



杭州德適生物科技股份有限公司
Hangzhou Diagens Biotechnology Co., Ltd.

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

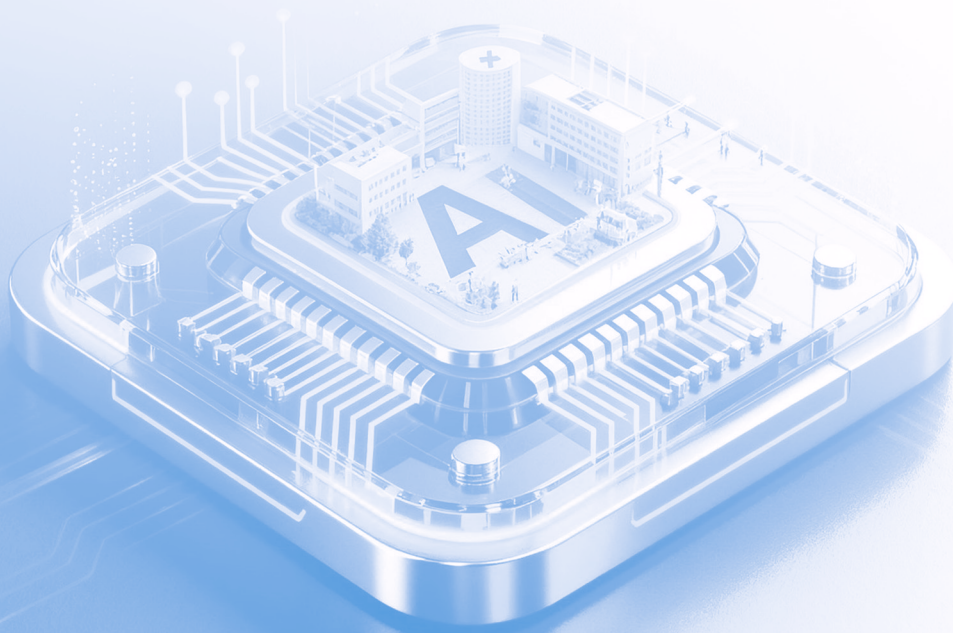
Stock Code : 02526



2025
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Song Ning (*Chairman of the Board*)
Mr. Weng Chih-Hsin (*alias Robin Weng*)

Non-executive Directors

Dr. Xu Chen
Dr. Wu Lingqian
Mr. Yang Zehao

Independent Non-Executive Directors

Mr. Cha Yang (*alias Stanley Cha*)
Ms. Zhang Jing
Mr. Wang Kaifeng

AUDIT COMMITTEE

Ms. Zhang Jing (*Chairperson*)
Mr. Wang Kaifeng
Dr. Xu Chen

REMUNERATION COMMITTEE

Mr. Cha Yang (*alias Stanley Cha*) (*Chairperson*)
Dr. Song Ning
Ms. Zhang Jing

NOMINATION COMMITTEE

Dr. Song Ning (*Chairperson*)
Ms. Zhang Jing
Mr. Wang Kaifeng

AUTHORISED REPRESENTATIVES

Dr. Song Ning
Ms. Au Wing Sze

JOINT COMPANY SECRETARIES

Mr. Shi Xinlin
Ms. Au Wing Sze (*ACG and HKACG*)

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 101, Building 1
No. 609 Hongfeng Road
Donghu Sub-district, Linping District
Hangzhou, Zhejiang
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

STOCK CODE

2526

COMPANY'S WEBSITE

www.diagens.com

LEGAL ADVISORS AS TO HONG KONG LAWS

Jingtian & Gongcheng LLP
Suites 3203-3209, 32/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

LEGAL ADVISORS AS TO PRC LAWS

Grandall Law Firm (Hangzhou)
Building, No. 2 & No. 15
Block B, Baita Park
Old Fuxing Road
Shangcheng District, Hangzhou, Zhejiang
PRC

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

COMPLIANCE ADVISER

Maxa Capital Limited
Unit 2602, 26/F
Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

PRINCIPAL BANKS

China CITIC Bank Hangzhou Linping Branch
No. 2 South Avenue
Liping District
Hangzhou, Zhejiang
PRC

China Zheshang Bank Hangzhou Yuhang Branch
3rd Floor, Building 33, Area A
No. 1218 Wenyi West Road
Yuhang District
Hangzhou, Zhejiang
PRC

Chairman's Statement

Currently, global artificial intelligence (AI) is transitioning from isolated capability breakthroughs to comprehensive industrial restructuring. As the domain bearing approximately 80% of global clinical data volume, medical imaging stands at the critical juncture of transitioning from digitization to intelligentization. From the perspective of the industry landscape, China's medical imaging industry encompasses over 3,200 distinct testing items (calculated by clinical indications), compared to approximately 5,000 globally. Faced with such a massive base of testing items, coupled with the explosive demand for diagnosis and treatment driven by the accelerating global aging process, as well as the long-standing challenges of a shortage of specialized physicians and the uneven distribution of medical resources in key clinical departments such as ultrasound and pathology worldwide, the traditional medical supply model has approached its efficiency limit. Against this macroeconomic backdrop, the comprehensive intelligentization of medical imaging is no longer a matter of choice, but the inevitable path to bridging the colossal supply-demand gap. It is by no means a simple enhancement of tool efficiency, but a systematic reconstruction of foundational clinical capabilities.

PARADIGM SHIFT: FROM "ISOLATED REFINEMENT" TO "MASS PRODUCTION" DRIVEN BY LARGE MODELS

Over the past decade or so, the industry has profoundly realized the importance of AI, yet has struggled along the traditional "small model" pathway. The development model of independently tackling one disease, one modality, and one task has led to protracted R&D cycles, massive data consumption, weak generalization capabilities, and exorbitant deployment costs. This also explains why, out of thousands of imaging testing items, traditional medical AI has barely covered approximately 35 items over the past decade. The core pain point of the industry is no longer "whether AI can be applied to healthcare," but "how to break the boundaries of development costs and integrate AI into real-world clinical workflows at scale and with stability." The explosive emergence of large model technology is precisely the key to solving this conundrum of the century. It has thoroughly upgraded the past "workshop-style isolated refinement" into "industrialized mass production" empowered by foundation models, bringing about an exponential leap in the R&D efficiency of medical AI.

GLOBAL LEADERSHIP: IMEDIMAGE® CONSTRUCTING THE CORE TECHNICAL FOUNDATION FOR MEDICAL IMAGING INTELLIGENTIZATION

Aligning with this historic trend, the iMedImage® medical imaging foundation large model, independently developed by Diagens, has become one of the most leading technological underpinnings in this field globally. Currently, iMedImage® possesses a scale of 104 billion parameters, comprehensively covering 19 medical imaging modalities and 26 clinical specialties, capable of supporting thousands of project scenarios from the underlying technology level.

The true power of a foundation large model lies in its disruptive impact on traditional development paradigms. Previously, the R&D investment for a "single-disease model" would routinely take several years and hundreds of millions of RMB; nowadays, underpinned by iMedImage®, training a high-quality vertical model requires a minimum of only approximately 200 imaging data sets and a development cycle of 2 to 3 months. Within a short span of six months following the launch of the iMed MaaS® platform in 2025, we have achieved coverage of 32 human organs, deeply penetrated 64 disease directions, partnered with 65 top-tier hospitals, incubated 92 cutting-edge imaging-specific models based on iMedImage®, and successfully undertaken one key project of the Ministry of Science and Technology. This is not only a triumph of technological innovation but also the best empirical evidence of the mass productivity of large models.

VALUE REALIZATION: TECHNOLOGICAL MOMENTUM ACCELERATING INTO HIGH-SPEED COMMERCIAL GROWTH

Leading underlying technologies are rapidly translating into robust commercial value. In 2025, Diagens achieved a historic leap from technological validation to commercial validation: The Company generated a full-year revenue of approximately RMB164 million, representing a robust year-on-year growth of approximately 133.7%; gross profit reached approximately RMB118 million, with the gross profit margin significantly improving to approximately 71.8%. It is particularly worth mentioning that, benefiting from the platformization strategy, our technology licensing revenue reached approximately RMB84.3 million, leaping to become the Company's largest revenue source for the first time. This signifies that Diagens' growth engine has successfully upgraded from the traditional "equipment + software" isolated delivery model to a composite, high-margin business model of "equipment gateway + model platform + technology licensing."

Concurrently, our core intelligent equipment, AI AutoVision®, was recognized by the National Medical Products Administration (NMPA) as a "Class III Innovative Medical Device," consolidating our unshakable market position. Calculated by sales revenue in 2025, our market share in the chromosomal karyotype analysis sector in China continued to increase, firmly maintaining the national top rank, and we have built a profound commercial moat covering over 400 medical institutions nationwide.

Looking ahead, global AI medical imaging is a blue ocean with extremely vast potential. According to Frost & Sullivan, the global AI medical imaging market size is projected to surge from approximately USD1.6 billion in 2024 to approximately USD9.3 billion in 2030. China's core AI medical imaging market will also surge from approximately RMB2.4 billion to approximately RMB40.1 billion. However, this is far from the final destination. The entire medical imaging ecosystem restructured by large models – is penetrating and transforming China's medical imaging testing market, which amounts to as much as RMB1.4 trillion annually, as well as the broad-spectrum medical imaging equipment and consumables market valued at hundreds of billions of RMB. Diagens is navigating on this broad track characterized by highly certain growth.

INDUSTRIAL RESTRUCTURING: USHERING IN A NEW ERA OF GLOBAL HEALTHCARE INTELLIGENTIZATION THROUGH PRODUCTIVITY TRANSFORMATION

The capital market has endowed Diagens with the historic new coordinate of being the "First Stock of Global Medical Imaging Large Model," but this is merely the prologue. We profoundly recognize that this productivity transformation triggered by large models is reshaping the commercialization and implementation models of global medical imaging. Future competition will no longer be about who can sell more standalone equipment, but rather about who can provide global clinical institutions with intelligent infrastructure that allows for continuous training, continuous deployment, continuous inference, and relentless evolution.

Diagens has already established a solid underlying technological underpinning, undergone high-speed validation in the real market, and possessed the self-sustaining capability for continuous evolution. We will continue to forge a complete closed-loop system encompassing the foundation model, intelligent devices, hardware and software, and Model as a Service (MaaS), transforming the top-tier medical experience of global experts into replicable and scalable medical imaging intelligent capabilities.

The intelligentization of medical imaging is a marathon, requiring disruptive technological innovation and, even more so, an absolute reverence for life and health. Standing at this new historical starting point, Diagens is willing to march side by side with global shareholders, medical institutions, and partners. Leveraging leading technological innovation and continuous commercialization, we will jointly accelerate the global medical imaging industry's stride into a new era of intelligentization!

