and the five highest paid individuals are set out in note 8 and note 9 to the consolidated financial statements, respectively.

### **CONNECTED TRANSACTION**

During the Reporting Period, the Company had no connected transactions that were required to be disclosed under the Listing Rules. During the Reporting Period, no related party transactions set out in note 35 to the consolidated financial statements fell under the definition of “connected transactions” or “continuing connected transactions” (as the case may be) under Chapter 14A of the Listing Rules, and we have complied with the disclosure requirements under Chapter 14A of the Listing Rules (where applicable).

## Use of Proceeds from the Global Offering

The H Shares were listed on the Stock Exchange by way of Global Offering on 9 July 2025. A total of 10,861,800 H Shares were issued at an offer price of HK\$20 per Share, with gross proceeds of approximately HK\$217.24 million. After deduction of related expenses, the net proceeds from the Global Offering were approximately HK\$178.17 million (the “**Net Proceeds**”).

As of 31 December 2025, the intended use of the Net Proceeds is consistent with that previously disclosed in “Future Plans and Use of Proceeds” in the Prospectus. The following table sets out the utilization of the Net Proceeds as of 31 December 2025:

Intended use of Net Proceeds	Approximate percentage of Net Proceeds	Planned amount of Net Proceeds to be used (approximately HK\$ million)	Utilized Net Proceeds up to 31 December 2025 (approximately HK\$ million)	Unutilized Net Proceeds up to 31 December 2025 (approximately HK\$ million)	Expected timeline for full utilization of the remaining Net Proceeds <sup>(1)</sup>
Establishing new dental institutions	35%	62.36	0.92	61.44	By 31 December 2029
Acquiring dental institutions	25%	44.54	0.00	44.54	By 31 December 2029
Upgrading and renovating some of our existing dental institutions	10%	17.82	3.74	14.08	By 31 December 2029
Optimizing our information technology infrastructure and information technology systems	10%	17.82	1.62	16.20	By 31 December 2029
Developing our medical professional team	10%	17.82	7.70	10.12	By 31 December 2029
Working capital and general corporate purposes	10%	17.82	4.79	13.03	By 31 December 2029
<b>Total<sup>(2)</sup></b>	<b>100%</b>	<b>178.17</b>	<b>18.77</b>	<b>159.40</b>	

*Notes:*

(1) The expected timeline for full utilization of the remaining Net Proceeds set out in the table above is based on the Group’s best estimate of the future market conditions, which may be subject to change as a result of the development in current and future market conditions.

(2) Totals may not be the exact sum of numbers shown here due to rounding.

If the Net Proceeds are not immediately utilized for the above purposes, the Company will only deposit the Net Proceeds in short-term interest-bearing accounts with licensed commercial banks and/or other recognized financial institutions (as defined in the SFO or applicable laws and regulations of other jurisdictions).



## Directors' Report

### DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

### DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

During the year, none of the Directors had any direct or indirect material interest in any transaction, arrangement or contract of significance to which the Company, its holding company, its subsidiaries or any subsidiary of its holding company was a party and which was subsisting at the end of the year.

### DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors, senior management of the Company or their respective associates had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group, or had any other conflict of interest with the Group.

### CONTRACTS OF SIGNIFICANCE

None of the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries other than the Group, nor was there any contract of significance between the Group and the controlling Shareholder or any of its subsidiaries other than the Group in relation to provision of services.

### PRE-EMPTIVE RIGHTS

As at 31 December 2025, there are no provisions for pre-emptive rights under the Articles of Association or the PRC laws, which require the Company to offer new shares to existing Shareholders in proportion to their shareholdings.

### CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

### AUDIT COMMITTEE

The Audit Committee of Company has reviewed the Group's final results for 2025 and the consolidated financial statements for the year ended 31 December 2025 prepared in accordance with IFRS.



## Directors' Report

### RESERVES

Details of the changes in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 71 to 72 of this annual report. As at 31 December 2025, the Company's distributable reserves were approximately RMB49.4 million.

### AUDITOR

The consolidated financial statements of the Group have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. The Company has not changed its auditors since the Listing Date.

### PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, as at the Latest Practicable Date, the Company has maintained the prescribed percentage of public float as required under the Listing Rules.

### PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance for its Directors and senior management. Save as disclosed above, during the Reporting Period and up to the Latest Practicable Date, none of the Directors of the Company benefited from any permitted indemnity provision then in force.

### CHARITABLE DONATIONS

During the Reporting Period, the Group made no charitable and other donations.

### EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, nor did any such agreements exist, during the Reporting Period.

### APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers for their support and contribution to the Group.

By order of the Board  
**Wuhan Dazhong Dental Medical Co., Ltd.**  
**Mr. Yao Xue**  
*Chairman and Executive Director*

**31 March 2026**



# Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company during the period from the Listing Date to 31 December 2025.

## CORPORATE GOVERNANCE CULTURE AND STRATEGY

The Company is committed to conducting all its affairs in accordance with high ethical standards, reflecting our firm belief that honesty, transparency and accountability are fundamental to achieving our long-term goals. The Company believes that adhering to these principles will maximize returns for Shareholders while benefiting our employees, business partners, and the communities in which the Company operates.

Corporate governance is the process by which the Board guides and oversees management in the conduct of the Company's affairs, with the aim of ensuring the achievement of strategic objectives. The Board is committed to establishing and maintaining a robust corporate governance system rooted in the Company's core values, i.e., upholding the principles of "Quality is Life, Talent is the Foundation", "People-Oriented, Diligence-Driven", "Respect for Science, Adherence to Medical Ethics", "Highly Responsible, Meticulous Treatment", and "Loyalty, Dedication, Honesty and Integrity". On this basis, the Board ensures the following:

- delivering satisfactory and sustainable returns to Shareholders;
- safeguarding the interests of the Company's stakeholders;
- identifying, assessing, and effectively managing overall business risks to ensure the Company's sound operations;
- providing safe, effective and high-quality dental services, while upholding the fundamental principle that "Quality is Life"; and
- maintaining high ethical standards.

The Group will continuously review its corporate governance strategy and adjust it as necessary, and closely monitor the evolving regulatory environment and market conditions to ensure that measures are taken promptly and proactively to address changes, thereby driving the Group's sustainable development and creating long-term value for Shareholders and stakeholders.



# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

As the H Shares were listed on the Stock Exchange on 9 July 2025, the Corporate Governance Code as set out in Appendix C1 to the Listing Rules was not applicable to the Company during the period from 1 January 2025 to 8 July 2025. The Board is of the view that, from the Listing Date to 31 December 2025, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code, save as disclosed below:

Code provision C.5.1 of Part 2 of the Corporate Governance Code provides that Board meetings shall be convened at least four times annually. As the H Shares were listed on the Stock Exchange on 9 July 2025, the period during which the Board was required to fulfill its legal and governance responsibilities did not cover the entire financial year. During this period, the Board effectively discharged its responsibilities, reviewed and approved all key matters through two formal meetings. In addition, the members of the Board ensured the continuous and effective execution of the Board's management functions through various informal yet efficient communication channels, including regular receipt of management reports and teleconferences.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.



# Corporate Governance Report

## BOARD OF DIRECTORS

### Responsibilities of the Board and Management

The Company has established a clear division of responsibilities between the Board and management. The Board is responsible for the overall strategic direction, oversight and management of the Company, while the management is responsible for the daily operations of the Company within the scope of the Board's authorization.

To enhance decision-making efficiency and professionalism, the Board has established the Audit Committee, the Remuneration Committee, and the Nomination Committee. Each of these specialized committees is accountable to the Board and performs its duties in accordance with the Articles of Association and the Board's delegation of authority. The terms of reference for each specialized committee are available on the websites of the Hong Kong Stock Exchange and the Company.

The Board regularly reviews the contributions required of Directors to fulfill their duties to the Company, as well as whether Directors are devoting sufficient time to their responsibilities.

Management consists of the Company's general manager and other senior management. They are responsible for implementing Board resolutions and managing the Company's daily operations under the leadership and supervision of the Board. Management must regularly report to the Board on the Company's operational and financial status to ensure the Board has timely and accurate insights into the Company's operations. Major decisions made by the management in the course of daily operations, as well as matters that may affect the Company's business, financial condition, or share price, must be reported to the Board in a timely manner.

The Board believes that the clear and reasonable division of responsibilities between the Board and management may ensure effective supervision and balance while safeguarding management's operational efficiency and complying with the requirements of the Corporate Governance Code.



# Corporate Governance Report

## Board Composition

As at the date of this annual report, the Board comprises of seven members, consisting of four executive Directors (including one employee representative Director) and three independent non-executive Directors. The composition of the Board is as follows:

### *Executive Directors*

Mr. Yao Xue (姚雪) (*Chairman*)  
Ms. Shen Hongmin (沈洪敏)  
Mr. Guo Jiaping (郭家平)  
Ms. Liu Hongchan (劉紅嬋) (Appointed as an employee representative Director on 24 October 2025)

### *Independent non-executive Directors*

Mr. Shu Yijie (疏義傑)  
Ms. Huang Suzhen (黃素珍)  
Mr. Xie Dong (謝東) (Appointed on 24 October 2025)  
Ms. Wang Taosha (王陶沙) (Resigned on 24 October 2025)

The biographical details of the Directors and the relationships among the members of the Board are disclosed in the section headed “Directors’ and Senior Management’s Profiles” in this annual report. To the best knowledge of the Company, there is no other financial, business, family or other material/relevant relationship among the members of the Board.

The Company has received a written annual confirmation from each independent non-executive Director of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent individuals.

During the year ended 31 December 2025, Mr. Xie Dong, who was appointed as a Director with effect from 24 October 2025, had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 24 October 2025 and confirmed that he understood his obligations as a director of a listed issuer under the Listing Rules. The other directors have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 26 November 2024, and confirmed that they understand their obligations as directors of a listed issuer under the Listing Rules.

From the Listing Date to 31 December 2025, the Board at all times met the requirement of Rules 3.10 and 3.10A of the Listing Rules of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with at least one of independent non-executive Directors possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has arranged appropriate insurance coverage on Directors’ and senior management’ s liabilities in respect of any legal action taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.



# Corporate Governance Report

## MECHANISMS FOR DIRECTORS TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

The Board of the Company places great emphasis on the objectivity of Directors' independent judgment and decision-making. At Board meetings, all Directors are free to express their views, and important decisions are made only after thorough discussion. If any Director believes it is necessary to seek independent professional advice on a matter under consideration by the Board, such Director may engage an independent professional organization in accordance with the Company's relevant procedures, and the relevant reasonable expenses shall be borne by the Company. If any Director or his/her close associate has a material interest in a matter proposed for consideration by the Board, such Director must recuse himself/herself from the discussion of such matter, abstain from voting, and shall not be counted toward the quorum for the vote on such matter. In addition, independent non-executive Directors shall express objective, impartial and independent opinions on matters discussed by the Company. The independent non-executive Directors of the Company do not hold any positions within the Company other than that of director, have no relationships with the Company or major Shareholders of the Company that could potentially affect their independent and objective judgment, and do not hold any business or financial interests in the Group. Therefore, the participation of independent non-executive Directors may effectively ensure that the Board possesses a sufficient and effective independence element.

During the Reporting Period, the Board complied with the relevant provisions mentioned above. The aforementioned mechanisms have proven effective in providing the Board with independent views and opinions. The Board will review the implementation and effectiveness of aforementioned mechanisms annually.

### Chairman and General Manager

Under the code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive officer should be segregated and performed by different individuals. During the Reporting Period, Mr. Yao Xue is the chairman of the Board and Ms. Shen Hongmin is the general manager of the Company.

### Appointment and Re-election of Director

Code provision B.2.2 of Part 2 of the Corporate Governance Code states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Each Director (including the employee representative Director and independent non-executive Directors) is engaged for a term of three years. They are subject to re-election in accordance with the provisions of the Articles of Association.

With effect from 24 October 2025, Ms. Wang Taosha has resigned as an independent non-executive Director and is no longer a member of the Audit Committee and Nomination Committee of the Company. Mr. Xie Dong has been appointed as an independent non-executive Director of the Company and serves as a member of the Audit Committee. Ms. Huang Suzhen serves as a member of the Nomination Committee.



## Corporate Governance Report

Such resolution was approved by the general meeting and such disclosure was made in the announcement dated 24 October 2025. Relevant disclosures about changes in Directors' information were in compliance with the requirements of the Listing Rules. For details, please refer to the announcement of the Company dated 24 October 2025.

### Training and Professional Development

Pursuant to code provision C.1.4 of Part 2 of the Corporate Governance Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the board remains informed and relevant.

Every newly appointed Directors has received a comprehensive, formal and tailored induction on his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. The Company also regularly arranged training for Directors to provide them with updated information from time to time on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements. Our Directors are also regularly provided with updates on the performance, condition and prospects of the Company to enable all and each of the Directors of the Board to discharge their duties.

Based on the information provided by the Directors, the training received by the Directors during the Reporting Period is summarized as follows:

Directors	Type of continuous professional development training <sup>Note</sup>
Mr. Yao Xue	A&B
Ms. Shen Hongmin	A&B
Mr. Guo Jiaping	A&B
Ms. Liu Hongchan	A&B
Mr. Shu Yijie	A&B
Ms. Huang Suzhen	A&B
Mr. Xie Dong (appointed on 24 October 2025)	A&B
Ms. Wang Taosha (resigned 24 October 2025)	A&B

*Note:*

- A: Attending seminar(s), conference(s), forum(s) and/or training course(s) arranged by the Company or external parties.
- B: Perusing materials provided by the Company or external parties, such as materials relating to the Company's business updates, directors' duties and responsibilities, corporate governance and regulatory updates, and other applicable regulatory requirements.



# Corporate Governance Report

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they have complied with the Model Code from the Listing Date to 31 December 2025.

## The Attendance Records of Board Meetings and General Meetings

The following table sets forth the minutes of each Director's attendance at the meetings of the Board and the Board committees of the Company and general meetings of the Company during the period from the Listing Date to 31 December 2025:

Name of Director	No. of Meeting(s) Attended/No. of Meeting(s) held				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Extraordinary General Meeting <sup>(1)</sup>
Mr. Yao Xue	2/2	–	1/1	1/1	1/1
Ms. Shen Hongmin	2/2	–	–	–	1/1
Mr. Guo Jiaping	2/2	–	–	–	1/1
Ms. Liu Hongchan	2/2	–	–	–	1/1
Mr. Shu Yijie	2/2	2/2	1/1	1/1	1/1
Ms. Huang Suzhen <sup>(2)</sup>	2/2	2/2	1/1	–	1/1
Mr. Xie Dong <sup>(3)</sup>	–	1/2	–	–	–
Ms. Wang Taosha <sup>(4)</sup>	2/2	1/2	–	1/1	1/1

### Notes:

- (1) The Company held an extraordinary general meeting on 24 October 2025
- (2) Appointed as a member of the Nomination Committee on 24 October 2025
- (3) Appointed as an independent non-executive Director and a member of the Audit Committee on 24 October 2025
- (4) Resigned as an independent non-executive Director and a member of each of the Audit Committee and Nomination Committee on 24 October 2025

In addition, during the period from the Listing Date to 31 December 2025, Mr. Yao Xue, the chairman of the Board, held one meeting with the independent non-executive Directors without other Directors present.



# Corporate Governance Report

## Board Committees and Governance Functions

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee particular aspects of the Company's affairs. Board committees have sufficient resources to perform their necessary duties. All Board committees were established with specific terms of reference which deal clearly with their authority and duties and were posted on the Company's website and the Stock Exchange's website.

The Board is responsible for performing the functions set out in code provision A.2.1 of Part 2 of the Corporate Governance Code.

During the period from the Listing Date to 31 December 2025, the Board has reviewed the corporate governance policies and practices of the Company, the training and continuous professional development of Directors and senior management, the compliance with legal and regulatory requirements by the Company, the compliance with the Model Code and the guidelines on securities transactions by relevant employees, the compliance with the Corporate Governance Code by the Company and the disclosure in this Corporate Governance Report.

## Audit Committee

The Company has established the 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 at 31 December 2025, the Audit Committee comprised three independent non-executive Directors, namely, Ms. Huang Suzhen, Mr. Shu Yijie and Mr. Xie Dong. Ms. Huang Suzhen was the chairperson of the Audit Committee, she possessed the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor.

The Audit Committee is primarily responsible for reviewing and supervising the Group's financial reporting process, risk management and internal control systems with terms of reference in compliance with relevant PRC laws and regulations and Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of the Corporate Governance Code.

During the period from the Listing Date to 31 December 2025, the Audit Committee held two meetings to consider the interim financial statements, results announcements and reports for the six months ended 30 June 2025, discuss significant issues on the Group's compliance procedures, internal control and risk management systems, and review the audit work plan for 2025.

The external auditor was invited to attend one Audit Committee meeting during the relevant period without the presence of executive Directors to review and discuss the report submitted by the auditor to the Audit Committee.



# Corporate Governance Report

## Directors' Responsibilities for Financial Reporting in Respect of the Financial Statements

The Directors acknowledge their responsibilities in preparing the financial statements of the Company for the year ended 31 December 2025.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

## Remuneration of Auditor

The statement of the external auditor of the Company about their reporting responsibilities for the Company's financial statements for the year ended 31 December 2025 is set out in the section headed Independent Auditor's Report in this annual report.

The external auditor of the Company will be invited to attend the 2025 AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the year ended 31 December 2025, the remuneration paid/payable to the Company's external auditor, Ernst & Young, is set out below:

Nature of Services	Remuneration (RMB'000)
Audit services	2,000
Non-audit services <sup>(1)</sup>	50

Note:

(1) The non-audit services provided mainly included ESG sustainability advisory services.



# Corporate Governance Report

## Remuneration Committee

As at 31 December 2025, the Remuneration Committee comprised two independent non-executive Directors (namely, Mr. Shu Yijie and Ms. Huang Suzhen) and one executive Director (namely, Mr. Yao Xue). Mr. Shu Yijie was the chairperson of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board and evaluating the remuneration policies for Directors and senior management of the Group and making recommendations thereon to the Board of Directors and have terms of reference in compliance with relevant laws and regulations of the PRC and paragraph E.1.2(c)(ii) of Part 2 of the Corporate Governance Code. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the period from the Listing Date to 31 December 2025, the Remuneration Committee held one meeting to submit recommendations to the Board regarding the remuneration packages and letter of appointment of Mr. Xie Dong, an independent non-executive Director (appointed on 24 October 2025).

Pursuant to code provision E.1.5 of Part 2 of the Corporate Governance Code, the annual remuneration of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration Band (HK\$)	Number of Senior Management
HK\$1 to HK\$500,000	2
HK\$500,001 to HK\$1,000,000	4

Details of the remuneration of each director of the Company for the year ended 31 December 2025 are set out in Note 8 to the consolidated financial statements contained in this annual report.

## Nomination Committee

As at 31 December 2025, the Nomination Committee comprised one executive Director (namely, Mr. Yao Xue) and two independent non-executive Directors (namely, Mr. Shu Yijie and Ms. Huang Suzhen). Mr. Yao Xue was the chairperson of the Nomination Committee.

The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board of Directors qualified candidates to serve as the Directors and senior management and monitoring the procedures for evaluating the performance of the Board of Directors and have with terms of reference in compliance with the relevant laws and regulations of the PRC and paragraph B.3 of Part 2 of the Corporate Governance Code.



## Corporate Governance Report

To comply with Rule 13.92 and Appendix C1 to the Listing Rules, the Company recognizes and embraces the benefits of having a diverse Board to enhance its performance and has adopted a board diversity policy aiming to set out the approach to nominate directors and achieve diversity on the Board. The implementation of the policy is monitored by the Nomination Committee. All Board members shall be appointed on the basis of merit, and the benefits of diversity (including gender diversity) of the Board shall be fully taken into account in the consideration of candidates on appropriate terms.

In designing the Board's composition, board diversity has been considered from a number of measurable objectives, including but not limited to a balance of skills, professional experience, cultural and educational background, knowledge and industry and regional experience, age and gender. The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time and at least on an annual basis to ensure their appropriateness in determining the optimum composition of the Board. Further details regarding the board diversity policy are set out in the section below titled "Board Diversity Policy".

During the period from the Listing Date to 31 December 2025, the Nomination Committee held one meeting to review the qualifications of Mr. Xie Dong (appointed as an independent non-executive Director on 24 October 2025) to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group, assessed the independence of the independent non-executive Directors, considered the appointment of Mr. Xie Dong as an independent non-executive Director, and made relevant suggestions to the Board.

### BOARD DIVERSITY POLICY

The board diversity policy adopted by the Company is intended to clarify the principles the Board follows to achieve diversity and sustainable and balanced development of the Board. The Company firmly believes that Board diversity is a core element in maintaining and enhancing the Company's competitive advantage, promoting sustainable development, and achieving long-term strategic objectives. During the Reporting Period, the Board reviewed the implementation and effectiveness of the diversity policy and concluded that the accumulated experience and capabilities of the Directors across various sectors and fields are sufficient to enable the Company to maintain an excellent level of operations.

Pursuant to this policy, when determining the most appropriate composition of the Board, the Board will consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and industry reputation. The Company believes that a balanced and diverse Board brings broader perspectives, more effective decision-making, and stronger corporate governance.



## Corporate Governance Report

The Nomination Committee is responsible for reviewing the structure, size, and composition of the Board annually and making recommendations to the Board regarding any changes proposed to align with the Company's business strategy. The Nomination Committee also will regularly discuss and set measurable objectives for achieving Board diversity (including, but not limited to, gender diversity) and report to the Board on the progress toward these targets. The Company explicitly maintains that a single gender board should not be considered diverse. To this end, the Company has established the following measurable objectives:

- (A) at least one Board member shall be female;
- (B) the number of independent non-executive Directors shall account for at least one-third of the total number of Board members;
- (C) at least one Board member must hold an accounting or other professional qualification;
- (D) at least one-third of the Board members must have accumulated more than five years of experience in their respective professional fields;
- (E) at least one Board member must possess operational management experience in chain medical service institutions or chain clinics.

The Nomination Committee and the Board believe that the current composition of the Board has met the objectives set forth in the board diversity policy.

The Company is committed to maintaining gender diversity at the Board level and the operational level, including senior management. In particular, the Company will strive to ensure that the Board and senior management include at least one member of a gender different from that of the other members. As of 31 December 2025, three of the seven Directors of the Board were female, representing 42.9% of the Board. As of 31 December 2025, the Group had a total of 797 female employees, representing 78.5% of the Group's workforce. The Company will continue to place emphasis on the development of female talent and promote gender diversity in the recruitment of mid-to-senior level employees to provide more development opportunities for female employees. Further details will be included in the Company's environmental, social and governance report for the year ended 31 December 2025.

As of the date of this report, the Board has reviewed the board diversity policy and considers the policy to be effectively implemented.



# Corporate Governance Report

## EMPLOYEE GENDER DIVERSITY

The Group regards gender diversity as a vital component of its human resources strategy and firmly believes that a diverse workforce brings broader perspectives, more innovative solutions and stronger operational performance. To this end, the Group is committed to promoting gender diversity at all levels, including management and general staff, and ensures that gender does not affect employees' career development opportunities by regularly reviewing its recruitment, training and promotion mechanisms.

As of the end of the Reporting Period, the male-to-female ratio among the Group's employees (including senior management) was 21.5% to 78.5%. Within the dental services industry in which the Group operates, male practitioners account for a higher proportion of positions in clinical oral surgery, technology research and development, and regional management, while nursing, patient services, and administrative support roles are predominantly held by women. Considering the Group's current business structure and job distribution, the Board and management believe that the existing gender ratio meets operational needs and falls within a reasonable range for the industry.

The Group strictly complies with applicable anti-discrimination laws and regulations and has established and implemented human resources management policies covering all employees, explicitly prohibiting any form of harassment or discrimination in the workplace, including differential treatment based on gender, age, ethnicity, nationality, religion, marital status, family role or disability. All employees enjoy equal opportunities in recruitment, compensation, training, promotion and termination of employment. In addition, the Group regularly provides diversity and inclusion training to management and employees to foster a work environment characterized by mutual respect, equality and fairness.

The Group will continue to monitor and disclose relevant metrics on gender diversity in the annual report and set measurable improvement objectives as appropriate to continuously enhance gender balance across all levels and positions.

## DIRECTOR NOMINATION POLICY

The Company has adopted a director nomination policy designed to set forth the procedures for nominating Directors, as well as the selection and recommendation criteria.

The following is the procedure for nominating Directors:

1. the Nomination Committee and/or the Board may solicit candidates for Directors through various channels, including but not limited to internal promotion, re-designation, referral by management and referral by external recruitment agents;
2. the Nomination Committee and/or the Board should, upon receipt of the nomination of new Director and the information of the candidate, evaluate the qualification of the candidate based on the established criteria to determine whether such candidate is qualified for directorship;
3. if there are multiple suitable candidates, the Nomination Committee and/or the Board will prioritize them based on the Company's needs and the candidates' qualifications;



## Corporate Governance Report

4. the Nomination Committee will recommend suitable candidates to the Board (if applicable); and
5. for Director candidate nominated by Shareholders at the general meeting, the Nomination Committee and/or the Board will evaluate them based on the same criteria to determine whether such candidate is qualified for directorship.

The Nomination Committee and/or the Board will make recommendations to Shareholders regarding Director nomination at the general meeting (if applicable).

Criteria for evaluating and selecting candidates for Director:

1. character and integrity;
2. qualifications, including professional qualifications, skills, knowledge and experience relevant to the Company's business and strategy, as well as diversity factors under the board diversity policy;
3. measurable targets set to achieve Board diversity;
4. requirement for the Board to have independent Directors in accordance with the Listing Rules and reference to the independence guidelines set out in the Listing Rules;
5. candidate's potential contribution to the Board in terms of professional qualifications, skills, experience, independence and gender diversity;
6. candidate's willingness and ability to devote adequate time to discharge duties as a member of the Board and its committee(s); and
7. other factors relevant to the Company's business and succession planning, which the Nomination Committee and/or the Board may adjust as necessary.

The Nomination Committee will periodically review the director nomination policy to ensure its effectiveness.



# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROL

The Company is dedicated to the establishment and maintenance of a robust risk management and internal control system. The Directors acknowledge their responsibility for the Company's risk management and internal control systems and review their effectiveness for the Reporting Period, and confirm that the risk management and internal control systems of the Company are appropriate and effective in achieving the purposes set out in Principle D.2 of the Corporate Governance Code. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Such mechanisms are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Furthermore, the Audit Committee conducts regular review of the implementation of our risk management policies and internal control measures every year to ensure their effectiveness and sufficiency.