Chairman of the Board: Dr. Song Ning
Hangzhou Diagens Biotechnology Co., Ltd.
April 2026

Three Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last three* financial years, as extracted from the audited financial information and financial statements and are set out below:

	Year ended December 31,		
	2025 RMB'000	2024 RMB'000	2023 RMB'000
Revenue	164,424	70,352	52,844
Cost of sales	(46,337)	(24,291)	(15,349)
Gross profit	118,087	46,061	37,495
Other income and gains	15,029	10,006	6,036
Selling and distribution expenses	(28,006)	(24,950)	(21,912)
Administrative expenses	(56,729)	(25,618)	(29,927)
Research and development costs	(104,347)	(25,519)	(28,644)
Loss before tax	(67,136)	(43,389)	(56,184)
Income tax credit/(expenses)	(1)	14	68
Loss for the Year	(67,137)	(43,375)	(56,116)
Loss per share attributable to ordinary equity holders of the Parent Basic and diluted	(0.84)	(0.55)	(0.74)

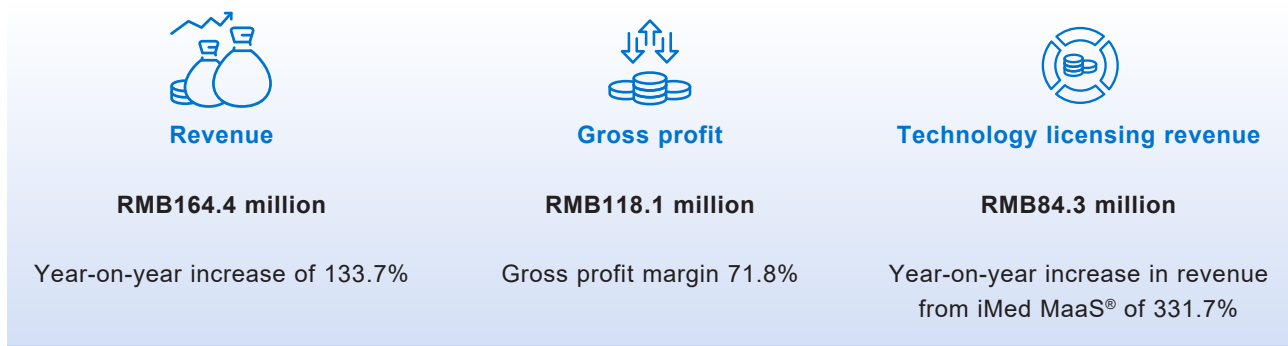
	As at December 31,		
	2025	2024	2023
Cash and cash equivalents	12,870	17,104	20,419
Total assets	215,578	212,474	221,090
Total liabilities	49,850	38,292	306,708
Total equity/(deficit)	165,728	174,182	(85,618)

* The H Shares of the Company were listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on March 30, 2026.

Management Discussion and Analysis

In 2025, as artificial intelligence transitions from capability breakthroughs to industry restructuring, the medical imaging industry is also accelerating its shift from digitalization to intelligentization. The Group has continued to advance technology R&D, product commercialization, and operational system development centered on intelligent medical imaging. Leveraging the iMedImage® foundational model for medical imaging, we are continuously refining the synergistic layout of intelligent equipment and systems, the iMed MaaS® platform, and localized solutions, promoting the practical application of medical imaging analysis capabilities in real-world clinical workflows.

During the Reporting Period, the Group continued to advance the regulatory registration process and commercial preparations for its Core Product, AI AutoVision®, while concurrently strengthening the synergistic development of the AutoVision®, MetaSight®, and KayoFlow® product families with the iMed MaaS® platform. This has driven simultaneous improvements in revenue scale, revenue mix, and operational quality.



During the Reporting Period, the registration and commercialization preparations for the Core Product, AI AutoVision®, continued to progress. AI AutoVision® was designated as a “Class III Innovative Medical Device” by the National Medical Products Administration in May 2025, and a Class III medical device registration application has been submitted to the National Medical Products Administration by the Company in the same month. As at the end of the Reporting Period, AI AutoVision® was still in the registration review stage. The Group expects to obtain the Class III medical device registration certificate in the second quarter of 2026 and will proceed with the commercialization process upon approval. In addition to the Core Product, the Group’s other medical imaging software candidate products remained in the pre-clinical development stage, and the development of medical devices, reagents and consumables, as well as technology-licensed products, also progressed in accordance with established plans. The following chart illustrates the key details of the Group’s medical device product portfolio as at the Latest Practicable Date:

R&D Pipeline												
Category	Product Name	Indications/ Clinical Applications	Sample Type/Organ	Stages			Regulatory Authority	Category	Current Status	Next Milestone	Time of Next	No. of Patents
				Pre-Clinical Studies	Clinical Trials	Registration Stage						
Medical Imaging Software	AI AutoVision [★]	(1) Prenatal diagnosis for birth defects (2) Assisted reproduction	Peripheral blood and amniotic fluid				China NMPA	Type III	Registration Review	Complete Registration	Q2 2026	10
	Chromosome Karyotyping Auxiliary Diagnostic Software	Hematological malignancies	Bone marrow				U.S. FDA	Type II	Start Registration via 510(k)	Submit Registration	Q2 2026	9
	Hematocyte Analysis Software	Hematological malignancies	Peripheral blood and bone marrow				Zhejiang Medical Products Administration ("Zhejiang MPA")	Type II	Designing and Developing	Apply for and Conduct Clinical Trials	Jul 2026	11
	Histopathological Analysis Software	Skin cancer	Skin tissue				Zhejiang MPA	Type II	Designing and Developing	Apply for and Conduct Clinical Trials	Jun 2026	2
	Obstetric Ultrasound Analysis Software	Premature birth risk prediction	Cervix				Zhejiang MPA	Type II	Designing and Developing	Apply for and Conduct Clinical Trials	Q1 2027	3
	Intelligent Handheld Ultrasound Software	Ultrasound analysis, operational functions, including image processing, data labeling, and archiving	Superficial organs				Zhejiang MPA	Type II	Designing and Developing	Apply for and Conduct Clinical Trials	Q2 2027	2

Commercialized Products											
Category	Product Name	Indications/ Clinical Applications	Stages			Regulatory Authority	Registration Category	Current Status	Approval Time	No. of Patents	
			Pre-Clinical Studies	Clinical Trials	Listing Registration and Application						
Medical Imaging Software	AutoVision [★]	Computer-aided chromosome analysis software supports users in preliminary image-processing operations, analysis and archiving of digital metaphase chromosome images captured by optical microscopes				Zhejiang MPA	Type II	Registration Approved	Mar 2019	9	
	Chromosome Analysis Software					E.U. CE	Class A	Filing Completed	Mar 2020 ^{Note}	9	
Medical Devices	KayoFlow [®] Automatic Cell Harvester	Separation and fixation of cell samples				Hangzhou Administration for Market Regulation ("Hangzhou AMR")	Type I	Filing Completed	Dec 2023	-	
	KayoFlow [®] Integrated Slide Preparation and Staining System	Smear preparation and staining of blood or body fluid cell specimens				Hangzhou AMR	Type I	Filing Completed	Dec 2023	2	
	MetaSight [®] Automatic Cell Microscopic Image Scanning System	Automatic scanning and image acquisition of chromosome or cell samples				Zhejiang MPA	Type II	Registration Approved	Jan 2021	8	
Key Reagents and Consumables	Gamete and Embryo Buffer Solution	Washing gametes and embryos in assisted reproductive technology				E.U. CE	Class A	Filing Completed	Dec 2021 ^{Note}	8	
	Micromanipulation Pipette for In Vitro Fertilization	Micropipette for assisted reproduction				U.S. FDA	Type I	Filing Completed	Dec 2024	8	
	ICSI Micromanipulation Dish	Manipulation and observation of gametes/embryos during the ICSI process				China NMPA	Type III	Registration Approved	Jul 2024	-	
	Human Peripheral Blood Cell Culture Medium	In vitro culture of peripheral blood lymphocytes				Zhejiang MPA	Type II	Registration Approved	May 2020	4	
						Hangzhou AMR	Type I	Filing Completed	Jul 2017	1	

★ Core Product
 Major Overseas Regulatory Authorities
 Approved under the Special Review Procedure for Innovative Medical Devices (Green Channel designation)

Note: The original EU CE certificates were issued pursuant to the In Vitro Diagnostic Medical Devices Directive (IVDD). Due to the transition of the EU regulatory framework to the In Vitro Diagnostic Medical Devices Regulation (EU 2017/746) (IVDR), we completed the IVDR transition in 2023.

During the Reporting Period, the Group continued to carry out research and development activities centered on medical imaging software, medical equipment, reagents and consumables, and technology-licensed products. The relevant research and development directions remained consistent with the product layout and research and development plans disclosed in the Company's prospectus. Research and development efforts were primarily focused on advancing the registration and enhancing the performance of the Core Product, AI AutoVision®, while simultaneously advancing the research and development, optimization, and upgrading of other medical imaging software products, medical equipment, reagents and consumables, and technology-licensed products.

With respect to the Core Product, AI AutoVision®, it is a chromosome karyotyping auxiliary diagnostic software specifically designed to perform intelligent chromosome karyotype analysis. Its intended indications primarily include chromosome karyotype analysis using amniotic fluid samples for prenatal diagnosis of birth defects and using peripheral blood samples for assisted reproductive diagnosis. As an auxiliary diagnostic software, AI AutoVision® utilizes the Group's proprietary AI algorithms to achieve automatic chromosome segmentation, counting, karyotyping, and abnormality flagging, and uses the iMedImage® medical imaging foundation model as the underlying infrastructure supporting product development and daily use.

During the Reporting Period, significant progress was made in advancing the registration of the Core Product, AI AutoVision®. AI AutoVision® was designated as a "Class III Innovative Medical Device" by the National Medical Products Administration in May 2025, and a Class III medical device registration application has been submitted to the National Medical Products Administration by the Company in the same month. On June 17, 2025, the Group communicated with the Department of Medical Device Registration of the National Medical Products Administration regarding the registration of AI AutoVision® and received verbal confirmation that, provided the application materials meet the necessary requirements, there are no substantive obstacles to the product's registration. On October 31, 2025, the Group received a notice from the National Medical Products Administration requesting the Company to refine the textual descriptions and supplement certain documents in relation to previously submitted information. All relevant requirements were of a procedural and/or administrative nature. On December 17, 2025, the Group further communicated with the Center for Medical Device Evaluation of the National Medical Products Administration regarding the progress of the registration review of AI AutoVision® and received verbal confirmation that the aforementioned requirements had been met and the National Medical Products Administration had no objection to granting registration approval for AI AutoVision®, with only procedural and/or administrative matters remain to be completed. The Directors consider that the aforementioned matters constitute the most significant research, development and registration milestones for the Core Product during the Reporting Period and lay the foundation for its subsequent commercialization preparations.