We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the establishment and operations of mechanisms in relation to corporate governance and environmental, social and governance. Our Directors are involved in the formulation of such mechanisms and the related policies. During the Reporting Period, there were no material changes to the Group's risk assessment (including environmental, social and governance risks) or risk management and internal control systems.

We have adopted and implemented risk management policies in various aspects of our business operations to address various potential risks in relation to financial reporting, operations, compliance, information security and data privacy, intellectual property, and investment.

The Board cautiously reviews any material risks related to significant business decisions before making or approving such decisions. Each department head and senior management of the Group monitor daily operations and any associated operational risks of the Group. They are also responsible for identifying and assessing potential market risks related to changes in the macroeconomic environment and fluctuations in market variables, and for reporting to the Board any irregularities in connection with operational and market risks, so that policies may be formulated to mitigate such risks. The Company's internal control department and audit department are responsible for performing an independent review of the adequacy and effectiveness of the risk management and internal control systems. They also examine key issues in relation to accounting practices and all material controls, and provide their findings and recommendations for improvement to the Audit Committee. The Board, through the Audit Committee, conducts ongoing monitoring and an annual review of the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational and compliance controls).

The Group has an internal audit function. The Board, as assisted by the Audit Committee and the management, has reviewed the report from the management and the internal audit findings, and reviewed the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls for the year ended 31 December 2025. The annual review also covered areas on the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions as well as those relating to the Company's environmental, social and governance performance and reporting. The Audit Committee considered that such systems are adequate and effective and ongoing review of the same nature will be conducted in subsequent years. Based on the results of the Company's reviews and assessments, no material deficiencies or weaknesses were identified during the Reporting Period.



# Corporate Governance Report

## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Company places a high priority on business ethics and strictly complies with the Anti-unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》, the Anti-money Laundering Law of the People's Republic of China 《中華人民共和國反洗錢法》 and other relevant laws, regulations, and regulatory requirements. The Company established a business ethics management system centered on the Anti-fraud and Whistleblowing Management System 《反舞弊及舉報管理制度》 which clearly defines the scope, forms, accountability, and handling procedures of fraud. This system applies to all personnel within the Group, with the audit department taking the lead in organizing and executing anti-fraud efforts. For the year ended 31 December 2025, the Company has not involved in any bribery and corruption-related litigation cases.

To effectively safeguard the rights of whistleblowers and ensure the standardized and orderly handling of reports, the Company has established a comprehensive whistleblowing mechanism and set up a reporting channel accessible to all employees (whistleblowing email address: JUBAO@chinadzl.com) and strictly adheres to the core principles of confidentiality, fairness, and timeliness, implementing categorized registration, rapid assessment, and closed-loop tracking for each report. Through clear investigation procedures, information confidentiality protocols, and anti-retaliation policies, the Company ensures that whistleblowers are fully protected and utilizes whistleblowing information as a key basis for optimizing internal controls and compliance management, continuously enhancing governance transparency and stakeholder trust.

The Company continuously improves the construction of its business ethics training system. Through policy dissemination and systematic training, we ensure that all employees thoroughly understand and comply with relevant regulations, effectively enhancing anti-fraud awareness and compliance management capabilities of all employees. At the same time, the Company proactively communicates anti-corruption requirements to key stakeholders, including customers, suppliers, regulatory authorities and Shareholders, to build a collaborative, open, transparent and integrity-driven operational environment both internally and externally, continuously strengthening our integrity defenses to safeguard the Company's long-term healthy development.

We regularly review our whistleblowing policy, and any suspicious incidents are reported to the Audit Committee.



# Corporate Governance Report

## JOINT COMPANY SECRETARIES

The Joint Company Secretaries are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. The current Joint Company Secretaries are Ms. Xu Liman and Ms. Pau So Yi. Ms. Xu Liman is an internal joint company secretary of the Company. Ms. Pau So Yi is a manager of company secretarial services of Tricor Services Limited, a provider of corporate secretarial services. Ms. Xu Liman is the primary contact person for Ms. Pau So Yi at the Company, and cooperates and communicates with Ms. Pau So Yi on the corporate governance and company secretarial matters of the Company. The biographical details of Ms. Xu Liman and Ms. Pau So Yi are set out in the section headed “Directors’ and Senior Management’s Profiles – Joint Company Secretaries” of this annual report.

During the Reporting Period, each of the Joint Company Secretaries has attended a total of no less than 15 hours of training courses as required under Rule 3.29 of the Listing Rules.

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors’ understanding of the Group’s business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company maintains a website at “[www.chinadzyl.com](http://www.chinadzyl.com)” as a communication platform with Shareholders and investors, where information and updates on the Group’s business operations, developments and financial information are available for public access. Shareholders and investors may send their written enquiries or requests to the Company via the following contact details:

Address:

Room 5, 11/F and Rooms 601, 608-612, 6/F  
Huayin Building  
No. 786 Minzhu Road  
Zhongnan Road Sub-District  
Wuchang District, Wuhan  
Hubei Province  
PRC

Email: [ir@chinadzyl.com](mailto:ir@chinadzyl.com)

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

The general meetings of the Company provide an opportunity for communication between the Board and the Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, in their absence, other members of the respective committees, are available to answer questions at general meetings. The chairman of a meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll.



# Corporate Governance Report

## SHAREHOLDER RIGHTS

As one of the measures to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings for each substantially separate issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and the Company immediately after the relevant general meetings.

### Procedures for Shareholders to Put Forward Proposals at General Meetings

Pursuant to the Articles of Association, shareholder(s) solely or jointly holding 1% or more of the Company's shares shall have the right to make a proposal to the Company at a shareholders' general meeting of the Company.

Shareholder(s) individually or jointly holding 1% of the Shares of the Company may make an interim proposal in writing to the convener of a general meeting 10 days prior to the meeting. An interim proposal shall have a topic and a specific resolution. Within two days upon receipt of such proposal, the convener shall issue a supplemental notice of the general meeting and announce the content of such interim proposal and submit the same to the general meeting for consideration.

Except for the circumstances prescribed in the preceding paragraph, the convener shall not modify the proposals already specified in the notice of general meeting or add new proposals thereto subsequent to the issue of such notice.

Proposals which are not specified in the notice of general meeting or do not comply with the Articles of Association shall not be voted on and resolved at the general meeting.

## SHAREHOLDER COMMUNICATION POLICY

The Company has adopted a Shareholder Communication Policy designed to ensure that the Company's shareholders, including individual and institutional shareholders, and, where appropriate, the general investors, have convenient, equitable, and timely access to comprehensive and easily understandable information about the Company (including financial performance, strategic objectives and plans, significant developments, governance, and risk profiles). This enables Shareholders to exercise their rights in an informed manner and facilitates enhanced communication between Shareholders, investors and the Company.

The main channels through which the Company communicates information to Shareholders and the investment community are: the Company's financial reports (interim and annual reports); the annual general meeting and other general meetings that may be convened; and the publication of all disclosures submitted to the Stock Exchange, as well as the Company's newsletters and other corporate publications on the Company's website.

Having considered the implementation and effectiveness of the aforementioned methods of communication with Shareholders and investors, the Company has reviewed and believed that the implementation of the Shareholder Communication Policy remained effective during the Reporting Period.



# Corporate Governance Report

## DIVIDEND POLICY

The Company does not currently have a formal dividend policy or a fixed dividend payout ratio. Factors determining whether the Board recommends the payment of dividends to Shareholders include, but are not limited to, actual and projected financial performance, projected working capital requirements, capital expenditure requirements and future expansion plans, current and future liquidity position, economic conditions and other internal or external factors that may affect the Company's business or financial performance and condition, and any other factors deemed appropriate by the Board. Any dividend declared by the Company shall be subject to approval by the Shareholders at a general meeting by ordinary resolution.

The Company will approve the proposed dividend policy (the “**Dividend Policy**”) by way of an ordinary resolution at the annual general meeting. Details of the Dividend Policy are set out in the circular to be published and despatched to Shareholders by the Company.

The Dividend Policy shall be reviewed from time to time and it is not guaranteed that any specific amount of dividends will be paid during any designated period.

The Company is a joint stock company with limited liability incorporated under the laws of the People's Republic of China. Any plans for the distribution of dividends shall be formulated by the Board and subject to consideration and approval at general meeting of the Company.

## ARTICLES OF ASSOCIATION

In order to reflect the changes in the registered share capital and the structure of share capital of the Company following the Global Offering and the lapse of Over-allotment Option, pursuant to the mandate granted at the second extraordinary general meeting of 2024 of the Company held on 22 November 2024, and upon the approval by the Board of Directors on 29 August 2025, the Company made corresponding amendments to the Articles of Association based on the completion of Global Offering. For details, please refer to the announcement of the Company dated 29 August 2025.

On 26 September 2025, the Board resolved and proposed to cancel the Board of Supervisors and amend the Articles of Association and certain rules.

The said proposed amendments to the Articles of Association were considered and approved by the Shareholders at the extraordinary general meeting of the Company held on 24 October 2025. For details, please refer to the announcements of the Company dated 26 September 2025, and the circular of the Company dated 8 October 2025.

The Articles of Association is available on the websites of the Company ([www.chinadzyl.com](http://www.chinadzyl.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Save as disclosed hereinabove, during the period from the Listing Date to 31 December 2025, no amendments were made to the Articles of Association.



# Independent Auditor's Report



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979 King's Road  
Quarry Bay, Hong Kong

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香港鰂魚涌英皇道 979號  
太古坊一座 27樓

Tel 電話: +852 2846 9888  
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ey.com

## Independent auditor's report

### To the shareholders of Wuhan Dazhong Dental Medical Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

## OPINION

We have audited the consolidated financial statements of Wuhan Dazhong Dental Medical Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 68 to 156, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



## Independent Auditor's Report

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<b>Estimation of the total expected costs used in the revenue recognition of orthodontics and implantology services</b>	
<p>Revenue from orthodontics and implantology services for the year ended 31 December 2025 amounted to approximately RMB70,643,000 and RMB98,400,000, respectively, which represented approximately 19.0% and 26.5% of the total revenue of the Group, respectively.</p> <p>Revenue from orthodontics and implantology services is recognised over time, using an input method to measure progress towards satisfying the services obligation.</p> <p>When using cost based input method, the total expected costs is an important factor to measure performance progress, which needs significant estimates and judgements made by the management with historical experience and professional knowledge. Accordingly, we identified the estimation of the total expected costs as a Key Audit Matter (KAM).</p> <p>The Group's disclosure about the measurement of revenue from the rendering of orthodontics and implantology services are included in notes 2.4, 3 and 5 to the consolidated financial statements.</p>	<p>Our procedures in relation to estimation of the total expected costs used for the revenue recognition of orthodontics and implantology services mainly included the following:</p> <ol style="list-style-type: none"> <li>1) We evaluated the key internal controls in relation to the estimation of the total expected costs necessary to complete orthodontics and implantology services;</li> <li>2) We assessed the methodology used by the management to estimate the total expected costs necessary to complete the orthodontics and implantology services;</li> <li>3) For uncompleted service contracts, we assessed the reasonableness of the assumptions made by management in estimating of the total expected costs to complete the services by comparing estimated costs with the Group's historical internal data, including the staff costs and/or costs of inventories, consumables and customised products, in which the historical internal data are tested on a sample basis;</li> <li>4) For completed service contracts, we checked management's estimation by comparing the outcome of the total expected costs made by management to the actual costs incurred to complete the orthodontics and implantology services on a sample basis.</li> </ol>



## Independent Auditor's Report

### **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Man Kit (practising certificate number: P04453).

*Ernst & Young*  
Certified Public Accountants  
Hong Kong  
31 March 2026



# Consolidated Statements of Profit or Loss and Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	5	<b>371,571</b>	407,083
Cost of sales		<b>(231,497)</b>	(254,743)
<b>Gross profit</b>		<b>140,074</b>	152,340
Other income and gains	5	<b>5,627</b>	5,538
Selling and distribution expenses		<b>(42,402)</b>	(40,473)
Administrative expenses		<b>(29,193)</b>	(34,875)
Research and development expenses		<b>(9,064)</b>	(6,669)
Other expenses		<b>(2,894)</b>	(1,431)
Finance costs	7	<b>(4,312)</b>	(5,329)
Fair value gains on redeemable preference shares	25	<b>-</b>	1,716
<b>PROFIT BEFORE TAX</b>	6	<b>57,836</b>	70,817
Income tax expense	10	<b>(7,227)</b>	(8,317)
<b>PROFIT FOR THE YEAR</b>		<b>50,609</b>	62,500
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>50,609</b>	62,500
<b>Attributable to:</b>			
Owners of the parent		<b>28,175</b>	41,916
Non-controlling interests		<b>22,434</b>	20,584
		<b>50,609</b>	62,500
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB)	12	<b>0.64</b>	0.94



# Consolidated Statements of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	65,312	76,512
Right-of-use assets	14	75,492	108,438
Goodwill	15	63,090	63,090
Other intangible assets	16	2,049	1,749
Prepayments, other receivables and other assets	17	2,985	4,674
Deferred tax assets	18	1,154	1,885
<b>Total non-current assets</b>		<b>210,082</b>	256,348
<b>CURRENT ASSETS</b>			
Inventories	19	2,413	3,655
Trade receivables	20	7,415	5,836
Prepayments, other receivables and other assets	17	9,100	17,107
Financial assets at fair value through profit or loss	21	34,494	–
Cash and deposit	22	251,476	95,046
<b>Total current assets</b>		<b>304,898</b>	121,644
<b>CURRENT LIABILITIES</b>			
Trade payables	23	9,778	14,678
Other payables and accruals	24	26,553	50,756
Contract liabilities	26	21,902	33,612
Lease liabilities	14	27,517	31,211
Tax payable		5,231	4,839
<b>Total current liabilities</b>		<b>90,981</b>	135,096
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>213,917</b>	(13,452)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>423,999</b>	242,896