Meanwhile, during the Reporting Period, the Group continued to carry out research and development activities related to the registration review of AI AutoVision®, focusing on model training, algorithm optimization, performance enhancement, operational efficiency improvement, localization and deployment capability enhancement, and relevant technical preparations to support the subsequent registration review and commercialization preparation work for its Core Product. According to the information disclosed in the prospectus of the Company, in a multi-center clinical trial targeting 1,518 real-world samples, AI AutoVision® achieved a sensitivity of 100.00% and a specificity of 100.00% in detecting numerical abnormalities, and reached a sensitivity of 94.05% and a specificity of 100.00% in detecting structural abnormalities. The average analysis time per case was 11.3 minutes, which was significantly shorter than the average analysis time of approximately 34.1 minutes for traditional manual systems. During the Reporting Period, the Group continued to carry out optimization and enhancement work centered on the aforementioned core capabilities in order to further strengthen the recognition performance, stability, adaptability, and operational efficiency of AI AutoVision®.

In terms of the underlying technology platform, during the Reporting Period, the Group continued to invest R&D resources in the development, training, and optimization of the iMedImage® medical imaging foundation model to further enhance the operational efficiency and application capabilities of AI AutoVision® in intelligent chromosome karyotype analysis scenarios. According to the Group's financial figures for 2025, the annual R&D costs were approximately RMB104.3 million, of which R&D related to the Core Product AI AutoVision® and the iMedImage® medical imaging foundation model remained the primary areas of investment.

In addition to the Core Product, the Group also continued to advance the research and development of other product categories. In terms of medical imaging software, the Group continued to advance the functional optimization of its commercialized product, AutoVision®, as well as the research and development of other medical imaging software candidate products in the pre-clinical stage. In terms of medical equipment, the Group has continued to carry out equipment research and development, upgrades, and process optimization centered on automated processes related to chromosome analysis, with the relevant work primarily involving stages such as sample pre-treatment, harvesting, slide preparation, staining, scanning, and image acquisition. In terms of reagents and consumables, the Group continued to carry out product development, process optimization, and performance improvement for products related to assisted reproduction, certain projects of which were completed during the Reporting Period. In respect of technology-licensed products, the Group continues to carry out research and development centered on relevant platform-based capabilities to support the training, deployment, optimization, and application of medical imaging models.

The Company will continue to advance the registration and commercialization preparations for its Core Product, AI AutoVision®, and continuously enhance the capabilities of the iMedImage® medical imaging foundation model, while simultaneously advancing the research and development, optimization, and transformation of other products and services in accordance with its product planning and clinical needs.

I. BUSINESS REVIEW

1. Principal Businesses

The Company is a technology company focused on developing AI-based medical imaging products and services. During the Reporting Period, the Group has built a relatively diversified product portfolio, including six medical imaging software products (comprising the registration-stage Core Product AI AutoVision®, the commercialized product AutoVision®, and four preclinical-stage candidate products), three commercialized medical devices, four key reagents and consumables, and two technology licensing offerings.

Our Core Product, AI AutoVision®, is an auxiliary diagnostic software designed to undertake intelligent analysis on chromosome karyotyping. The intended indication of AI AutoVision® is chromosome karyotype analysis for prenatal diagnosis for birth defects using amniotic fluid samples and assisted reproduction using peripheral blood samples. As an assisted diagnostic software, AI AutoVision® aims to improve analysis efficiency through functions such as automatic segmentation, counting, arrangement, and abnormality alerts, while the final diagnostic report is still issued by physicians.

Warning statement required under Rule 18A.08(3) of the Listing Rules:

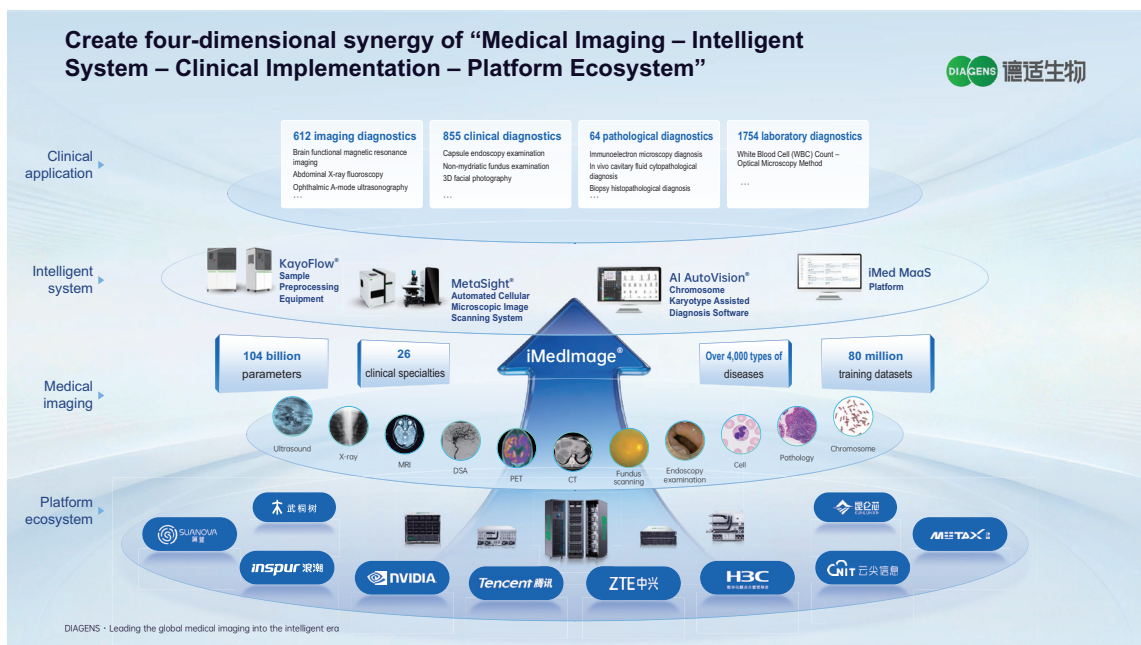
There is no assurance that we will ultimately be able to successfully develop and market our Core Product. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

2. Core Operating Logic and Business Model

The Group’s business logic is not simply the sale of software or equipment, but rather a collaboratively advancing operational system built around the triad of “foundation model – intelligent equipment and systems – model services.” As the underlying technology platform, iMedImage® continuously supports the development, training, adaptation, and subsequent iteration of AI AutoVision®, AutoVision®, and other product candidates. The intelligent equipment and systems, in turn, handle key steps ranging from sample pre-processing and image acquisition to analysis assistance, thereby integrating into the real-world workflows of hospitals and laboratories. Furthermore, the iMed MaaS® platform and the integrated on-premise solution for storage, computing, training, and inference extend the model’s capabilities to both cloud and local scenarios, enabling medical institutions, research organizations, and regional healthcare systems to carry out model training, deployment, and application based on their own needs.

Based on the above layout, the Group has gradually formed an operational closed loop that uses intelligent equipment and systems to solidify the clinical entry point, leverages model services to enhance scenario expansion capabilities, and relies on continuous R&D to drive product and service iteration. On the revenue side, the Group currently derives its revenue primarily from medical imaging software and medical devices, technology licensing, analysis and consulting services, and other businesses. On the channel side, product coverage is achieved mainly through a combination of direct sales and distribution, with the technology licensing business currently conducted primarily through direct sales.

Under the current contractual arrangements, technology licensing revenue primarily consists of one-time licensing fees paid by customers for use of the iMedImage® foundation model within the licensing period, which generally does not include subsequent version upgrades; if a customer intends to obtain an updated version, a separate licensing arrangement must be entered into. In contrast, the medical imaging software and medical devices business and the analysis and consulting services business are more closely linked to the continuous advancement of clinical scenarios and customer needs, demonstrating strong scenario continuity.



Schematic diagram of the Group’s “Medical Imaging – Intelligent Systems – Clinical Implementation – Platform Ecosystem” synergy system

3. Progress of Products and Services

During the Reporting Period, AI AutoVision® achieved key registration progress: In May 2025, the product was recognized as a “Class III Innovative Medical Device” by the National Medical Products Administration. In the same month, the registration application for Class III medical device has been submitted by the Company, and the Notice of Acceptance was received in June 2025. It is expected that the Class III medical device registration certificate will be obtained shortly. This progress signifies that the Group’s Core Product in the field of intelligent chromosome karyotype analysis is expected to become the world’s first product in the relevant field to obtain a Class III medical device registration certificate.

In addition to AI AutoVision®, the Group also continues to promote the commercialization and clinical coverage of products such as AutoVision®, the MetaSight® automated cellular microscopic image scanning system, the KayoFlow® automated cell harvester, and the KayoFlow® integrated slide preparation and staining machine. The aforementioned products cover key processes from sample preparation and image acquisition to analysis assistance, helping to enhance the level of standardization and automation in cytogenetics workflows.

In terms of model services, the Group commenced its technology licensing business in September 2024 and, in 2025, continued to promote the implementation of the iMed MaaS® platform and the integrated localized solutions for storage, computing, training, and inference. The iMed MaaS® platform was officially launched on March 31, 2025, and provides medical institutions, academic and research institutions, and regional medical systems with convenient and low-threshold model training and deployment capabilities; the localized solutions further support the realization of “training one’s own AI with one’s own data” within hospital and research environments, promoting the extension of medical imaging intelligence from single-point tool applications to deeper process applications.

4. Commercialization and Operational Progress

Our commercialized products primarily include AutoVision®, medical devices, reagents and consumables, and technology licensing. We primarily sell commercialized products to institutional users and verified expert users, rather than selling these related products to the public. Among our commercialized medical imaging software, AutoVision® is delivered to customers in the form of integrated hardware workstations with pre-installed software. Among our commercialized medical devices, the KayoFlow® Automated Cell Harvester, the KayoFlow® Integrated Slide Preparation and Staining System, and the MetaSight® Automated Cell Microscopic Image Scanning System are all delivered to customers as hardware with relevant pre-installed software.

In 2025, the Group achieved revenue of approximately RMB164.4 million, representing a year-on-year increase of approximately 133.7%; among which, technology licensing revenue was approximately RMB84.3 million, surpassing revenue from medical imaging software and medical devices to become the Group’s largest source of revenue for the period, reflecting that model capabilities based on iMedImage® have begun to transform into commercial revenue with more scalable characteristics. Meanwhile, revenue from medical imaging software and medical devices was approximately RMB72.8 million, representing a year-on-year increase of approximately 78.2%, primarily driven by the expansion of the customer base, growth in sales volume, and enhanced direct sales capabilities.

In terms of commercialization, the Group has established a nationwide network consisting of 86 distributors, covering over 400 healthcare centers and medical institutions across 31 provinces, autonomous regions, and municipalities directly under the central government. In addition to covering numerous benchmark hospitals, we have achieved 40% of admissions in China’s TOP 10 hospitals, such as Peking Union Medical College Hospital (北京協和醫院) and Zhongshan

Hospital affiliated to Fudan University (復旦大學附屬中山醫院). During the Reporting Period, with the advancement of AI AutoVision® registration, the growth in sales of intelligent devices, and the accelerated implementation of the technology licensing business, the Group's technology, products, channels, and clinical synergies were further strengthened.