## Consolidated Statements of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities	26	2,333	1,732
Deferred tax liabilities	18	64	253
Lease liabilities	14	47,331	81,902
<b>Total non-current liabilities</b>		<b>49,728</b>	83,887
<b>Total liabilities</b>		<b>140,709</b>	218,983
<b>Net assets</b>		<b>374,271</b>	159,009
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	27	49,379	38,517
Treasury shares	28	–	(15,438)
Reserves	28	270,748	92,552
		<b>320,127</b>	115,631
Non-controlling interests		<b>54,144</b>	43,378
<b>Total equity</b>		<b>374,271</b>	159,009

Yao Xue  
Director

Shen Hongmin  
Director



# Consolidated Statements of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital	Treasury shares	Capital reserve	Surplus reserve	Share-based payment reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000 (note 27)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2025</b>	38,517	(15,438)	38,718	19,259	10,254	966	23,355	115,631	43,378	159,009
Total comprehensive income for the year	-	-	-	-	-	-	28,175	28,175	22,434	50,609
Transfer to surplus reserve	-	-	-	2,148	-	-	(2,148)	-	-	-
Proceeds from issue of shares from initial public offering ("IPO")	10,862	-	187,118	-	-	-	-	197,980	-	197,980
IPO issuance expenses	-	-	(26,319)	-	-	-	-	(26,319)	-	(26,319)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(13,235)	(13,235)
Share-based payments (note 29)	-	-	-	-	4,340	-	-	4,340	-	4,340
Release of treasury shares due to vest of share-based payments	-	15,438	(15,438)	-	-	-	-	-	-	-
Capital injection from non-controlling shareholders <sup>#</sup>	-	-	-	-	-	-	-	-	809	809
Partial disposal of interests in subsidiaries without loss of control	-	-	320	-	-	-	-	320	758	1,078
<b>As at 31 December 2025</b>	49,379	-	184,399*	21,407*	14,594*	966*	49,382*	320,127	54,144	374,271

<sup>#</sup> In 2025, the Group invested in and established Jingzhou Dazhong Wuyue Dental Clinic Co., Ltd. and Gong'an County Dazhong Jiuyang Dental Clinic Co., Ltd., and holding 51% of the shares in each of them.

<sup>\*</sup> These reserve accounts comprised the consolidated reserves of RMB270,748,000 (2024: RMB92,552,000) in the consolidated statement of financial position.



## Consolidated Statements of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital	Treasury shares	Capital reserve	Surplus reserve	Share-based payment reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(note 27)	(note 28)	(note 28)	(note 28)		(note 28)				
<b>As at 1 January 2024</b>	46,897	(15,438)	136,384	15,762	9,252	(96,434)	34,936	131,359	39,793	171,152
Total comprehensive income for the year	-	-	-	-	-	-	41,916	41,916	20,584	62,500
Transfer from retained profits	-	-	-	3,497	-	-	(3,497)	-	-	-
Acquisition of non-controlling interests <sup>^</sup>	-	-	(239)	-	-	-	-	(239)	(1,083)	(1,322)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(18,315)	(18,315)
Final 2023 dividend declared (note 11)	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
Share-based payments (note 29)	-	-	1,353	-	1,002	-	-	2,355	-	2,355
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	1,716	1,716
Partial disposal of interests in subsidiaries without loss of control <sup>#</sup>	-	-	1,010	-	-	-	-	1,010	683	1,693
Repurchase of redeemable preferred shares (note 25)	(7,690)	-	(89,710)	-	-	97,400	-	-	-	-
Capital deduction (note 27)	(690)	-	(10,080)	-	-	-	-	(10,770)	-	(10,770)
<b>As at 31 December 2024</b>	38,517	(15,438)	38,718 <sup>*</sup>	19,259 <sup>*</sup>	10,254 <sup>*</sup>	966 <sup>*</sup>	23,355 <sup>*</sup>	115,631	43,378	159,009

<sup>^</sup> In 2024, the Group acquired 49% interests in Wuhan Dazhong Hesheng Jinyinhu Dental Out-patient Department Co., Ltd. from a third party.

<sup>#</sup> In 2024, the Group partially disposed of 49% of its interests in Wuhan Dazhong Baishazhou Dental Clinic Co., Ltd., 44% of its interests in Xiangyang Fancheng District Dazhong Dental Out-patient Department Co., Ltd., and 44% of its interests in Xiangyang Dazhong Kaidi Dental Out-patient Service Co., Ltd. to certain third parties.



# Consolidated Statements of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		57,836	70,817
Adjustments for:			
Finance costs	7	4,312	5,329
Loss on disposal of items of property, plant and equipment	6	306	512
Gain arising from lease termination	5	(3,615)	(1,120)
Depreciation of property, plant and equipment	6	20,855	21,059
Amortisation of other intangible assets	6	344	298
Depreciation of right-of-use assets	6	30,622	35,262
Provision for impairment of trade receivables and other receivables		192	124
Fair value gains on redeemable preference shares	25	–	(1,716)
Investment income from wealth management products	5	–	(1,527)
Share-based payments	6	4,340	2,355
Foreign exchange loss		1,343	–
Fair value gains on financial assets at fair value through profit or loss	5	(413)	–
		<b>116,122</b>	131,393
Decrease in inventories		1,242	2,054
(Increase)/decrease in trade receivables		(1,662)	753
(Increase)/decrease in prepayments, other receivables and other assets		(110)	338
Decrease in trade payables		(4,900)	(2,620)
Decrease in contract liabilities		(11,109)	(19,652)
Decrease in other payables and accruals		709	(3,101)
Cash generated from operations		<b>100,292</b>	109,165
Income tax paid		(6,293)	(8,529)
Net cash flows from operating activities		<b>93,999</b>	100,636



## Consolidated Statements of Cash Flows

Year ended 31 December 2025

Notes	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(13,209)</b>	(23,420)
Proceeds from disposal of property, plant and equipment	<b>37</b>	1,673
Purchases of wealth management products	<b>(145,686)</b>	(135,000)
Proceeds from disposal of wealth management products	<b>111,605</b>	136,527
Addition to other intangible assets	<b>(644)</b>	(27)
Acquisition of subsidiaries	–	(821)
Contingent consideration received	–	1,000
Loans to third parties	<b>(481)</b>	–
Purchase of time deposit	<b>(4,005)</b>	–
Net cash flows used in investing activities	<b>(52,383)</b>	(20,068)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares	<b>197,980</b>	–
Dividends paid	<b>(19,397)</b>	(30,603)
Dividends paid to non-controlling shareholders	<b>(12,978)</b>	(17,738)
Capital injection from non-controlling shareholders	<b>809</b>	1,716
Acquisition of non-controlling interests	–	(1,322)
Principal portion of lease payments	<b>(32,326)</b>	(31,936)
Interest paid	<b>(4,312)</b>	(5,329)
Partial disposal of interests in the subsidiaries without loss of control	<b>532</b>	2,122
Payment of listing expenses	<b>(18,156)</b>	(7,680)
Repurchase of redeemable preferred shares	–	(111,065)
Capital deduction	–	(10,770)
Net cash flows from/(used in) financing activities	<b>112,152</b>	(212,605)



## Consolidated Statements of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>153,768</b>	(132,037)
Cash and cash equivalents at beginning of year		<b>95,046</b>	227,083
Effect of foreign exchange rate changes, net		<b>(1,343)</b>	–
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
		<b>247,471</b>	95,046
<b>ANALYSIS OF BALANCES OF CASH AND DEPOSIT</b>			
Cash and cash balances	22	<b>247,471</b>	95,046
Time deposit	22	<b>4,005</b>	–
Cash and deposit as stated in the statement of financial position and statement of cash flows	22	<b>251,476</b>	95,046



# Notes to Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Wuhan Dazhong Dental Medical Co., Ltd. (the “Company”) is a limited liability company established in the People’s Republic of China (“PRC”) on 10 July 2007. The registered office address of the Company is located at Room 5, 11/F and Rooms 601, 608-612, 6/F, Huayin Building, No. 786 Minzhu Road, Zhongnan Road Sub-District, Wuchang District, Wuhan, Hubei Province, the PRC. On 24 December 2014, the Company was converted to a joint stock company with limited liability, and a total of 20,000,000 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on 31 December 2014. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 July 2025.

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name*	Note	Place and date of incorporation/ registration and place of operations	Registered share capital	Percentage of equity attributable to the Company Direct	Principal activities
Wuhan Dazhong Dental Hospital Co., Ltd.	(a)	PRC/Wuhan, Hubei Province 22 May 2014	RMB 5,000,000	100	Provision of dental healthcare services
Wuhan Dazhong Hejian Baibuting Dental Clinic Co., Ltd. (“Baibuting Dazhong”)	(a)	PRC/Wuhan, Hubei Province 12 August 2019	RMB 1,500,000	51	Provision of dental healthcare services
Wuhan Dazhong Zaoyang Dental Hospital Co., Ltd. (“Zaoyang Dazhong”)	(a)	PRC/Xiangyang, Hubei Province 25 March 2019	RMB 2,600,000	51	Provision of dental healthcare services
Jingzhou Dazhong Dental Medical Co., Ltd.	(a)	PRC/Jingzhou, Hubei Province 2 January 2020	RMB 12,100,000	70	Investment holding
Chenzhou Dazhong Furong Dental Hospital Co., Ltd. (“Chenzhou Dazhong”)	(a)	PRC/Chenzhou, Hunan Province 13 December 2019	RMB 2,000,000	51	Provision of dental healthcare services
Shaoyang Dazhong Furong Dental Hospital Co., Ltd. (“Shaoyang Dazhong”)	(a)	PRC/ShaoYang, Hunan Province 6 December 2019	RMB 2,000,000	51	Provision of dental healthcare services



# Notes to Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

\* The English names of the companies registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

*Note:*

(a) The entity is a limited liability enterprise established under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

### Company

The carrying amounts of the Company's investments in subsidiaries:

	2025 RMB'000	2024 RMB'000
Investments, at cost	102,067	101,716

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL") which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025. 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).



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### *Basis of consolidation (Continued)*

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions, the amendments did not have any impact on the Group's financial statements.

### 2.3 Issued but not yet effective IFRS accounting standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>1</sup>

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



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective IFRS accounting standards (Continued)

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 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.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective IFRS accounting standards (Continued)

*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 statements.
- *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 statements.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective IFRS accounting standards (Continued)

- 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 statements.
- 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 statements.

### 2.4 Material accounting policies

#### *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.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Business combinations and goodwill (Continued)*

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised 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 recognised 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 recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net 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, recognised 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 recognised. An impairment loss recognised 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.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Fair value measurement*

The Group measures its financial assets at fair value through profit or loss at fair value and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 recognised 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.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Impairment of non-financial assets*

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *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.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *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. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

<b>Categories</b>	<b>Principal annual rates</b>
Buildings	3.17%
Medical equipment	19%
Furniture and fixtures	19% to 31.67%
Motor vehicles	19%
Leasehold improvements	The shorter of the useful life and the lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Property, plant and equipment and depreciation (Continued)*

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 buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any impairment losses.

The investment properties are depreciated on a straight-line basis at the rate of 3.17% per annum with the estimated residual value of 5% of the cost.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

#### *Intangible assets (other than goodwill)*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

<b>Category</b>	<b>Estimated useful lives</b>
Software	5 to 10 years

The estimated useful life of the Group's software is based on the purchase contract or the useful life of similar software in the market.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Intangible assets (other than goodwill) (Continued)*

##### *Research and development costs*

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

##### *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. 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:

<b>Categories</b>	<b>Estimated useful lives</b>
Clinic and office premises	1 to 18 years



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Leases (Continued)*

##### *Group as a lessee (Continued)*

##### (a) Right-of-use assets (Continued)

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

##### (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).

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Leases (Continued)*

##### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised 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 amortised cost 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.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Investments and other financial assets (Continued)*

#### *Initial recognition and measurement (Continued)*

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

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

#### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Investments and other financial assets (Continued)*

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

##### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Derecognition of financial assets (Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Impairment of financial assets (Continued)*

##### *General approach (Continued)*

The Group considers a financial asset in default when contractual payments are 30 to 60 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.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or payables, as appropriate.

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

The Group's financial liabilities include trade and other payables, redeemable preference shares and financial liabilities included in other payables and accruals.

##### *Subsequent measurement*

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

##### *Financial liabilities at FVTPL ("Redeemable preference shares")*

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at FVTPL are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

##### *Financial liabilities at amortised cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

#### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks 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 deposit as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Provisions*

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

#### *Income tax*

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year, 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 year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Income tax (Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Income tax (Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### *Treasury shares*

Own equity instruments which are reacquired and held by the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

#### *Revenue recognition*

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Revenue recognition (Continued)*

#### *Revenue from contracts with customers (Continued)*

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15. For contracts where the period between the payment by the customer and the transfer of the promised service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

Revenue from the rendering of dental services is recognised over time because the customers simultaneously receive and consume the benefits provided by the Group.