We have established one production facility located in Hangzhou, Zhejiang Province, namely the Smart Health Valley Production Base, with 18 manufacturing personnel and a total of four production lines, all of which focus on manufacturing medical devices and medical imaging software, with annual designed production capacity of 2,000 units, which are sufficient to meet the current market demands. We are currently in the process of establishing two more production lines in our Smart Health Valley Production Base focusing on the manufacturing of medical consumables and medical reagents, which are expected to commence production in May 2026.

II. INDUSTRY OVERVIEW

Medical imaging covers multimodal scenarios including microscopic imaging, ultrasound, X-ray, CT, MRI, and endoscopy, serving as a critical foundation for modern clinical diagnosis, disease treatment, and health management. In particular, microscopic imaging scenarios such as chromosome analysis, cytology, and histopathology involve high testing volumes, significant technical complexity, and strong standardization requirements, placing greater demands on diagnostic efficiency and consistency.

At the same time, the intelligentization of medical imaging has long been constrained by three factors. First, the standardization of multimodal data remains limited, making data integration and cross-scenario application challenging. Second, there is a relative shortage of specialized talent, and image interpretation still carries a degree of subjectivity. Third, traditional small models are often developed around a single disease, single modality, or single task, leading to lengthy R&D and validation cycles, as well as limited generalization and scalability. These factors underscore the urgent need for the industry to evolve from automation to intelligentization.

According to Frost & Sullivan, the market size of China's medical imaging testing market has grown from RMB98 billion in 2019 to RMB99.9 billion in 2024, and is expected to reach RMB159 billion and RMB219.3 billion in 2030 and 2035, respectively. The market size of China's AI medical imaging grew from RMB100 million in 2019 to RMB2.4 billion in 2024, and is expected to increase to RMB40.1 billion and RMB78.1 billion in 2030 and 2035, respectively. Meanwhile, the market size of reproductive health medical devices in China has increased from RMB3.4 billion in 2019 to RMB7.1 billion in 2024, and is expected to increase to RMB17.3 billion by 2035, reflecting the strong long-term growth potential of the core application scenarios.

At the policy level, the "Implementation Opinions on Promoting and Regulating the Development of 'AI + Healthcare' Applications" issued in 2025 proposed the promotion of standardized intelligent diagnostic services, support for vertical large models and industrial innovation, and the advancement of provincial-level, intensive, and high-efficiency deployment of intelligent medical imaging services, providing a clear direction for the large-scale implementation of medical imaging AI.

In the chromosome karyotype analysis scenario, the Chinese market is still in the process of upgrading from automation to a higher level of intelligentization, and the competitive landscape is relatively concentrated. Based on sales revenue in 2025, the Group is expected to continue to rank first in the field of chromosomal karyotype analysis in China. Centering on product portfolios such as iMedImage®, AI AutoVision®, AutoVision®, MetaSight®, and KayoFlow®, the Group has established a complete full-chain automation layout in core scenarios, ranging from sample pre-treatment and image acquisition to analysis assistance, laying the foundation for subsequent expansion into more medical imaging scenarios.

III. FINANCIAL REVIEW

In 2025, the Group's revenue scale grew significantly, the revenue structure was further optimized, and the contribution of technology licensing revenue increased; meanwhile, based on changes in product structure, investment in computing power, and pre-listing related expenses, the Group's cost and expense structure also underwent corresponding changes. The Group's key financial performance for 2024 and 2025 are as follows:

Major indicators	2025 RMB'000	2024 RMB'000
Revenue	164,424	70,352
Gross profit	118,087	46,061
Gross profit margin (%)	71.8%	65.5%
Research and development costs	(104,347)	(25,519)
Administrative expenses	(56,729)	(25,618)
Selling and distribution expenses	(28,006)	(24,950)
Loss for the year	(67,137)	(43,375)

Major Financial Indicators

Revenue

In terms of revenue, the Group's annual revenue increased from approximately RMB70.4 million in 2024 to approximately RMB164.4 million in 2025, primarily driven by two aspects: first, the technology licensing business gradually gained market recognition in 2025 after its launch in September 2024; second, revenue from medical imaging software and medical devices grew significantly along with the expansion of the customer base, growth in sales volume, and increased direct sales efforts.

Broken down by type of goods or services, in 2025, revenue from the sale of medical imaging software and medical devices was approximately RMB72.8 million; revenue from technology licensing was approximately RMB84.3 million; revenue from analysis and consulting services was approximately RMB4.1 million; and other revenue was approximately RMB2.9 million. Total revenue from contracts with customers was approximately RMB164.2 million, and there was also revenue from operating leases of equipment of approximately RMB0.3 million.

Business segment	2025		2024	
	(RMB'000)	Percentage	(RMB'000)	Percentage
Sales of medical imaging software and medical devices	72,762	44.3%	40,838	58.9%
Technology Licensing	84,344	51.4%	19,539	28.2%
Analysis and consulting services	4,102	2.5%	7,291	10.5%
Other	2,948	1.8%	1,651	2.4%
Total revenue from contracts with customers	164,156	100.0%	69,319	100.0%
Equipment operating lease income	268	—	1,033	—
Total revenue	164,424	—	70,352	—

Revenue breakdown by business segment

Cost of sales

Our cost of sales increased by approximately 90.5% from approximately RMB24.3 million in 2024 to approximately RMB46.3 million in 2025, primarily due to the increase in the cost of sales of the medical imaging software and technology licensing business.

Medical imaging software and medical devices

Cost of sales of medical imaging software and medical devices increased by approximately 69.5% from approximately RMB17.7 million in 2024 to approximately RMB30.0 million in 2025, primarily due to the increase in sales volume of our AutoVision®, KayoFlow® automated cell harvester, KayoFlow® integrated slide preparation and staining machine, and MetaSight® automated cell microscopic image scanning system in 2025, which resulted in an increase in the material costs of such products.

Technology licensing

The cost of sales for the technology licensing business segment increased from approximately RMB0.5 million in 2024 to approximately RMB10.7 million in 2025, primarily due to our launch of a new sub-segment business, medical imaging AI storage-computing-training-inference integrated (“**SCTI**”) servers, under the technology licensing business in December 2025, which business generated a cost of sales of approximately RMB7.1 million in 2025.

Analysis and advisory services

The cost of sales for analysis and advisory services decreased slightly from approximately RMB3.5 million in 2024 to approximately RMB3.1 million in 2025, primarily due to the decrease in sales volume during the year.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased from approximately RMB46.1 million in 2024 to approximately RMB118.1 million in 2025. Our gross profit margin were approximately 65.5% and 71.8% in 2024 and 2025, respectively.

Other income and gains

Our other income and gains increased from approximately RMB10.0 million in 2024 to approximately RMB15.0 million in 2025, primarily due to the (i) increase in government grants of approximately RMB3.2 million, and (ii) gain on disposal of subsidiaries of approximately RMB2.2 million in 2025.

Research and development costs

Our research and development costs increased from approximately RMB25.5 million in 2024 to approximately RMB104.3 million in 2025, primarily due to an increase in computing power service expenses resulting from our procurement of computing power to meet the research and development needs of the iMedImage® foundation model to further improve the operational efficiency of AI AutoVision®.

The following table sets forth a breakdown of our research and development expenses by nature for the periods in 2024 and 2025:

	For the year ended December 31			
	2025		2024	
	RMB'000	%	RMB'000	%
Staff costs	14,492	13.9	10,842	42.5
Professional, technical and outsourcing service fees	802	0.8	1,069	4.2
R&D material expenses	1,659	1.6	3,151	12.4
Depreciation and amortization	2,240	2.1	3,066	12.0
Share-based payments	33	0.0	58	0.2
Computing power service expenses	83,835	80.3	6,494	25.4
Others*	1,286	1.3	839	3.3
Total	104,347	100.0	25,519	100.0

Note: * Others primarily include registration fees, travel expenses and other expenses directly related to our research and development activities.

Administrative expenses

Our administrative expenses increased from approximately RMB25.6 million in 2024 to approximately RMB56.7 million in 2025, primarily due to listing expenses incurred in connection with the Global Offering.

Selling and marketing expenses

Our selling and distribution expenses increased from approximately RMB25.0 million in 2024 to approximately RMB28.0 million in 2025, consistent with our business expansion.

Impairment losses on financial assets, net

Our net impairment losses on financial assets primarily represent the impairment losses we recorded in relation to trade receivables, long-term receivables and other receivables. Net impairment losses on financial assets increased from approximately RMB2.1 million in 2024 to approximately RMB9.6 million in 2025, primarily due to the disposal of Hangzhou Deyou Medical Laboratory Co., Ltd. (“**Hangzhou Deyou**”), where we used the bad debt ratio of third-party customers as the calculation basis to make provisions for trade and other receivables of Hangzhou Deyou within 2025, resulting in an increase in impairment losses.

Other expenses

Our other expenses increased from approximately RMB17.0 thousand in 2024 to approximately RMB1.0 million in 2025, primarily due to the Group’s donation of approximately RMB0.9 million in 2025 in relation to a fire incident in Hong Kong.

Finance costs

Our finance costs decreased from approximately RMB21.2 million in 2024 to approximately RMB0.6 million in 2025, primarily due to our entry into the special rights termination agreement to terminate the redemption rights, resulting in the derecognition of the carrying amount of redemption liabilities.

Income tax credit/(expense)

We recorded income tax credit/(expense) of approximately RMB14.0 thousand and approximately RMB1.0 thousand in 2024 and 2025, respectively.

Loss for the year

As a result of the foregoing, our net loss increased from approximately RMB43.4 million in 2024 to approximately RMB67.1 million in 2025.

IV. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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 a healthy capital ratio in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period.

During the Reporting Period, the primary uses of our cash were to fund our research and development, clinical trials, procurement of equipment and raw materials and other recurring expenses. During the Reporting Period, we primarily used bank loans and equity financing to satisfy our working capital requirements. We regularly monitor our cash usage and cash flows, and strive to maintain optimal liquidity to meet working capital requirements.

The Group continues to focus on liquidity management, capital structure optimization, and working capital arrangements to support the advancement of Core Product registration, technology research and development, and commercial expansion.

Item	2025 RMB'000	2024 RMB'000
Total current assets	135,954	122,328
Total current liabilities	45,158	31,851
Net current assets	90,796	90,477
Cash and cash equivalents	12,870	17,104
Trade receivables	52,666	32,121
Inventories	22,659	22,862
Total equity	165,728	174,182
Current ratio	3.0	3.8
Quick ratio	2.5	3.1
Gearing ratio (%)	17.0%	8.1%
Debt-to-asset ratio (%)	23.1%	18.0%

Key Indicators of Liquidity and Capital Structure

As at December 31, 2025, the Group's total current assets were RMB136.0 million, total current liabilities were RMB45.2 million, and net current assets were RMB90.8 million; as at the same date, total equity was RMB165.7 million. Cash and cash equivalents were RMB12.9 million, trade receivables were RMB52.7 million, and inventories were RMB22.7 million.