- (a) Revenue from the rendering of orthodontics and implantology services is recognised over time, using an input method to measure progress towards complete satisfaction of the services. The input method recognises revenue on the basis of the staff costs and cost of inventories, consumables and customised products expended relative to the total expected costs to complete the service.
- (b) Revenue from the rendering of general dentistry services is recognised when the services have been rendered, given that such dental services are generally completed within a very short period of time.

Revenue from sales of goods is recognised when control of the goods has transferred, being when the goods are delivered to the customers.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Revenue recognition (Continued)*

##### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

##### *Contract liabilities*

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

##### *Other employee benefits*

##### *Pension scheme*

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

##### *Share-based payments*

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.



# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Share-based payments (Continued)*

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### *Dividends*

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.



# Notes to Financial Statements

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### *Allocation of goodwill to groups of cash-generating units*

The Group accounted for business combinations by applying the acquisition method and recognised goodwill. The Group has determined that for the purpose of impairment testing of goodwill, goodwill is allocated to one group of cash-generating units which represents the entire business of the Group that is expected to benefit from the synergies of the combination with the consideration that it is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

#### *Revenue from contracts with customers*

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

The Group concluded that revenue from the rendering of dental services is recognised over time because customers simultaneously receive and consume the benefits provided by the Group.

The Group determined that the input method is the best method in measuring the progress of orthodontics services and implantology services because there is a direct relationship between the Group's effort (i.e., staff costs and cost of inventories, consumables and customised products incurred) and the transfer of services to the customers. The Group recognises revenue on the basis of incurred cost, including the staff costs and cost of inventories, consumables and customised products expended relative to the total expected costs to complete the service.

### 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.

#### *Estimation of the total expected costs used in the revenue recognition of orthodontics and implantology services*

Revenue from the rendering of orthodontics and implantology services is to be recognised over time, using an input method to measure progress towards satisfying the services obligation. When using cost based input method, the total expected costs is an important factor to measure performance progress, which needs significant estimates made by the management with historical experience and professional knowledge. The Group estimate the total expected costs on the basis of the staff costs and/or cost of inventories, consumables and customised products, when appropriate, expended relative to the total expected costs to complete the service.



## Notes to Financial Statements

31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (Continued)

##### *Recognition of income taxes and deferred tax assets*

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

##### *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

##### *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 reporting period. 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 are 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.



# Notes to Financial Statements

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (Continued)

#### *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. Further details are given in note 15 to the financial statements.

## 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

### Geographical information

During the year, all of the Group's revenue was derived from customers located in the Chinese mainland and all of the Group's non-current assets were located in the Chinese mainland, and therefore geographical information is presented in accordance with IFRS 8 *Operation Segments*.

### Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year.

## 5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	371,571	407,083



# Notes to Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

### Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
<b>Types of goods or services</b>		
Orthodontics services	70,643	74,115
Implantology services	98,400	115,647
General dentistry services	202,528	217,321
Total	371,571	407,083
<b>Geographical market</b>		
Chinese mainland	371,571	407,083
<b>Timing of revenue recognition</b>		
Services transferred over time	371,354	406,981
Goods transferred at a point in time	217	102
Total	371,571	407,083

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Rendering of orthodontics services	14,855	16,438
Rendering of implantology services	16,757	30,531
Total	31,612	46,969



# Notes to Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

### Revenue from contracts with customers (Continued)

#### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

#### *Orthodontics and implantology services*

The performance obligation of orthodontics and implantology services is satisfied over time when the services are rendered, and advances are normally required before rendering the services. Since the customer simultaneously receives and consumes the benefits of the Group's performance in the medical treatment, the relevant revenue from the orthodontics and implantology services is recognised over the period of the contracts by reference to the progress towards complete satisfaction of that performance obligation.

#### *General dentistry services*

The performance obligation of general dentistry services is satisfied over time when services are rendered.

#### *Sale of goods*

The performance obligation is satisfied upon delivery of the goods and receipt of payment.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>21,902</b>	33,612
After one year	<b>2,333</b>	1,732
<b>Total</b>	<b>24,235</b>	35,344

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to dentistry services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.



## Notes to Financial Statements

31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

#### Revenue from contracts with customers (Continued)

An analysis of other income and gains, net, is as follows:

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Bank interest income	346	924
Government grants*	688	968
Rental income	256	384
Total other income	1,290	2,276
<b>Other gains</b>		
Investment income from wealth management products	–	1,527
Fair value gains on financial assets at FVTPL	413	–
Gain arising from lease termination	3,615	1,120
Others	309	615
Total gains	4,337	3,262
Total other income and gains	5,627	5,538

\* Government grants have been received from the PRC local government authorities for the purpose of encouraging business development of local enterprises. There are no unfulfilled conditions related to these government grants.



## Notes to Financial Statements

31 December 2025

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories, consumables and customised products sold		<b>52,183</b>	65,864
Depreciation of property, plant and equipment*	13	<b>20,855</b>	21,059
Depreciation of right-of-use assets*	14(a)	<b>30,622</b>	35,262
Amortisation of other intangible assets*	16	<b>344</b>	298
Lease payments not included in the measurement of lease liabilities	14(c)	<b>338</b>	1,508
Fair value gains on redeemable preference shares	25	-	(1,716)
Foreign exchange differences, net**		<b>1,343</b>	-
Impairment of financial assets		<b>192</b>	124
Loss on disposal of property, plant and equipment**		<b>306</b>	512
Auditor's remuneration		<b>2,000</b>	-
Employee benefit expense (including directors', the chief executive's and supervisors' remuneration (note 8)):			
– Wages, salaries and allowances		<b>133,125</b>	141,418
– Share-based payment expenses		<b>4,340</b>	2,355
– Pension scheme contributions		<b>8,462</b>	8,359
– Other social insurances and benefits		<b>8,323</b>	8,607
<b>Total</b>		<b>154,250</b>	160,739

\* Depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets are included in "Cost of sales", "Selling and distribution expenses", and "Administrative expenses" in the consolidated statement of profit or loss.

\*\* Foreign exchange differences, net and loss on disposal of property, plant and equipment are included in "Other expenses" in the consolidated statement of profit or loss.

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 14(c))	<b>4,312</b>	5,329
<b>Total</b>	<b>4,312</b>	5,329



## Notes to Financial Statements

31 December 2025

### 8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

#### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Mr. Shu Yijie	60	NA
Ms. Huang Suzhen	60	NA
Ms. Wang Taosha (i)	59	NA
Mr. Xie Dong (ii)	37	NA
Total	216	NA

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

*Notes:*

- (i) Ms.Wang Taosha ceased to serve as an independent non-executive director effective from 24 October 2025.
- (ii) Mr.Xie Dong was appointed as an independent non-executive director effective from 24 October 2025.



## Notes to Financial Statements

31 December 2025

### 8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (CONTINUED)

#### (b) Executive directors, the chief executive and supervisors

	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
2025					
Executive directors:					
Ms. Shen Hongmin	560	-	-	6	566
Mr. Guo Jiaping	541	36	-	-	577
Ms. Liu Hongchan	378	44	10	17	449
Subtotal	1,479	80	10	23	1,592
Chief executive:					
Mr. Yao Xue	584	-	-	-	584
Supervisors:					
Ms. Huang Meiyun	135	-	-	3	138
Ms. Xu Cen	354	-	-	-	354
Ms. Yan Ge	100	2	-	1	103
Subtotal	589	2	-	4	595
Total	2,652	82	10	27	2,771



## Notes to Financial Statements

31 December 2025

### 8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (CONTINUED)

#### (b) Executive directors, the chief executive and supervisors (Continued)

	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
2024					
Executive directors:					
Ms. Shen Hongmin	575	–	–	36	611
Mr. Guo Jiaping	557	77	–	–	634
Ms. Liu Hongchan	335	60	14	28	437
Subtotal	1,467	137	14	64	1,682
Chief executive:					
Mr. Yao Xue	95	–	–	–	95
Supervisors:					
Ms. Huang Meiyun	333	–	–	21	354
Ms. Xu Cen	415	–	–	–	415
Ms. Yan Ge	119	4	–	8	131
Subtotal	867	4	–	29	900
Total	2,429	141	14	93	2,677

During the year, certain directors were granted restricted shares, in respect of their services to the Group, under the share scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of such shares, which has been recognised 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 financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.



## Notes to Financial Statements

31 December 2025

### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included no director (2024: Nil). Details of the remuneration for the year of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Wages, salaries and allowances	3,416	3,117
Share-based payment expenses	1,383	76
Pension scheme contributions	43	315
Other employee benefits	72	214
<b>Total</b>	<b>4,914</b>	<b>3,722</b>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK\$500,001 to HK\$1,000,000	2	5
HK\$1,000,001 to HK\$1,500,000	3	–
<b>Total</b>	<b>5</b>	<b>5</b>

### 10. INCOME TAX

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

#### Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the subsidiaries in the Chinese mainland is 25% except for those entitled to tax exemption set out below.

The Company was accredited as a “High and New Technology Enterprise” in 2020 and the qualification was subsequently renewed in 2023, and therefore the Company was entitled to a preferential EIT rate of 15% during the year. “High and New Technology Enterprise” qualifications are subject to review by the relevant authority in the PRC every three years.



## Notes to Financial Statements

31 December 2025

### 10. INCOME TAX (CONTINUED)

#### Chinese mainland (Continued)

Certain of the Group's PRC subsidiaries are qualified as small and micro enterprises. For the years ended 31 December 2024 and 2025, the preferential tax rate was 5%.

The income tax charge of the Group for the reporting period is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current – Chinese mainland		
Charge for the year	5,963	9,710
Under provision in prior years	722	–
Deferred (note 18)	542	(1,393)
<b>Total tax charge</b>	<b>7,227</b>	<b>8,317</b>

A reconciliation of the tax charge applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	57,836	70,817
Tax at the statutory tax rate of 25%	14,459	17,704
Preferential tax rates enacted by local authority	(6,489)	(8,118)
Expenses not deductible for tax	1,182	232
Additional deductible allowance for research and development expenses	(1,957)	(1,648)
Tax losses not recognised	32	147
<b>Tax charge at the Group's effective tax rate</b>	<b>7,227</b>	<b>8,317</b>



# Notes to Financial Statements

31 December 2025

## 11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final dividend of RMB0.668 per ordinary share	32,985	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the 2025 AGM.

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of the shares outstanding during the year. As the Group had no potentially dilutive ordinary shares outstanding during the year, no adjustment has been made on the basic earnings per share amount presented for the reporting period.

The calculation of basic earnings per share is based on:

	2025	2024
Earnings		
Profit attributable to ordinary equity holders of the parent	28,175	41,916
Less: Profit attributable to treasury shares (in RMB'000)	–	(5,382)
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (in RMB'000)	28,175	36,534
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation ('000)	43,755	39,051 <sup>#</sup>

<sup>#</sup> The weighted average number of shares was after taking into account the effect of treasury shares held.



## Notes to Financial Statements

31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Medical equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>31 December 2025</b>							
At 1 January 2025:							
Cost	29,478	64,712	16,386	1,003	6,589	79,966	198,134
Accumulated depreciation	(8,709)	(44,733)	(10,953)	(518)	-	(56,709)	(121,622)
Net carrying amount	20,769	19,979	5,433	485	6,589	23,257	76,512
At 1 January 2025, net of accumulated depreciation	20,769	19,979	5,433	485	6,589	23,257	76,512
Additions	-	3,470	616	-	5,912	-	9,998
Disposals	-	(261)	(57)	(25)	-	-	(343)
Depreciation provided during the year	(934)	(7,100)	(1,983)	(171)	-	(10,667)	(20,855)
Transfers	-	-	754	-	(12,501)	11,747	-
At 31 December 2025, net of accumulated depreciation	19,835	16,088	4,763	289	-	24,337	65,312
At 31 December 2025:							
Cost	29,478	64,252	17,172	872	-	89,657	201,431
Accumulated depreciation	(9,643)	(48,164)	(12,409)	(583)	-	(65,320)	(136,119)
Net carrying amount	19,835	16,088	4,763	289	-	24,337	65,312



## Notes to Financial Statements

31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Medical equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>31 December 2024</b>							
At 1 January 2024:							
Cost	29,478	65,782	16,515	812	2,430	68,650	183,667
Accumulated depreciation	(7,758)	(42,985)	(10,688)	(392)	-	(47,588)	(109,411)
Net carrying amount	21,720	22,797	5,827	420	2,430	21,062	74,256
At 1 January 2024, net of accumulated depreciation							
Accumulated depreciation	21,720	22,797	5,827	420	2,430	21,062	74,256
Additions	-	5,814	866	241	18,533	46	25,500
Disposals	-	(1,033)	(429)	(16)	-	(707)	(2,185)
Depreciation provided during the year	(951)	(7,599)	(2,306)	(160)	-	(10,043)	(21,059)
Transfers	-	-	1,475	-	(14,374)	12,899	-
At 31 December 2024, net of accumulated depreciation	20,769	19,979	5,433	485	6,589	23,257	76,512
At 31 December 2024:							
Cost	29,478	64,712	16,386	1,003	6,589	79,966	198,134
Accumulated depreciation	(8,709)	(44,733)	(10,953)	(518)	-	(56,709)	(121,622)
Net carrying amount	20,769	19,979	5,433	485	6,589	23,257	76,512



## Notes to Financial Statements

31 December 2025

### 14. LEASES

#### The Group as a lessee

The Group has lease contracts for clinic and office premises used in its operations. Leases of clinic and office premises generally have lease terms between 1 and 18 years.

##### (a) Right-of-use assets

The carrying amount of right-of-use assets and the movements during the year are as follows:

	Clinic and office premises RMB'000
As at 1 January 2024	99,216
Additions	55,603
Lease modification	(11,119)
Depreciation	(35,262)
As at 31 December 2024 and 1 January 2025	108,438
Additions	26,809
Lease modification	(29,133)
Depreciation	(30,622)
As at 31 December 2025	75,492



# Notes to Financial Statements

31 December 2025

## 14. LEASES (CONTINUED)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount at 1 January	<b>113,113</b>	101,685
New leases	<b>26,809</b>	55,603
Lease modification	<b>(32,748)</b>	(12,239)
Accretion of interest recognised during the year	<b>4,312</b>	5,329
Payments	<b>(36,638)</b>	(37,265)
Carrying amount at the end of year	<b>74,848</b>	113,113
Analysed into:		
Current portion	<b>27,517</b>	31,211
Non-current portion	<b>47,331</b>	81,902



## Notes to Financial Statements

31 December 2025

### 14. LEASES (CONTINUED)

#### The Group as a lessee (Continued)

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 7)	4,312	5,329
Depreciation charge of right-of-use assets	30,622	35,262
Termination of lease terms	(3,615)	(1,120)
Expense relating to short-term leases or leases of low-value asset (note 6)	338	1,508
<b>Total amount recognised in profit or loss</b>	<b>31,657</b>	<b>40,979</b>

(d) *The cash outflow for leases*

The total cash outflow for leases is disclosed in note 31(c) to the financial statements.



## Notes to Financial Statements

31 December 2025

### 14. LEASES (CONTINUED)

#### The Group as a lessor

The Group leases its property, plant and equipment (note 13) consisting of one commercial property, and subleases its leases (note 14) consisting of the clinics in the PRC under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year is included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	204	297
After one year but within two years	103	117
After two years but within three years	9	–
Total	316	414

### 15. GOODWILL

	<b>RMB'000</b>
As at 1 January 2024:	
Cost	63,090
Accumulated impairment	–
Net carrying amount	63,090
Cost at 1 January 2024, net of accumulated impairment	63,090
Impairment during the year	–
As at 31 December 2024	63,090



## Notes to Financial Statements

31 December 2025

### 15. GOODWILL (CONTINUED)

	<b>RMB'000</b>
As at 31 December 2024:	
Cost	63,090
Accumulated impairment	–
Net carrying amount	63,090
Cost at 1 January 2025, net of accumulated impairment	63,090
Impairment during the year	–
Cost and net carrying amount at 31 December 2025	63,090
As at 31 December 2025:	
Cost	63,090
Accumulated impairment	–
Net carrying amount	63,090

#### Impairment testing of goodwill

For the purpose of impairment testing of goodwill, goodwill is allocated to a group of cash-generating units (“CGUs”). Such group of CGUs represents the lowest level within the Group for which the goodwill is monitored for internal management purposes.

Management considered that the Group only has one group of CGUs which represents the entire business of the Group according to its business operation during the year. The recoverable amount of the group CGUs have been determined based on a value in use (“VIU”) calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. Cash flows beyond the projected period are extrapolated using the estimated terminal growth rates. The management leveraged their experience in the industry and provided forecast based on past performance and their expectation of future business plans and external sources of information. The valuation is considered to be Level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.



# Notes to Financial Statements

31 December 2025

## 15. GOODWILL (CONTINUED)

### Impairment testing of goodwill (Continued)

Key assumptions used in the calculation are as follows:

	2025 RMB'000	2024 RMB'000
Revenue (compound growth rate)	<b>3.4%</b>	3.5%
Budgeted gross margin	<b>37.1%-37.5%</b>	35.2%-35.9%
Terminal growth rate	<b>1.8%</b>	1.9%
Pre-tax discount rate	<b>13.2%</b>	12.9%
VIU of the group of CGUs (in RMB'000)	<b>663,000</b>	690,000
Carrying amount of the group of CGUs (in RMB'000)	<b>205,944</b>	249,788
Headroom of the group of CGUs (in RMB'000)	<b>457,056</b>	440,212

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**Revenue** – The basis used to determine the budgeted revenue is based on the management's expectation of the future expansion. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information includes current industry overview and estimated market development and customer preferences.

**Terminal growth rate** – The forecasted terminal growth rate is based on management expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

**Budgeted gross margins** – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins 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.

Based on the impairment assessment conducted by the Group utilising the above key assumptions, the recoverable amount of the cash-generating unit estimated from the cash flow forecast exceeded the carrying amount of the group of CGUs and therefore no impairment was considered necessary as at the end of the reporting period.



## Notes to Financial Statements

31 December 2025

### 15. GOODWILL (CONTINUED)

#### Impairment testing of goodwill (Continued)

The Group performs a sensitivity analysis based on the reasonably possible changes in key assumptions. If the estimated key assumptions changed as below, the headroom would be decreased to:

	2025 RMB'000	2024 RMB'000
Budgeted gross margin decreases by 5%	271,056	243,212
Terminal growth rate decreases by 1%	428,056	414,212
Pre-tax discount rate increases by 1%	409,056	400,212

The values assigned to the key assumptions and discount rates are consistent with external information sources.

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount, and would not result in an impairment of goodwill.

### 16. OTHER INTANGIBLE ASSETS

Software	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	1,749	2,020
Additions	644	27
Amortisation provided during the year	(344)	(298)
At the end of year	2,049	1,749



## Notes to Financial Statements

31 December 2025

### 17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
<b>Non-current:</b>		
Prepayment for property, plant and equipment	75	679
Rental deposits	2,910	3,995
Total non-current assets	2,985	4,674
<b>Current:</b>		
Prepayments	3,900	4,473
Deferred listing expenses	–	9,043
Rental deposits	1,434	1,066
Staff loans	481	–
Other receivables	3,221	2,568
Value-added tax recoverable	116	–
Total current assets	9,152	17,150
Impairment allowance	(52)	(43)
Total	12,085	21,781

Financial assets included in prepayments, other receivables and other assets had no historical default. The financial assets included in the above balances related to receivables that were categorised in stage 1 at the end of the reporting period. In calculating the expected credit loss rate, the Group and the Company consider the historical loss rate and adjust for forward-looking macroeconomic data. As at 31 December 2025, the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

The Group seek to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group do not hold any collateral or other credit enhancements over the deposits and other receivable balances.

# Notes to Financial Statements

31 December 2025

## 18. DEFERRED TAX

The movements in deferred tax liabilities and assets and during the year are as follows:

### Deferred tax liabilities

	2025		
	Right-of-use assets RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Total RMB'000
At 1 January 2025	14,107	22	14,129
Deferred tax credited to profit or loss during the year	(4,134)	(8)	(4,142)
Gross deferred tax liabilities at 31 December 2025	9,973	14	9,987

### Deferred tax assets

	2025					
	Lease liabilities RMB'000	Losses available for offsetting against future taxable profits RMB'000	Asset impairment provision RMB'000	Advertising fees RMB'000	Fair value loss on financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2025	14,594	401	48	718	-	15,761
Deferred tax charged/ (credited) to profit or loss during the year	(4,645)	352	12	(419)	16	(4,684)
Gross deferred tax assets at 31 December 2025	9,949	753	60	299	16	11,077



# Notes to Financial Statements

31 December 2025

## 18. DEFERRED TAX (CONTINUED)

### Deferred tax liabilities

	Right-of- use assets <i>RMB'000</i>	2024 Depreciation allowance in excess of related depreciation <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	12,022	26	12,048
Deferred tax charged/(credited) to profit or loss during the year	2,085	(4)	2,081
Gross deferred tax liabilities at 31 December 2024	14,107	22	14,129

### Deferred tax assets

	Lease liabilities <i>RMB'000</i>	2024 Losses available for offsetting against future taxable profits <i>RMB'000</i>	Asset impairment provision <i>RMB'000</i>	Advertising fees <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	11,866	334	52	35	12,287
Deferred tax credited/(charged) to profit or loss during the year	2,728	67	(4)	683	3,474
Gross deferred tax assets at 31 December 2024	14,594	401	48	718	15,761



## Notes to Financial Statements

31 December 2025

### 18. DEFERRED TAX (CONTINUED)

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:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	1,154	1,885
Net deferred tax liabilities recognised in the consolidated statement of financial position	64	253

The Group had unused tax losses arising in the Chinese mainland of RMB10,204,000 and RMB10,345,000 as at 31 December 2025 and 2024, respectively, that would expire in one to five years for future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these 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 utilised.

There are no income tax consequences attaching to the payments of dividends by the Company to its shareholders.

### 19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Medical consumables	2,413	3,655



## Notes to Financial Statements

31 December 2025

### 20. TRADE RECEIVABLES

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	<b>7,805</b>	6,143
Impairment	<b>(390)</b>	(307)
Net carrying amount	<b>7,415</b>	5,836

The Group's trading terms with its customers are mainly payment in advance, except for some transactions such as those covered by medical insurance bureaus, which are traded on credit. The settlement period is generally one month, extending up to three months for some customers. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on transaction dates and net of loss allowance, is as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	<b>7,001</b>	5,399
4 months to 6 months	<b>43</b>	246
7 months to 1 year	<b>371</b>	191
Total	<b>7,415</b>	5,836



## Notes to Financial Statements

31 December 2025

### 20. TRADE RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	307	348
Impairment losses, net	83	(41)
At end of year	390	307

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of receivables of the customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each reporting period about past events, current conditions and forecasts of future economic conditions. The Group assessed that there was no significant change in the ECL rates during the reporting period, mainly because there was no change of historical default rates of trade receivables and there were no significant changes in the economic conditions and performance and behaviour of the customers, based on which the ECL rates were determined.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025	Within 1 year	1 to 2 years	Total
Expected credit loss rate	5.00%	10.00%	5.00%
Gross carrying amount (RMB'000)	7,805	–	7,805
Expected credit losses (RMB'000)	390	–	390

As at 31 December 2024	Within 1 year	1 to 2 years	Total
Expected credit loss rate	5.00%	10.00%	5.00%
Gross carrying amount (RMB'000)	6,143	–	6,143
Expected credit losses (RMB'000)	307	–	307



## Notes to Financial Statements

31 December 2025

### 21. FINANCIAL ASSETS AT FVTPL

	2025 RMB'000	2024 RMB'000
Subscription for money market funds	34,494	–
<b>Total</b>	<b>34,494</b>	<b>–</b>

During the year, the Group subscribed for money market funds, which expected rates of return ranging from 0.3% to 3.0% per annum. The subscriptions of the above funds were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

### 22. CASH AND DEPOSIT

	2025 RMB'000	2024 RMB'000
Cash and bank balances	247,471	95,046
Time deposit	4,005	–
<b>Cash and deposit</b>	<b>251,476</b>	<b>95,046</b>
Denominated in:		
RMB	105,788	95,046
Hong Kong Dollars	145,688	–
<b>Cash and deposit</b>	<b>251,476</b>	<b>95,046</b>

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at demand bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.



## Notes to Financial Statements

31 December 2025

### 23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the transaction dates, is as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	<b>6,362</b>	11,687
4 months to 6 months	<b>2,541</b>	2,091
7 months to 1 year	<b>302</b>	591
More than 1 year	<b>573</b>	309
<b>Total</b>	<b>9,778</b>	14,678

The trade payables are non-interest-bearing and are normally settled on the terms of 30 to 90 days.

### 24. OTHER PAYABLES AND ACCRUALS

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Payroll payable	<b>12,980</b>	13,127
Payable for purchasing items of property, plant and equipment	<b>1,620</b>	5,435
Payable for advertising and promotion	<b>8,584</b>	5,315
Payable for listing expenses	<b>756</b>	3,827
Other tax payables	<b>1,060</b>	1,123
Dividends payable (note 11)	–	19,397
Dividends payable to non-controlling shareholders	<b>834</b>	577
Others	<b>719</b>	1,955
<b>Total</b>	<b>26,553</b>	50,756



# Notes to Financial Statements

31 December 2025

## 25. REDEEMABLE PREFERENCE SHARES

Since the date of incorporation, the Company has completed several rounds of financing arrangements by issuing redeemable preference shares, details of which are as follows:

In August 2017, the Company issued 3,000,000 A round equity shares with a par value of RMB1.00 per share (“Series A Shares”) to two independent investors for an aggregate cash consideration of RMB29,400,000.

In June 2021, the Company issued 4,689,652 B round equity shares with a par value of RMB1.00 per share (“Series B Shares”) to three independent investors for an aggregate cash consideration of RMB68,000,000.

The key terms of Series A Shares and Series B Shares (collectively, “Redeemable Preference Shares”) are summarised as follows:

### (a) Redemption rights

Each Redeemable Preference Share held by investors shall be redeemable at the option of the investors, upon the occurrence of any of the below specified contingent events (each, a “Redemption Event”), including but not limited to:

Series A Shares: (i) the failure by the Company to submit an application for a qualified initial public offering on or before 31 December 2024 (“Qualified IPO”); (ii) any administrative penalties or other major violations of laws and regulations made by the Controlling Shareholders, related parties and key management of the Company; or (iii) any horizontal competition business carried out by the beneficial Controlling Shareholders, main management of the Company and other related parties of the Company.

Series B Shares: (i) the failure by the Company to submit a Qualified IPO; (ii) any indicators, such as the Company abandon affecting the Company’s qualified IPO or material substantial obstacles occurrence; (iii) substantive changes of the Company in its operating model and business scope without consent of investors; (iv) any occurrence base on valuation adjustment mechanism with other investors; (v) any administrative penalties or other major violations of laws and regulations made by the Controlling Shareholders, related parties and key management of the Company; or (vi) any integrity matters from the management team of the Company; (vii) accumulated losses during the twelve months reaching 50% of the net assets as of 31 December, 2020.