During the Reporting Period, the Group's net cash outflow from operating activities was approximately RMB50.5 million, compared to a net outflow of approximately RMB29.8 million in 2024; net cash inflow from investing activities was approximately RMB2.1 million, compared to approximately RMB19.7 million in 2024; and net cash inflow from financing activities was approximately RMB44.2 million, compared to approximately RMB6.8 million in 2024. The increase in net cash inflows from financing activities was primarily due to capital injections from shareholders of approximately RMB60.0 million, which was partially offset by the repayment of bank loans, payment of deferred listing expenses, and lease payments.

Trade receivables increased from approximately RMB32.1 million as at the end of 2024 to approximately RMB52.7 million as at the end of 2025, primarily due to the increase in receivables arising from the technology licensing business in December 2025, where the relevant amounts were not yet recovered at the end of the year due to the timing difference between billing and collection. Prepayments, other receivables and other assets increased from approximately RMB6.8 million as at the end of 2024 to approximately RMB12.0 million as at the end of 2025, primarily due to an increase in prepayments arising from the procurement of raw materials and deferred listing expenses in connection with the Global Offering.

As of December 31, 2025, the Group had fully repaid its interest-bearing bank loans, and there was no balance of interest-bearing bank loans at the end of the year. As of December 31, 2025, we had committed but unutilized bank credit facilities of approximately RMB111 million. The Group currently has no material capital investment plans, nor does it have any plans to conduct any financing activities.

During the Reporting Period, the Group's total lease liabilities were approximately RMB5.9 million, a decrease compared to the previous year, which was primarily due to the Group's termination of certain lease arrangements for office premises and production facilities during the Reporting Period. Provisions related to product warranties increased from approximately RMB0.3 million as at the end of 2024 to approximately RMB1.8 million as at the end of 2025, which was primarily attributable to the increase in warranty risks resulting from the expansion of the scale of the hardware equipment business.

The Group conducts most of its business activities in Chinese mainland, and its major transactions are denominated in Renminbi. Foreign exchange risk primarily arises from certain cash balances in US dollars and Hong Kong dollars. As of December 31, 2025, the Group has not entered into any hedging transactions in respect of foreign exchange risks. Management will continue to monitor the impact of exchange rate fluctuations on the operating and financial performance and if necessary, will consider hedging any significant potential foreign exchange risks.

The gearing ratio is calculated as net debt divided by capital plus net debt, and then multiplied by 100%. Debt includes trade and bills payables, other payables and accruals, interest-bearing bank borrowings, lease liabilities and provisions. As at December 31, 2025, the gearing ratio increased from 8.1% as at December 31, 2024 to 17.0%, which was mainly due to the increase in purchases payables arising from the continuous expansion of the Company's business scale and the recognition of listing-related expenses during the Reporting Period, which collectively resulted in an increase in net debt.

V. DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND RELEVANT MATTERS

Property, plant and equipment

Our property, plant and equipment primarily consist of machinery and equipment, office equipment, motor vehicles and leasehold improvements. Our leasehold improvements, machinery and equipment, office equipment, and motor vehicles are depreciated over their estimated useful lives ranging from 3 to 10 years. Our property, plant and equipment decreased from approximately RMB28.1 million as of December 31, 2024 to approximately RMB23.7 million as of December 31, 2025, primarily due to the decrease in machinery and equipment resulting from the disposal of subsidiaries.

Right-of-use assets

Our right-of-use assets decreased from approximately RMB9.2 million as of December 31, 2024 to approximately RMB5.6 million as of December 31, 2025, primarily due to our termination of lease arrangements for certain office premises and production facilities in 2025.

Intangible assets

Our intangible assets primarily refer to the intellectual property rights of our patents and software. Our intangible assets increased approximately from RMB1.1 million as of December 31, 2024 to approximately RMB1.7 million as of December 31, 2025, primarily due to the purchase and installation of ERP software for RMB1.2 million in January 2025.

Long-term receivables

Our long-term receivables primarily refer to amounts expected to be collected under customer contracts due to extended payment terms. Our long-term receivables decreased from approximately RMB7.1 million as of December 31, 2024 to approximately RMB5.2 million as of December 31, 2025, primarily due to timely payments by our customers in 2025.

Pledged deposits

Our pledged deposits primarily refer to deposits related to our bank acceptance bills, which we use to make payments to suppliers. Our pledged deposits increased from approximately RMB1.7 million as of December 31, 2024 to approximately RMB2.8 million as of December 31, 2025, primarily due to our increased use of bank acceptance bills for payments to suppliers.

Trade and bills payables

Our trade and bills payables increased from approximately RMB7.4 million as of December 31, 2024 to approximately RMB17.3 million as of December 31, 2025, primarily due to our increased procurement of raw materials and the adoption of bills as a method of payment.

Other payables and accruals

Our other payables and accruals increased from approximately RMB11.2 million as of December 31, 2024 to approximately RMB24.5 million as of December 31, 2025, primarily due to (i) an increase in other payables resulting from the renovation of new offices; (ii) accrued listing expenses in connection with the Global Offering as of December 31, 2025; and (iii) an increase in accrued staff salaries, primarily due to the increase in accrued year-end bonuses driven by the growth in the Group's operating results in 2025.

Purchase, Sale or Redemption of the Company's Shares

As the Company had not yet been listed on the Stock Exchange for the year ended December 31, 2025, this disclosure requirement is not applicable to the Company.

VI. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Investment in an associate

Our investment in an associate primarily refer to our ownership interests in an associate, Qingdao Yunshen Enterprise Management Partnership (Limited Partnership) ("Qingdao Yunshen"). Our investment in an associate remained relatively stable as of December 31, 2024 and 2025, being approximately RMB42.9 million and approximately RMB42.9 million, respectively. Even though we only held 19.54% of equity interests in Qingdao Yunshen, it was regarded as an associate of us because we have significant influence on Qingdao Yunshen, including participation in its decision-making regarding distribution and investment projects.

Name of investment entity	Carrying amount as at 1 January 2025 (RMB'000)	Fair value changes in carrying amount during the year (RMB'000)	Carrying amount as at December 31, 2025 (RMB'000)	Percentage to the Group's total assets	Number of shares of the investment entity held by the Company as at January 1, 2025	Number of shares of the investment entity held by the Company as at December 31, 2025
Qingdao Yunshen ^(Note)	42,903	25	42,928	19.9%	43,000	43,000

Note: Qingdao Yunshen is principally engaged in corporate management, investment activities using own funds, and financial consulting. The Group's investment in an associate is stated in the Consolidated Statement of Financial Position at the Group's share of net assets under the equity method of accounting, less any impairment losses. According to the 2025 financial statements of Qingdao Yunshen, it has no revenue or profit. The total value of the Group's investment in Qingdao Yunshen was approximately RMB42.9 million.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss mainly represent wealth management products we purchased issued by banks in the PRC. Our financial assets at fair value through profit or loss decreased from approximately RMB16.5 million in 2024 to approximately RMB11.0 million in 2025, primarily due to our redemption of certain wealth management products in 2025.

Financial assets at fair value through profit or loss	Carrying amount as at January 1, 2025 (RMB'000)	Fair value change during the year (RMB'000)	Purchases during the year (RMB'000)	Disposals/redemptions during the year (RMB'000)	Carrying amount as at December 31, 2025 (RMB'000)	Percentage to the Group's total assets
Unlisted investment ^(Note)	16,500	0	28,000	33,500	11,000	5.1%

Note: The unlisted investment were wealth management products purchased by the Company issued by a bank in Chinese mainland, with a maturity period of three months or less. The fair values of the financial assets approximate to their cost plus expected interest.

We managed and evaluated the performance of investments on a fair value basis in accordance with our investment risk management and investment strategies. Senior management is responsible for executing investment plans regarding wealth management products in accordance with the cash management policy and internal approval procedures. Prior to making an investment, we will assess whether the remaining working capital after the proposed investment can satisfy business needs, operating activities, research and development, and capital expenditures. We adhere to the principle of prudence when screening financial assets. Our investment strategies related to financial assets focus on reasonably and conservatively matching the duration of the investment portfolio with expected operational cash requirements, thereby minimizing financial risks while creating ideal investment returns for shareholders. We will carefully consider various factors on a case-by-case basis before formulating financial asset investment decisions, with factors for consideration including but not limited to the macroeconomic environment, overall market conditions, risk control and the credit ratings of investment targets, our own working capital position, and the expected profits or potential losses of the investments.

Disposal of Subsidiary

On May 30, 2025, the Company entered into a share purchase agreement with Yilian (Zhejiang) Internet Technology Co., Ltd. to transfer 100% of the equity interests in Hangzhou Deyou Medical Laboratory Co., Ltd. (“**Hangzhou Deyou**”) and Chengdu Jinniu Niu hai weilai Internet Hospital Co., Ltd. (“**Chengdu Internet Hospital**”), respectively, for a nominal consideration of RMB1. The consideration was determined with reference to the negative market value assessments of the equity interests in Hangzhou Deyou and Chengdu Internet Hospital, respectively, by an independent professional valuer, and the waiver of debts owed by Hangzhou Deyou and Chengdu Internet Hospital to the Company. The above disposals were completed on June 23, 2025 and June 25, 2025, respectively. Upon completion, the Group no longer holds any equity interest in the two aforementioned companies.

Save for the disposal mentioned above, as at December 31, 2025, the Group did not have any significant investment with a fair value accounting for 5% or more of the Group’s total assets, nor were there any other material acquisitions or disposals of subsidiaries, associates or joint ventures.

During the Reporting Period, the capital expenditure for the Group’s acquisition of property, plant and equipment as well as intangible assets was approximately RMB7.6 million. Save for pledged deposits arising in the ordinary course of business, as of December 31, 2025, the Group did not have any material contingent liabilities, material external guarantees or other material off-balance sheet arrangements.

Save as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, as of December 31, 2025, the Group did not have any other future plans for material investments or acquisitions of material capital assets or other businesses.

VII. USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company’s H Shares were listed on the Main Board of The Stock Exchange on March 30, 2026. The total proceeds from the Global Offering amounted to HK\$791.9 million. The net proceeds from the Global Offering (after deducting underwriting fees, commissions and expenses payable by the Company in connection with the Global Offering) were approximately HKD719.8 million. The Global Offering price per H Share and the net price per H Share were approximately HK\$99.00 and HK\$89.98, respectively. As of the Latest Practicable Date, the Company had not changed the planned use of proceeds as described in the Prospectus, and as the Listing was completed after the Reporting Period, the Group had not utilized the proceeds from the Global Offering during the Reporting Period.

The following table sets out a summary of the expected use of the net proceeds and the expected timeline for their full utilization:

Use of proceeds	Percentage of intended use of net proceeds	Net Proceeds from the Global Offering (HKD million)	Expected time of utilization
R&D and commercialization of the Core Product AI AutoVision®	49.0%	352.7	To be used in stages, and expected to be fully utilized by 2031
R&D of other medical imaging software candidate products and medical devices	10.0%	72.0	Expected to be fully utilized by 2029
Strengthening the iMedImage® foundation model and AI technology	20.0%	144.0	Expected to be fully utilized by 2029
Strengthening commercialization capabilities and market penetration in the China market	8.0%	57.6	Expected to be fully utilized by 2029
Expanding into overseas markets	5.0%	36.0	Expected to be fully utilized by 2029
Seeking Strategic cooperation and investment opportunities	8.0%	57.6	To be advanced according to business development needs

Summary of Intended Use of Proceeds from the Global Offering

Note: The expected timetable for the use of the remaining unused net proceeds is subject to confirmation by the Company based on actual business needs and market conditions. The Company will, as appropriate, make further announcements and/or disclosures in its annual/interim report regarding any changes to the timetable, in accordance with the Listing Rules, to update Shareholders and potential investors in a timely manner. Any discrepancies between the totals shown in the table above and the sum of the amounts listed are due to rounding.

VIII. PROSPECTS AND OUTLOOK

Looking ahead, the Group will continue to promote technological iterations centered around the iMedImage® medical imaging foundation model, solidify the R&D and commercialization preparations for AI AutoVision® and other product pipelines, continuously enhance the clinical coverage capabilities of intelligent equipment and systems, and steadily advance the implementation of the iMed MaaS® platform and localized solutions in hospital, scientific research, and regional medical scenarios.

At the industry level, with the further refinement of artificial intelligence and healthcare policies, the intelligentization of medical imaging is evolving from single-point tool applications toward process reconstruction on a broader scale and at a deeper level. The Group will continue to place equal emphasis on technological innovation, clinical value, and compliant operations, promoting the continuous improvement of business quality, operational efficiency, and long-term competitiveness.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Dr. Song Ning (宋寧), aged 44, founded our Group in September 2016, and has served as the chairman of our Board and our chief executive officer since then. Dr. Song was re-designated as an executive Director on June 25, 2025. He is primarily responsible for leading overall management, strategic planning, operations, and corporate governance of the Group.

Dr. Song has extensive experience in corporate management and academic research. Prior to founding our Group, Dr. Song was an assistant professor in medical school of Nagasaki University from October 2011 to July 2013, where he has been primarily responsible for teaching and scientific research. Dr. Song held positions at Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院) from August 2013 to March 2024, and was recognized as a senior engineer (正高級工程師) by the Department of Human Resources and Social Security of Zhejiang Province (浙江省人力資源和社會保障廳) in 2018.

Dr. Song studied computer science at Central South University (中南大學), and subsequently pursued medical genetics at the National Education Base of Life Science and Technology (國家生命科學與技術人才培養基地), which is led by Ministry of Education of the PRC and is aimed at fostering interdisciplinary integration and talent development in the life sciences. And he obtained his bachelor's degree in bioengineering and his master's degree in medical genetics from Central South University (中南大學) in the PRC in June 2004 and June 2007, respectively. He further obtained his doctor's degree in medicine from Nagasaki University in Japan in September 2011.

Mr. Weng Chih-Hsin (翁資欣) (alias Robin Weng), aged 60, joined our Group in October 2022 as our chief operating officer and was appointed as a Director in May 2025. Mr. Weng was re-designated as an executive Director on June 25, 2025. He is primarily responsible for overseeing strategic planning and operation of our Group, and assisting our chief executive officer.

Mr. Weng has approximately 36 years of management and operational experience in medical device industry. Prior to joining our Group, Mr. Weng served as the general manager of joint department at Smith & Nephew Medical Limited, a medical device company, where he was primarily responsible for managing the marketing of the orthopedic joint department. And from March 2017 to April 2022, he served as the president of China region at Suzhou Micro-Invasive Orthopaedics Group Co., Ltd. (蘇州微創骨科學集團有限公司), a company principally engaged in R&D, production and sales of orthopedic implant, where he was primarily responsible for overall management and business operation of orthopedics in China region.

Mr. Weng obtained his bachelor's degree in biomedical engineering from Chung Yuan Christian University (中原大學) in Taiwan in June 1988.

Non-Executive Directors

Dr. Xu Chen (徐晨), aged 70, joined our Group in July 2018 and was appointed as a Director in March 2022. Dr. Xu was re-designated as a non-executive Director on June 25, 2025. He is primarily responsible for providing strategic advice on the development of our Group.

Dr. Xu has approximately 36 years of experience in research in reproductive medicine. Prior to joining our Group, Dr. Xu has held a series of positions at Department of Histology and Embryology of Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院), also being the Shanghai Key Laboratory for Reproductive Medicine (上海市生殖醫學重點實驗室) where his latest positions were professor and dean.

Dr. Xu obtained his bachelor's degree in medical profession from Anhui Medical University (安徽醫科大學) in the PRC in August 1984, his master's degree in histology and embryology from Nanjing Medical University (南京醫科大學) in the PRC in August 1989, and his doctor's degree in histology and embryology and reproductive medicine from Shanghai Second Medical University (上海第二醫科大學) in the PRC in August 1993. He further completed postdoctoral research at National Institute of Health and Medical Research in France from October 1995 to October 1997.

Dr. Xu was awarded special government allowances by the State Council of the People's Republic of China in June 2000. Dr. Xu was awarded various awards and honors by different well-known organizations, including award given for improving science and technology accredited by the State Family Planning Committee in August 1998, awards given for improving science and technology accredited by Shanghai Municipality in December 1998 and November 2005, respectively, the Shanghai Medical Science and Technology Award in May 2005, National Award for Scientific and Technological Achievements in Population and Family Planning issued by the National Population and Family Planning Commission in June 2006 and award given for Scientific and Technological Progress accredited by the Ministry of Education of the PRC in December 2019.

Dr. Wu Lingqian (鄔玲仟), aged 63, joined our Group in May 2025 as a Director. Dr. Wu was re-designated as a non-executive Director on June 25, 2025. She is primarily responsible for providing strategic advice on the development of our Group.

Dr. Wu was a doctor at North Guangdong People's Hospital (廣東省粵北人民醫院). She was a researcher at Nagasaki University from March 2005 to March 2008. Dr. Wu is also a professor at School of Life Sciences, Central South University (中南大學生命科學學院). She is also currently the honorary president of Chinese Medical Association Medical Genetics Branch (中國醫師協會醫學遺傳醫師分會).

Dr. Wu obtained her master's degree in genetics from Central South University (中南大學) in the PRC in July 2002. She further obtained her doctor's degree in genetics from Central South University (中南大學) in the PRC in July 2006. She obtained the teacher qualification certificate of higher education institution (高等學校教師資格證) in basic medicine from Education Department of Hunan Province (湖南省教育廳) in July 2004, and the senior professional and technical position qualification certificate (高級專業技術職務資格證書) of chief physician of obstetrics and gynecology from Personnel Department of Hunan Province (湖南省人事廳) in September 2004.

Dr. Wu was awarded various awards and honors by different well-known organizations, including second prize of National Science and Technology Progress Award accredited by the State Council of the PRC in November 2005, second prize of Hunan Provincial Higher Education Teaching Achievement Award accredited by the Department of Education of Hunan Province in April 2009, first prize of Shanghai Science and Technology Award accredited by the People's Government of Shanghai Municipal in December 2020, special government allowances granted by the State Council of the PRC in March 2011, distinguished contribution award for outstanding achievements in the prevention and intervention of birth defects in China accredited by the China Birth Defect Intervention and Relief Foundation in September 2014, first prize of Hunan Province Science and Technology Progress Award accredited by the People's Government of Hunan Province in February 2017, third prize of Hunan Natural Science Award accredited by the People's Government of Hunan Province in April 2020, and third prize of Guangxi Science and Technology Award accredited by People's Government of Guangxi Zhuang Autonomous Region in August 2024. Dr. Wu has led nearly 20 key national and provincial level research projects. She has published more than 200 papers and reviews in Science Citation Index journals, and has been granted over 20 patents.

Mr. Yang Zehao (楊澤浩), aged 33, joined our Group in May 2025 as a Director. Mr. Yang was re-designated as a non-executive Director on June 25, 2025. He is primarily responsible for providing strategic advice on the development of our Group.

Mr. Yang worked as an assistant manager at KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所上海分所) from October 2014 to June 2017. And since July 2017, he acted as an associate director at Grand Flight Investment Management Co., Ltd. (遠翼投資管理有限公司), a company principally engaged in equity investment.

Mr. Yang obtained his bachelor's degree in finance from Shanghai Jiao Tong University (上海交通大學) in the PRC in June 2014. Mr. Yang obtained his master's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in the PRC in June 2025. He was certified as a certified public accountant in the PRC by Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in March 2018.

Independent Non-executive Directors

Mr. Cha Yang (查揚) (alias Stanley Cha), aged 62, was appointed as an independent non-executive Director in June 2025 with effect upon the Listing.

Mr. Cha has more than 20 years of work experience in law, investment and management. He served as a partner in Llinks Law Office from November 2004 to June 2006 and King & Wood Mallesons from July 2006 to December 2012. From 2013 to 2019, Mr. Cha acted as the president of Tsinghua Education Foundation, North America, a non-profit organization registered in, and regulated by, authorities in the United States. Since 2020, he has served as a council member of Nanjing Qingzhan Artificial Intelligence Research Institute Co., Ltd. (南京清湛人工智能研究院有限公司), a company principally engaged in R&D of AI development and application. He has been an independent director of Luckin Coffee Inc., a company listed on OTC Pink Market (stock code: LKNKY) since July 2020 and CSI Solor Co., Ltd. (阿特斯陽光電力集團股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 688472) since December 2020, respectively.

Mr. Cha obtained his bachelor's degree in physics from Tsinghua University (清華大學) in the PRC in May 1986 and obtained his master's degree in physics from the University of Michigan in the United States in December 1993. He obtained his Juris Doctor degree from the St. John's University in June 1996. Mr. Cha was admitted to the New York Bar Association in April 1997.

Ms. Zhang Jing (張競), aged 52, was appointed as an independent non-executive Director in June 2025 with effect upon the Listing.

Ms. Zhang had extensive experience in financial management. Ms. Zhang has been the chief financial officer of 3D Medicines Inc., a company listed on the Stock Exchange (stock code: 1244) from August 2000 to January 2026 and is responsible for overall management of financial, fundraising and business development. Ms. Zhang joined GRIT Biotechnology Co. Ltd. in January 2026 as the chief financial officer. She started her career in KPMG. From April 2015 to October 2019, she served multiple roles in United Technologies Corporation, a company listed on the New York Stock Exchange (stock code: UTX), and most recently as the regional financial director in Hong Kong, Macau, Taiwan region and Guam regions. She joined Miconvey Technologies Co, Ltd., a medical device company, in November 2019. Ms. Zhang has been the chairman of Shanghai sub-association of Hongkong Investor Relations Association since November 2024.

Ms. Zhang obtained her bachelor's degree in medical nutrition from Yat-sen University of Medical Sciences (中山醫科大學) in the PRC in July 1995. She then obtained her master's degree in accounting from the University of South Carolina in the United States in December 1998. She is a certified public accountant with the Washington State Board of Accountancy. She was also a Certified Information Systems Auditor (CISA) of the Information Systems Audit and Control Association from November 2007 to January 2011. Her audit projects were awarded the first prizes in US national competitions.