## Notes to Financial Statements

31 December 2025

### 25. REDEEMABLE PREFERENCE SHARES (CONTINUED)

#### (a) Redemption rights (Continued)

The redemption price per share for Series A Shares shall be equal to the aggregate of the original issue price plus interest at 10% per annum (before June 2021) or 8% per annum (after June 2021), calculated on a simple basis for the period from the payment date of the consideration to the redemption date, less dividends already paid with respect thereto per Series A Share then held by such holder.

The redemption price per share for Series B Shares shall be equal to either which higher:

- (i) The audited net asset of the Group corresponding to the Series B share held by the investor; or
- (ii) The aggregate of the original issue price plus interest at 8% per annum calculated on a simple basis for the period from the payment date of the consideration to the redemption date, less dividends already paid with respect thereto per Series B Share then held by such holder.

The Company, or Hubei Zhongshan Medical Investment Management Co., Ltd. and Mr. Yao Xue and Ms. Shen Hongmin (collectively, "Controlling Shareholders") shall pay the investors the total redemption price.

#### (b) Liquidation preference

In the event of any liquidation or dissolution (the "Liquidation Event") of the Company, Series B Shares shall be entitled to receive the amount equal to investment costs that have accrued on the paid-in capital, plus interest at 8% per annum calculated on a simple basis for the period from the payment date of the consideration (the "Priority Liquidation Amount"). After the Priority Liquidation Amount is paid off, if the Company still has net assets legally available for distribution, Series B Shares shall be entitled to the residual assets according to their actual investment ratio. If Series B Shares fail to obtain the Priority Liquidation Amount, the founders shall be obliged to compensate Series B Shares for the difference to the extent of the distribution property obtained from all of their equity.

In the event of deemed liquidation of the Company, including changing the actual controller of the Group, and disposal of core assets of the Group, the investors of the Series B Shares shall be entitled to receive an amount equal to the higher of the following two options: (i) the gain from the disposal of such core assets multiplied by the percentage owned by the investors of the shares; (ii) the amount based on the Liquidation Event calculation.



## Notes to Financial Statements

31 December 2025

### 25. REDEEMABLE PREFERENCE SHARES (CONTINUED)

#### (c) Anti-dilution right

If the Company allows new investments at a price lower than the price paid by the Series A Shares investors on a per share basis, the investors of Series A Shares have a right to require the Company to issue additional shares to them at the same consideration, so that the percentage of their Shares is not less than immediately before new issuance by the Company.

If the Company allows new investments at a price lower than the price paid by the Series B Shares investors on a per share basis, the investors of Series B Shares have a right to request the Company, or Hubei Zhongshan Medical Investment Management Co., Ltd., Mr. Yao Xue and Ms. Shen Hongmin to provide certain compensation.

#### (d) Presentation and classification

The Group and the Company have recognised the shares as redeemable preference shares as a whole as financial liabilities carried at FVTPL. Subsequent to initial recognition, the fair value change of the redeemable preference shares is charged to profit or loss except for the portion attributable to credit risk change which shall be recognised in other comprehensive income, if any. The Company does not have the right to defer settlement of the redeemable preference shares in the next 12 months since 31 December 2023. As such, the redeemable preference shares were presented by management in current liabilities as at 31 December 2025.

The movements of the redeemable preference shares are set out as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of year	-	112,781
Redemption	-	(111,065)
Change in fair value	-	(1,716)
At the end of year	-	-

*Note:*

In September 2024, the Company entered into share repurchase agreements with each of CITIC Securities Investment Co., Ltd., Wuhan Zhongyuan Jiupai Industry Investment Management Co., Ltd., Mr. Zhu Chao, and Wuhan Zhidao Technology Innovation Venture Capital Partnership (Limited Partnership), pursuant to which the Company agreed to repurchase all the 7,689,652 shares held by these investors at a total consideration of RMB111.1 million. The consideration was fully settled on 8 October 2024.



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31 December 2025

### 26. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2025 RMB'000	2024 RMB'000
Orthodontics services		
Current	15,873	14,854
Non-current	2,333	1,732
Implantology services		
Current	6,029	18,758
Total	24,235	35,344

Contract liabilities include advances received to render dental related services.



## Notes to Financial Statements

31 December 2025

### 27. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
49,379,042 (2024: 38,517,242) ordinary shares	49,379	38,517

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	46,896,548	46,897
Repurchase of redeemable preferred shares	(7,689,652)	(7,690)
Capital deduction*	(689,654)	(690)
At 31 December 2024	38,517,242	38,517
At 1 January 2025	38,517,242	38,517
Issue of shares <sup>#</sup>	10,861,800	10,862
At 31 December 2025	49,379,042	49,379

\* In September 2024, the Company entered into capital reduction agreements with Mr. Wang Qingsong and Mr. Li Jiansheng, pursuant to which the Company agreed to repurchase all the 689,654 Shares held by these investors at a total consideration of RMB10.7 million, the consideration was fully settled on 8 October 2024.

<sup>#</sup> On 9 July 2025, the Company successfully completed its IPO on the Main Board of the Stock Exchange, issuing 10,861,800 shares and the par value of each share with offering price HKD20.0 is RMB1.00.

### 28. TREASURY SHARES AND RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.



## Notes to Financial Statements

31 December 2025

### 28. TREASURY SHARES AND RESERVES (CONTINUED)

#### Treasury shares

The treasury shares of the Group represent the 2,741,000, 1,505,000 and 1,505,000 ordinary shares held by Wuhan Xinglin Management Consulting Partnership (Limited Partnership) (“Wuhan Xinglin”), Wuhan Zhulin Management Consulting Partnership (Limited Partnership) (“Wuhan Zhulin”) and Wuhan Taolin Management Consulting Partnership (Limited Partnership) (“Wuhan Taolin”), respectively, for the benefit of eligible participants under the Employee Incentive Scheme, further details of which are set out in note 29.

#### Capital reserve

The capital reserve of the Group represents the share premium contributed by the shareholders of the Company.

#### Surplus reserve

In accordance with the Company Law of the People’s Republic of China, each company in the PRC is 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 company. The statutory reserve is not available for dividend distribution to shareholders of the subsidiaries in the Chinese mainland.

#### Other reserve

Other reserve of the Group mainly represents the carrying amount of the equity shares with redemption features as stipulated in note 25 to the financial statements.

### 29. SHARE-BASED PAYMENTS

The Group adopted a restricted share scheme (“Employee Incentive Scheme”), which became effective in 2017, for the purpose of attracting and retaining directors, senior management and employees who promote the success of the Group’s operations. Two of the Controlling Shareholders, Ms. Shen Hongmin and Zhongshan Medical Investment, have transferred 5,751,000 shares of the Company to Wuhan Xinglin, Wuhan Zhulin and Wuhan Taolin for cash consideration. Wuhan Xinglin, Wuhan Zhulin and Wuhan Taolin are used as restricted share platforms to facilitate the administration of the Employee Incentive Scheme. Pursuant to the Employee Incentive Scheme, the subscription prices ranging from RMB2.00 per share to RMB7.72 per share for restricted shares were paid by the employees to the general partner or limited partners of the platforms at the respective grant dates of such scheme. The restricted shares granted to grantees vested when the completion of public offering.



## Notes to Financial Statements

31 December 2025

### 29. SHARE-BASED PAYMENTS (CONTINUED)

The following restricted shares were outstanding under the Employee Incentive Scheme during the year:

	2025	2024
At beginning of year	<b>5,350,740</b>	5,750,740
Granted during the year	<b>400,000</b>	–
Forfeited during the year	–	(400,000)
Vested during the year	<b>(5,750,740)</b>	–
At end of year	–	5,350,740

Under the Employee Incentive Scheme, the Group recognised share-based payment expenses of RMB4,340,000 (2024: RMB1,002,000).

The fair value of the restricted shares as at the grant date was determined with reference to the fair value of ordinary shares on the grant date, using discounted cash flow and equity allocation method. Major inputs used for the determination of the fair value of ordinary shares are listed as follows:

	At grant date
Discount for lack of marketability	14.85%
Expected volatility	61.50%

### 30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Baibuting Dazhong	<b>49%</b>	49%
Zaoyang Dazhong	<b>49%</b>	49%
Shaoyang Dazhong	<b>49%</b>	49%
Chenzhou Dazhong	<b>49%</b>	49%



## Notes to Financial Statements

31 December 2025

### 30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:  
(Continued)

	2025 RMB'000	2024 RMB'000
Profit for the year allocated to non-controlling interests:		
Baibuting Dazhong	1,869	1,756
Zaoyang Dazhong	1,140	1,179
Shaoyang Dazhong	2,439	2,144
Chenzhou Dazhong	1,156	1,125
<b>Total</b>	<b>6,604</b>	6,204
Dividends declared/(paid) to non-controlling interests:		
Baibuting Dazhong	1,465	1,470
Zaoyang Dazhong	1,078	980
Shaoyang Dazhong	1,764	1,715
Chenzhou Dazhong	1,274	2,928
<b>Total</b>	<b>5,581</b>	7,093
Accumulated balances of non-controlling interests at the reporting date:		
Baibuting Dazhong	3,018	2,614
Zaoyang Dazhong	2,699	2,637
Shaoyang Dazhong	4,165	3,374
Chenzhou Dazhong	2,857	2,975
<b>Total</b>	<b>12,739</b>	11,600



## Notes to Financial Statements

31 December 2025

### 30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2025	Baibuting Dazhong RMB'000	Zaoyang Dazhong RMB'000	Shaoyang Dazhong RMB'000	Chenzhou Dazhong RMB'000
Revenue	14,176	7,534	23,466	12,453
Profit and comprehensive income for the year	5,087	2,428	6,818	2,483
Current assets	8,775	6,546	9,920	8,390
Non-current assets	4,791	1,096	6,575	417
Current liabilities	(2,731)	(1,992)	(4,569)	(2,977)
Non-current liabilities	(4,676)	(141)	(3,427)	
Net cash flows from operating activities	2,695	1,761	7,964	2,631
Net cash flows from/(used in) investing activities	(116)	(412)	255	(4,004)
Net cash flows used in financing activities	(3,140)	(1,984)	(3,530)	(2,069)
Net increase/(decrease) in cash and cash equivalents	(561)	(635)	4,689	(3,442)

## Notes to Financial Statements

31 December 2025

### 30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: (Continued)

2024	Baibuting Dazhong RMB'000	Zaoyang Dazhong RMB'000	Shaoyang Dazhong RMB'000	Chenzhou Dazhong RMB'000
Revenue	17,183	8,505	22,716	11,722
Profit and comprehensive income for the year	4,779	3,213	5,943	2,419
Current assets	7,445	7,280	8,313	7,817
Non-current assets	8,817	969	7,878	960
Current liabilities	(3,070)	(2,515)	(5,966)	(2,393)
Non-current liabilities	(7,857)	(353)	(3,340)	(313)
Net cash flows from operating activities	4,885	2,280	811	2,339
Net cash flows from/(used in) investing activities	(35)	(369)	(2,447)	(80)
Net cash flows used in financing activities	(2,735)	(2,000)	(2,981)	(5,567)
Net increase/(decrease) in cash and cash equivalents	2,115	(89)	(4,617)	(3,308)

### 31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB26,809,000 (2024: RMB55,603,000) in respect of clinic and office premises.



## Notes to Financial Statements

31 December 2025

### 31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

#### (b) Changes in liabilities arising from financing activities

	Lease liabilities <i>RMB'000</i>	Redeemable preference shares <i>RMB'000</i>
<b>At 1 January 2024</b>	101,685	112,781
Changes from financing activities	(37,265)	–
New leases	55,603	–
Interest expenses on lease liabilities	5,329	–
Reassessment arising from lease modification	(12,239)	–
Repurchase of redeemable preferred shares	–	(111,065)
Fair value gains on redeemable preference shares	–	(1,716)
<b>At 31 December 2024</b>	113,113	–
<b>At 31 December 2024 and 1 January 2025</b>	113,113	–
Changes from financing activities	(36,638)	–
New leases	26,809	–
Interest expenses on lease liabilities	4,312	–
Reassessment arising from lease modification	(32,748)	–
<b>At 31 December 2025</b>	74,848	–

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating activities	338	1,508
Within financing activities	36,638	37,265
<b>Total</b>	<b>36,976</b>	38,773

### 32. CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities.

# Notes to Financial Statements

31 December 2025

## 33. PLEDGE OF ASSETS

The Group did not have any pledge of assets not disclosed in the financial statements at the end of the reporting period.

## 34. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for: Property, plant and equipment	-	373

## 35. RELATED PARTY TRANSACTIONS

### (a) Name and relationship

The directors of the Group are of the view that the following companies are related parties that had transactions or balances with the Group during the year:

Name of related party	Relationship with the Group
Nanjing Pharmaceutical Hubei Co., Ltd.	Mr. Yao Xue is a member of the key management personnel of the entity
Hubei Zhongshan Medical Investment Management Co., Ltd.	An entity controlled by one of the Company's shareholders

### (b) Transactions with related parties

The Group had the following transactions with related parties during the year:

	Note	2025 RMB'000	2024 RMB'000
Affiliates of substantial shareholders:			
Purchases of goods from Nanjing Pharmaceutical Hubei Co., Ltd.	(i)	1,155	1,467
Rental payments to Hubei Zhongshan Medical Investment Management Co., Ltd.		467	488
Total		1,622	1,955



# Notes to Financial Statements

31 December 2025

## 35. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Transactions with related parties (Continued)

Note:

- (i) The transactions with the related parties were made in accordance with the terms and conditions mutually agreed by the parties involved. The balances with the related parties are trade in nature, unsecured, interest-free and payable on demand.