Mr. Wang Kaifeng (王開峰), aged 44, was appointed as an independent non-executive Director in June 2025 with effect upon the Listing.

Mr. Wang had over 20 years of experience in pharmaceutical industry strategy, investment and operations management. From February 2003 to March 2009, Mr. Wang worked as a chemist and promoted to operational excellence expert in GlaxoSmithKline (Tianjin) Ltd. (葛蘭素史克(天津)有限公司), a company principally engaged in pharmaceutical development and manufacturing, being responsible for quality management and control. He joined Tianjin Smith Kline & French Laboratories Ltd. (中美天津史克製藥有限公司) (a company principally engaged in pharmaceutical development and manufacturing) in March 2009 as EHS manager and production operation manager, being responsible for production operation management. Mr. Wang joined China Resources (Holdings) Co., Ltd. (華潤(集團)有限公司) (a business comprehensive group including pharmaceutical and medical business) in July 2012 as the business director of strategic management department, being responsible for strategic planning and investment management of pharmaceutical business. He then joined China Resources Life Science Group Co., Ltd. (華潤生命科學集團有限公司) (a company principally engaged in investment and operation in the life sciences sector) in March 2020 as the general manager of investment development department, being responsible for investment in life science projects. From November 2020 to July 2022, Mr. Wang served as a partner in healthcare business of Qianhai International (HK) Limited (前海國際(香港)有限公司), a private equity investment company, being responsible for equity investment in biopharmaceuticals and medical devices. He is currently the partner of Efung Capital (HK) Management Limited (倚鋒資本(香港)管理有限公司), a private equity investment company, being responsible for equity investment in biopharmaceuticals and medical devices.

Mr. Wang obtained his bachelor's degree in pharmaceuticals from China Pharmaceutical University (中國藥科大學) in the PRC in June 2003 and minored in business administration. He graduated from the University of Barcelona in May 2025 with a Master's degree in Economics and Business Management.

Mr. Wang had also served as an independent non-executive director at Shaanxi Micot Pharmaceutical Technology Co., Ltd. (currently submitting an application to the Hong Kong Stock Exchange) since September 2025. He had also served as an independent non-executive director at WiseTek Med Ltd. (currently submitting an application to the Hong Kong Stock Exchange) since January 2026. Mr. Wang had been a non-executive director at Hangzhou Adamerck Pharmlabs Co., Ltd. since June 2025.

SENIOR MANAGEMENT

Dr. Song Ning (宋寧) is the Chairman of our Board, our executive Director and chief executive officer. For details of his biography, see subsection headed “— Directors — Executive Directors” above.

Mr. Weng Chih-Hsin (翁資欣) (alias Robin Weng) is our executive Director and chief operating officer. For details of his biography, see subsection headed “— Directors — Executive Directors” above.

Mr. Gou Zhengmeng (苟正猛), aged 49, joined our Group in July 2023, and has been our chief marketing officer since then. He is primarily responsible for marketing affairs of our Group.

Mr. Gou held several positions at Siemens (China) Co., Ltd. (西門子(中國)有限公司), a company principally engaged in R&D, production, manufacturing and sales of imaging equipment, where he was primarily responsible for strategic planning, marketing and sale and other management affairs. He also served as a vice president at Jiangxi Zhongke Jiufeng Mobile Medical Technology Co., Ltd. (江西中科九峰移動醫療科技有限公司), a company principally engaged in artificial intelligence imaging technology, where he was primarily responsible for marketing sales. Mr. Gou acted as the chief executive officer at Shanghai Daxiang Medical Health Technology Co., Ltd. (上海大象醫療健康科技有限公司), a company principally engaged in online medical services, where he was primarily responsible for overall management and operation, and served as a vice president at Minfound Medical Systems Co., Ltd. (明峰醫療系統股份有限公司), a company principally engaged in R&D, production and sales of imaging equipment, where he was primarily responsible for marketing affairs.

Mr. Gou obtained his bachelor’s degree in electronic instruments and measurement technology from Nanjing University of Posts and Telecommunications (南京郵電大學) in the PRC in July 1998, and further obtained his master’s degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in November 2004. He has been the member of the CEIBS Alumni Healthcare Industry Association (中歐校友醫療健康產業協會) since June 2025.

Mr. Wang Yang (汪洋), aged 46, joined our Group in June 2019, and has been our chief financial officer since then. He is primarily responsible for overseeing strategic financial planning, financial management and risk management of our Group.

Mr. Wang has approximately 25 years of experience in financial management and accounting. From July 2001 to August 2002, he worked at Zhejiang Ouya Plastic Machinery Co., Ltd. (浙江歐亞塑料機械有限公司), a company principally engaged in mechanical manufacturing. From August 2004 to September 2005, Mr. Wang worked at Hangzhou Shengye Decoration Engineering Co., Ltd. (杭州盛業裝飾工程有限公司), a company principally engaged in interior decoration. And from October 2005 to June 2019, he served as the deputy chief financial officer at Zhejiang Kexin Cultural Development Co., Ltd. and its affiliates, companies principally engaged in cultural venue design, construction and consulting, where he was primarily responsible for overall financial management.

Mr. Wang obtained his associate’s degree in accounting from Zhejiang Shuren University (浙江樹人大學) in the PRC in June 2001, and further obtained his bachelor’s degree in accounting from Zhejiang University of Finance and Economics (浙江財經大學) in the PRC in June 2007.

JOINT COMPANY SECRETARIES

Mr. Shi Xinlin (石欣霖) was appointed as one of our joint company secretaries on June 25, 2025 with effect upon the Listing. Mr. Shi joined our Group in March 2023 as the investment manager of our Company, responsible for overseeing matters relating to investor relations and investment and financing of our Company.

From September 2021 to February 2023, Mr. Shi acted as the securities affairs representative of Hangzhou Bensong New Materials Technology Co., Ltd. (杭州本松新材料技術股份有限公司), where he was primarily responsible for investment and financing affairs and investor relations.

Mr. Shi obtained his bachelor's degree in economic from University of California, Irvine in the U.S. in March 2017. He also obtained the certificate of completion of Korean level VI from Seoul National University in Korea in May 2011. And he obtained the Qualification Certificate of Board Secretary (董事會秘書資格證書) in the PRC from Shenzhen Stock Exchange in November 2022.

Ms. Au Wing Sze (區詠詩) was appointed as one of our joint company secretaries on June 25, 2025 with effect upon the Listing. Ms. Au is a manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. She has over 12 years of experience in the corporate secretarial field. Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She holds a master degree of corporate governance from Hong Kong Metropolitan University.

Directors' Report

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025 (the “**Consolidated Financial Statements**”).

BOARD OF DIRECTORS

There are currently two executive Directors, three non-executive Directors and three independent non-executive Directors on the Board.

During the Reporting Period and as of the Latest Practicable Date, the Directors were:

Executive Directors

Dr. Song Ning (Chairman of the Board)
Mr. Weng Chih-Hsin (alias Robin Weng)

Non-executive Directors

Dr. Xu Chen
Dr. Wu Lingqian
Mr. Yang Zehao

Independent non-executive Directors

Mr. Cha Yang (alias Stanley Cha)
Ms. Zhang Jing
Mr. Wang Kaifeng

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed in this annual report, since the Listing Date up to the Latest Practicable Date, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

GENERAL INFORMATION

Our Company was incorporated in the PRC as a limited liability company on September 19, 2016 and was converted into a joint stock company with limited liability on May 7, 2025. The H Shares of our Company have been listed on the Main Board of the Stock Exchange since March 30, 2026.

PRINCIPAL ACTIVITIES

Established in 2016, we are a medical device company focusing on developing medical imaging products and services. We have self-developed a diversified portfolio that can effectively enhance diagnostic efficiency and service quality, which comprises: (i) six medical imaging software products, including our Core Product, AI AutoVision®, which is at the registration stage, one commercialized product, AutoVision®, as well as four pre-clinical stage product candidates; (ii) three commercialized medical devices; and (iii) four key reagents and consumables. Our Core Product, AI AutoVision®, is an auxiliary diagnostic software designed to undertake intelligent analysis on chromosome karyotyping (染色體核型輔助診斷軟件), which we intend to sell in China and globally as a customized computer pre-installed with the software. The intended indication of AI AutoVision® is chromosome karyotype analysis for (i) prenatal diagnosis for birth defects using amniotic fluid samples; and (ii) assisted reproduction using peripheral blood samples. It is intended to be approved for use in the fields of birth defect prevention, pre-marital and pre-pregnancy screening and assisted reproduction.

For further details of our Company's principal activities, please see the section headed "I. Business Review" under "Management Discussion and Analysis" of this annual report.

SUBSIDIARIES OF OUR COMPANY

The details of the subsidiaries of our Company are set out in Note 1 to the Financial Statements in this annual report.

BUSINESS REVIEW AND RESULTS

A review of the business and future prospects of the Group during the Reporting Period are provided in the section headed "I. Business Review" under "Management Discussion and Analysis" of this annual report. An analysis of the Group's financial performance during the Reporting Period is provided in the section headed "III. Financial Review" under "Management Discussion and Analysis" of this annual report.

The results of the Group for the Reporting Period are set out in the Consolidated Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES

We are a biotechnology company listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. We face a variety of risks relating to our financial position and prospects, R&D, clinical development and regulatory approval of our product candidates, our manufacturing and commercialization of our product candidates. Some of the major risks that we face include:

- Our future growth depends on the successful development and commercialization of our Core Product and product candidates. If we are unable to successfully complete clinical development, obtain and maintain regulatory approval, commercialize our Core Product and product candidates, or keep up with industry and technology developments, or if we experience significant delays in doing so, our business will be materially harmed;
- Product development involves a time- and cost-consuming process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results;
- The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of subjects who remain in the trial until its conclusion. We may experience difficulties in subject enrollment for a variety of reasons, such as the size and nature of subject population, eligibility criteria defined and patients' perception of the clinical trial.
- We may allocate our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may later prove to be more profitable or for which there is a greater likelihood of success;
- The commercial success of our products depend on the degree of market acceptance and penetration rate among the medical community;
- We face substantial competition in our industry and our competitors may discover, develop or commercialize competing products before us or more successfully than we do;
- We rely on distributors to sell our products and we may fail to maintain, expand and optimize an effective distribution network for our products;
- We have historically received government grants for our R&D activities and we may not receive such grants or subsidies in the future;
- An increase in the market price of our raw materials and components may adversely affect our financial position and results of operations;
- We may not be able to obtain and maintain sufficient patent protection and other intellectual property protection for our products, product candidates and technologies; and
- All material aspects of the research, development and commercialization of medical device products are heavily regulated and such regulations are subject to change, which may adversely affect multiple aspects of our operation.

CREDIT RISK

We trade mainly with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

FOREIGN EXCHANGE RISK

We expect that a substantial majority of our revenue will be denominated in Renminbi. A portion of our revenues may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares.