### (c) Outstanding balances with related parties

	2025 RMB'000	2024 RMB'000
Dividends payable: Hubei Zhongshan Medical Investment Management Co., Ltd.	-	19,397

### (d) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Wages, salaries and allowances	3,876	3,897
Share-based payment expenses	124	281
Pension scheme contributions	27	42
Other employee benefits	71	209
Total compensation paid to key management personnel	4,098	4,429

Further details of directors', the chief executive's and supervisors' emoluments are included in note 8 to the financial statements.



## Notes to Financial Statements

31 December 2025

### 36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2025

#### Financial assets

	<i>RMB'000</i>
Financial assets measured at fair value through profit or loss:	
Financial assets at FVTPL	34,494
Financial assets at amortised cost:	
Trade receivables	7,415
Financial assets included in prepayments, other receivables and other assets	7,994
Cash and deposit	251,476
Subtotal	266,885
Total	301,379

#### Financial liabilities

	<i>RMB'000</i>
Financial liabilities at amortised cost:	
Trade payables	9,778
Financial liabilities included in other payables and accruals	10,923
Total	20,701



## Notes to Financial Statements

31 December 2025

### 36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

As at 31 December 2024

#### Financial assets

	<i>RMB'000</i>
Financial assets at amortised cost:	
Trade receivables	5,836
Financial assets included in prepayments, other receivables and other assets	7,274
Cash and cash equivalents	95,046
<b>Total</b>	<b>108,156</b>

#### Financial liabilities

	<i>RMB'000</i>
Financial liabilities at amortised cost:	
Trade payables	14,678
Financial liabilities included in other payables and accruals	12,577
<b>Total</b>	<b>27,255</b>

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

#### Fair value

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, the current portion of financial assets included in prepayments, other receivables and other assets, and the current portion of financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the financial directors. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial directors.



## Notes to Financial Statements

31 December 2025

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for financial assets included in non-current prepayments, other receivables and other assets as at 31 December 2025 were assessed to be insignificant.

#### 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 2025

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Financial assets at FVTPL	–	34,494	–	34,494

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.



# Notes to Financial Statements

31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, and financial assets at FVTPL. 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 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 directors meet periodically to analyse and formulate measures to manage the Group's exposure to these risks.

### Foreign currency risk

The Group's businesses are principally located in the Chinese mainland and substantially all transactions are conducted in RMB. During the year, substantially all of the Group's assets and liabilities were denominated in RMB except that as at 31 December 2025, cash and bank balance of approximately RMB145,688,000 (2024: Nil) was denominated in Hong Kong dollars ("HKD").

The following table demonstrates the sensitivity to a reasonably possible change in the HKD exchange rate with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities)

	Increase/ (decrease) in rate %	Increase/ (decrease) in profit before tax RMB'000
Increase in the HKD rate by 5%	5	9,009
Decrease in the HKD rate by 5%	(5)	(9,009)



## Notes to Financial Statements

31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and other financial assets represent the Group's maximum exposure credit risk in relation to the financial assets.

The Group expects that there is no significant credit risk associated with cash and cash equivalents since they are substantially held in reputable state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from on-performance by these counterparties.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and the management also has monitoring procedures to ensure the follow-up action is taken to recover overdue receivables. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group also expects that there is no significant credit risk associated with other receivables and other financial assets since counterparties to these financial assets have no history of default.

#### 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 31 December. The amounts presented are gross carrying amounts for financial assets.



## Notes to Financial Statements

31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Maximum exposure and year-end staging (Continued)

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	7,805	7,805
Financial assets included in prepayments, other receivables and other assets – Normal**	8,046	-	-	-	8,046
Cash and deposit – Not yet past due	251,476	-	-	-	251,476
<b>Total</b>	<b>259,522</b>	<b>-</b>	<b>-</b>	<b>7,805</b>	<b>267,327</b>

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	6,143	6,143
Financial assets included in prepayments, other receivables and other assets – Normal**	7,317	-	-	-	7,317
Cash and deposit – Not yet past due	95,046	-	-	-	95,046
<b>Total</b>	<b>102,363</b>	<b>-</b>	<b>-</b>	<b>6,143</b>	<b>108,506</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 20 to the financial statements.

\*\* 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”.

# Notes to Financial Statements

31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2025				
	On demand RMB'000	Within 1 year RMB'000	1 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Trade payables	9,778	-	-	-	9,778
Financial liabilities included in other payables and accruals	10,923	-	-	-	10,923
Lease liabilities	-	31,289	37,699	12,789	81,777
<b>Total</b>	<b>20,701</b>	<b>31,289</b>	<b>37,699</b>	<b>12,789</b>	<b>102,478</b>

	As at 31 December 2024				
	On demand RMB'000	Within 1 year RMB'000	1 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Trade payables	14,678	-	-	-	14,678
Financial liabilities included in other payables and accruals	12,577	-	-	-	12,577
Lease liabilities	-	35,643	55,270	31,095	122,008
<b>Total</b>	<b>27,255</b>	<b>35,643</b>	<b>55,270</b>	<b>31,095</b>	<b>149,263</b>

### 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 maximise shareholders' value.



## Notes to Financial Statements

31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Capital management (Continued)

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 year.

The Group monitors capital using a gearing ratio, which is total debt divided by the total capital. Total debt includes lease liabilities. Total capital is the equity as shown in the consolidated statement of financial position. The Group's policy is to maintain a healthy gearing ratio.

	2025 RMB'000	2024 RMB'000
Lease liabilities	74,848	113,113
Total equity	374,271	159,009
Gearing ratio	20.00%	71.14%

### 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	39,578	42,009
Investment properties	3,025	3,129
Right-of-use assets	42,575	56,368
Goodwill	2,982	2,982
Other intangible assets	2,040	1,738
Investments in subsidiaries	102,067	101,716
Prepayments, other receivables and other assets	1,302	2,453
Deferred tax assets	27	-
Total non-current assets	193,596	210,395



## Notes to Financial Statements

31 December 2025

### 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>CURRENT ASSETS</b>		
Inventories	680	1,118
Trade receivables	3,560	2,679
Prepayments, other receivables and other assets	6,085	18,376
Financial assets at FVTPL	34,494	–
Cash and cash equivalent	164,481	12,645
Total current assets	209,300	34,818
<b>CURRENT LIABILITIES</b>		
Trade payables	3,689	5,903
Other payables and accruals	62,017	75,799
Contract liabilities	7,456	9,308
Lease liabilities	10,528	16,322
Tax payable	–	1,360
Total current liabilities	83,690	108,692
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>125,610</b>	<b>(73,874)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>319,206</b>	<b>136,521</b>
<b>NON-CURRENT LIABILITIES</b>		
Contract liabilities	1,051	667
Deferred tax liabilities	–	76
Lease liabilities	28,989	39,530
Total non-current liabilities	30,040	40,273
<b>Net assets</b>	<b>289,166</b>	<b>96,248</b>
<b>EQUITY</b>		
Share capital	49,379	38,517
Treasury shares	–	(15,438)
Reserves	239,787	73,169
<b>Total equity</b>	<b>289,166</b>	<b>96,248</b>

Yao Xue  
Director

Shen Hongmin  
Director



## Notes to Financial Statements

31 December 2025

### 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve <i>RMB'000</i>	Surplus reserve <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
<b>As at 1 January 2024</b>	119,905	15,762	9,252	(96,434)	3,590	52,075
Total comprehensive income for the year	–	–	–	–	55,691	55,691
Transfer to surplus reserve	–	3,497	–	–	(3,497)	–
Share-based payments	1,353	–	1,002	–	–	2,355
Final 2023 dividend declared (Note 11)	–	–	–	–	(50,000)	(50,000)
Repurchase of redeemable preferred shares	(89,710)	–	–	97,400	–	7,690
Capital deduction	(10,080)	–	–	–	–	(10,080)
<b>As at 31 December 2024</b>	21,468	19,259	10,254	966	5,784	57,731
<b>As at 1 January 2025</b>	21,468	19,259	10,254	966	5,784	57,731
Total comprehensive income for the year	–	–	–	–	16,917	16,917
Transfer to surplus reserve	–	2,148	–	–	(2,148)	–
Proceeds from issue of shares from IPO	187,118	–	–	–	–	187,118
IPO issuance expenses	(26,319)	–	–	–	–	(26,319)
Share-based payments	–	–	4,340	–	–	4,340
<b>As at 31 December 2025</b>	182,267	21,407	14,594	966	20,553	239,787

### 40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2026.



# Five-Year Financial Highlights

31 December 2025

A summary of the results for the past five financial years and selected items of the Group's assets, liabilities and equity are presented below:

<b>Year ended 31 December</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	371,571	407,083	441,841	409,444	380,750
<b>Gross profit</b>	140,074	152,340	168,226	148,474	103,889
Profit before income tax	57,836	70,817	78,908	63,506	19,663
Profit for the year	50,609	62,500	67,038	56,450	14,738
<b>At the end of year (31 December)</b>					
Total assets	514,980	377,992	491,011	459,494	524,466
Total liabilities	140,709	218,983	319,859	317,645	392,608
Total equity	374,271	159,009	171,152	141,849	131,858
Non-controlling interests	54,144	43,378	39,793	25,737	22,001
Equity attributable to owners of the Company	320,127	115,631	131,359	116,112	109,857



## Definitions

“2025 AGM”	the 2025 annual general meeting of the Company to be held on 29 May 2026
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company” or “our Company”	Wuhan Dazhong Dental Medical Co., Ltd. (武漢大眾口腔醫療股份有限公司), formerly known as Wuhan Dazhong Dental Clinic Co., Ltd. (武漢大眾口腔門診部股份有限公司) and Wuhan Dazhong Dental Clinic Co., Ltd. (武漢大眾口腔門診部有限公司), established as a limited liability company in the PRC on 10 July 2007 and converted into a joint stock company with limited liability on 24 December 2014
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Yao, Ms. Shen and Zhongshan Medical Investment
“Corporate Governance Code”	Corporate Governance Code contained in Appendix C1 to the Listing Rules
“direct chain model”	under the direct chain model, chain institutions are wholly owned or having the majority of equity interests controlled by the headquarters, operating under the unified management and direct supervision of the headquarters
“Director(s)”	director(s) of our Company
“Global Offering”	the Hong Kong public offering and the international offering of the Company
“Group”, “our Group”, “our”, “we” or “us”	our Company and its subsidiaries or, where the context so requires, our Company and any one or more of its subsidiaries
“H Share(s)”	the overseas listed foreign Share(s) in the share capital of the Company with nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and to be listed on the Stock Exchange
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board, which include IFRS Accounting standards, IAS Standards and Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations)



“Independent Third Party(ies)”	a person or entity which, to the best of our Directors’ knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Latest Practicable Date”	24 April 2026
“Listing”	listing of our H Shares on the main board of the Stock Exchange
“Listing Date”	9 July 2025, being the date on which the H Shares were listed on the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Mr. Yao”	Mr. Yao Xue (姚雪), our executive Director, chairman of the Board and one of our Controlling Shareholders
“Ms. Shen”	Ms. Shen Hongmin (沈洪敏) (formerly known as Shen Hongmin (沈宏敏)), our executive Director, vice chairman of the Board, general manager and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Pre-IPO Restricted Share Scheme”	the pre-IPO restricted share scheme adopted by our Company on 27 July 2017 and amended on 28 October 2024, the principal terms of which are summarized in “Appendix VI — Statutory and General Information — D. Pre-IPO Restricted Share Scheme” in the Prospectus
“Prospectus”	the prospectus of the Company dated 30 June 2025
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the year ended 31 December 2025
“Restricted Share(s)”	the Share(s) granted under the Pre-IPO Restricted Share Scheme with transfer restrictions, and have been converted into H Shares upon the completion of the Global Offering and the conversion of Unlisted Shares into H Shares
“RMB” or “Renminbi”	the lawful currency of the PRC
“Series A Investment”	the series A investment in our Group as described in “History, Development and Corporate Structure” in the Prospectus
“Series B Investment”	the series B investment in our Group as described in “History, Development and Corporate Structure” in the Prospectus



## Definitions

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of our Shares
“Share(s)”	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Unlisted Shares”	Shares of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi, and are not currently listed or traded on any stock exchange
“Wuhan Taolin”	Wuhan Taolin Management Consulting Partnership (Limited Partnership) (武漢桃林管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 7 July 2017 and an employee stock ownership platform of our Company
“Wuhan Xinglin”	Wuhan Xinglin Management Consulting Partnership (Limited Partnership) (武漢杏林管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 17 October 2014 and an employee stock ownership platform of our Company
“Wuhan Zhulin”	Wuhan Zhulin Management Consulting Partnership (Limited Partnership) (武漢竹林管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 14 July 2017 and an employee stock ownership platform of our Company
“Zhongshan Medical Investment”	Hubei Zhongshan Medical Investment Management Co., Ltd. (湖北中山醫療投資管理有限公司), a limited liability company established in the PRC on 10 October 2004 and one of our Controlling Shareholders
“%”	per cent

爱尚大众