LIQUIDITY RISK

We recorded net cash outflows from operating activities of approximately RMB29.8 million and approximately RMB50.5 million in 2024 and 2025 respectively. A net liabilities position may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, the Corporate Governance Code set forth in Appendix C1 to the Listing Rules (“**Corporate Governance Code**”) was not applicable to us during the Reporting Period. After the Listing, we will comply with all the code provisions set forth in the Corporate Governance Code.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to various social, health, safety and environmental laws and regulations and its operations are regularly inspected by local government authorities. The Group believes it has adequate policies and standard operating procedures ensuring compliance with all social, health, safety and environmental protection regulations. Particularly, it believes its continued growth rests on integrating social values into its business. The Group intends to create a lasting positive ESG impact on our future customers, suppliers and the broader community whom its operation may impact. The Group acknowledges its responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impact on its business.

For further details of the Company’s environmental performance and broader ESG initiatives, please refer to the section headed “Environmental, Social and Governance Report” of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended December 31, 2025, to the best knowledge of the Directors, the Company did not experience material breach of or non-compliance with applicable laws and regulations that have a significant impact on the business and operations of the Group.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including suppliers, employees, Shareholders and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability by cultivating strong relationships with them.

Employees

As of December 31, 2025, we employed 166 full-time employees and all of them were based in China.

We recruit personnel primarily through recruiters and employee referrals. We conduct new employee training, as well as professional and safety training programs for all employees in accordance with quality control, Good Manufacturing Practice for Medical Devices (GMP) standard requirements, and operating procedures. We enter into employment agreements with our employees that cover matters such as wages, benefits and grounds for termination. We also make contributions to social insurance and housing provident funds in compliance with applicable PRC laws and regulations in all material respects.

Shareholders

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes that communication with the Shareholders is a two-way process and strives to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This will be done through general meetings, corporate communications, interim and annual reports and results announcements.

Customers and Suppliers

During the Reporting Period, our customers during the Reporting Period primarily included digital infrastructure service providers, research organizations, medical institutions, hospitals, third-party medical laboratories and distributors. For the year ended December 31, 2025, revenue generated from the Group's largest customer accounted for approximately 10.7% (2024:14.3%) of the Group's total revenue, and revenue from the Group's five largest customers accounted for approximately 43.7% of the Group's total revenue for the same year (2024: 46.0%).

During the Reporting Period, our suppliers consisted primarily of (i) computing power service providers; (ii) suppliers providing materials, reagents and components required for manufacturing medical devices and R&D; and (iii) suppliers providing legal consulting, headhunting and testing services. We select our suppliers based on our established procurement control procedures and industry standards of different types of materials. We maintain a list of qualified suppliers and backup suppliers that meet the industry standards and review their qualifications annually. We enter into procurement agreements with suppliers based on our company's standard agreement. For the year ended December 31, 2025, our purchases from our largest supplier accounted for approximately 17.0% (2024:12.3%) of our total purchases during the same year, and purchases from our five largest suppliers in the aggregate during the Reporting Period accounted for 31.0% (2024: 34.2%) of our total purchases during the same period.

None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers or suppliers.

FINANCIAL SUMMARY

A summary of the consolidated operating results and the assets and liabilities of the Group for the last three financial years, as extracted from the published audited Consolidated Financial Statements, is set out in the section headed “Three Years Financial Summary” in this annual report. This summary does not form part of the Consolidated Financial Statements.

RETAINED PROFITS

Details of retained profits of the Group as at December 31, 2025 are set out in the Consolidated Statement of Changes in Equity of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of Association or the PRC Company laws, which would oblige our Company to offer new shares on a pro-rata basis to its existing Shareholders.

TAX RELIEF AND EXEMPTION

Our Company did not declare or pay any dividend for the year ended December 31, 2025. Accordingly, the Shareholders of our Company (including the holders of H Shares) are not subject to income tax on dividend distribution. If any of the H Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the H Shares, he/she is advised to consult an expert.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in Note 13 to the Consolidated Financial Statements in this annual report.

DONATION

Charitable donation of approximately HKD1 million was made by our Group during the year ended December 31, 2025, in connection with a fire incident in Hong Kong.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES

From the Listing Date up to the date of this annual report, there was no purchase, sale or redemption of any listed securities of our Company by our Company or any of its subsidiaries (including the sale of treasury shares).

As at 31 December 2025 and up to the date of this annual report, the Company did not hold any H shares of the Company as treasury shares (as defined in the Listing Rules).

DIVIDENDS

The Board did not recommend the payment of final dividend for the year ended December 31, 2025. During the Reporting Period, no shareholder waived or agreed to waive any dividends.

SHARE CAPITAL

Details of movements in share capital of our Company during the year ended December 31, 2025 are set out in Note 29 to the Consolidated Financial Statements.

DEBENTURE AND CONVERTIBLE BOND ISSUED

The Group did not issue any debenture or any convertible bond for the year ended December 31, 2025.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, our Company has not entered into any equity-linked agreement during the year ended December 31, 2025.

PERMITTED INDEMNITY PROVISION

Our Company has arranged for appropriate insurance in respect of legal actions arising out of corporate activities against the current Directors and senior management of our Company and its associated companies and the Directors and senior management of our Company and its associated companies who resigned during the Reporting Period.

The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group are set out in the Consolidated Statement of Changes in Equity of this annual report. As of December 31, 2025, our Company's had no reserves available for distribution (as of December 31, 2024: Nil).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Details of the use of proceeds from the global offering are set out in the section headed "Management Discussion and Analysis – VII. Use of Proceeds from the Global Offering" in this annual report.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans of the Group as of December 31, 2025 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 33(b) to the Consolidated Financial Statements.

During the year ended December 31, 2025, the Group had not made any loan, advances or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of our Company, the Controlling Shareholders or their respective connected persons.

DIRECTORS' SERVICE CONTRACTS

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of office commencing on the date of the approval at the relevant Company's general meeting and ending on the expiration of the term of office of the prevailing session of the Board (with respect to Directors); and (b) termination provisions in accordance with their respective terms.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Mr. Cha Yang, Ms. Zhang Jing and Mr. Wang Kaifeng), and the Company considers such Directors to be independent for the year ended December 31, 2025.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which our Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year under December 31, 2025 or at any time during the year ended December 31, 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors (other than the independent non-executive Directors) or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

COMPETITION AND CONFLICT OF INTERESTS

During the Reporting Period, as of the Latest Practicable Date, our group of Controlling Shareholders confirmed that they did not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year or subsisted at the end of the year ended December 31, 2025.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in this annual report, during the year ended December 31, 2025, neither the Company nor any of its subsidiaries was a party to any arrangement that would enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, our Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES

As our Company was not listed on the Stock Exchange as of December 31, 2025, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the substantial shareholders and other persons of our Company as of December 31, 2025.

As of the Latest Practicable Date, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of our Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by our Company under the SFO were as follows:

Name of Substantial Shareholder	Capacity/Nature of Interest	Number of H Shares Held	Approximate Percentage of Shareholding ⁽¹⁾ (%)
Dr. Song ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Beneficial owner; Interests in controlled corporations	42,102,157	47.37
Diagens Nuohui ⁽³⁾	Beneficial owner	7,614,901	8.57
Hangzhou Defeng Acceleration Technology Management Partnership (Limited Partnership) (杭州德豐加速科技管理合夥企業(有限合夥)) ⁽³⁾ ("Defeng Acceleration")	Interests in controlled corporations	7,614,901	8.57
Hangzhou Defeng Origin Technology Management Partnership (Limited Partnership) (杭州德豐起源科技管理合夥企業(有限合夥)) ⁽³⁾ ("Defeng Origin")	Interests in controlled corporations	7,614,901	8.57
Diagens Nuoda ⁽⁴⁾	Beneficial owner	4,759,247	5.35
Hangzhou Zijingang Private Equity Fund Management Co., Ltd. (杭州紫金港私募基金管理有限公司) ⁽⁷⁾ ("Hangzhou Zijingang")	Interests in controlled corporations	8,780,023	9.88
Mr. Ye Fu (葉福) ⁽⁷⁾	Interests in controlled corporations	8,780,023	9.88

Name of Substantial Shareholder	Capacity/Nature of Interest	Number of H Shares Held	Approximate Percentage of Shareholding ⁽¹⁾ (%)
Shanghai Meihong Private Equity Fund Management Co., Ltd. (上海美鴻私募基金管理有限公司) ⁽⁸⁾⁽⁹⁾ (“Shanghai Meihong”)	Interests in controlled corporations	6,646,356	7.48
Mr. Chen Yilong (陳毅龍) ⁽⁸⁾⁽⁹⁾	Interests in controlled corporations	6,646,356	7.48
Hangzhou Hetu No. 6 Private Equity Limited Partnership (Limited Partnership) (杭州和途六號股權投資合夥企業(有限合夥)) ⁽⁸⁾ (“Hetu No. 6”)	Beneficial owner	4,491,905	5.05
Hangzhou Meijing Equity Investment Partnership (Limited Partnership) (杭州美璟股權投資合夥企業(有限合夥)) ⁽⁸⁾ (“Hangzhou Meijing”)	Interests in controlled corporations	4,491,905	5.05

Notes:

- (1) The calculation is based on the total number of 88,879,200 H Shares in issue as at the Latest Practicable Date.
- (2) Dr. Song beneficially holds 24,293,507 H Shares.
- (3) Diagens Nuohui, being an ESOP Platform, is managed and controlled by its general partner, Dr. Song. Diagens Nuohui is owned as to approximately 61.35% by Defeng Acceleration as its limited partner, which is in turn owned as to approximately 99.84% by Dr. Song as its general partner. Diagens Nuohui is owned as to approximately 36.61% by Defeng Origin as its limited partner, which is in turn managed by Dr. Song as its general partner and not owned as to more than 30% by any of its limited partners. Diagens Nuohui is owned as to approximately 1.94% by Hangzhou Defeng Rise Technology Limited Partnership (杭州德豐升騰科技管理合夥企業(有限合夥)), which is in turn managed by Dr. Song as its general partner and not owned as to more than 30% by any of its limited partners.

As such, under the SFO, each of Dr. Song, Defeng Acceleration and Defeng Origin is deemed to be interested in the 7,614,901 H Shares held by Diagens Nuohui.
- (4) Diagens Nuoda is managed by its general partner, Dr. Song. None of the limited partners (not including Dr. Song who is the general partner) of Diagens Nuoda owns more than 30% of limited partnership interests therein. As such, under the SFO, Dr. Song is deemed to be interested in the 4,759,247 H Shares held by Diagens Nuoda.
- (5) Deqian Technology is managed by its general partner, Dr. Song. And Deqian Technology is owned as to approximately 99.90% by Hangzhou Dezhi Technology Management Partnership (Limited Partnership) (杭州德智科技管理合夥企業(有限合夥)) as the sole limited partner, which is in turn owned as to approximately 76.71% by Dr. Song as its general partner.

As such, under the SFO, each of Dr. Song and Hangzhou Dezhi Technology Management Partnership (Limited Partnership) is deemed to be interested in the 3,530,834 H Shares held by Deqian Technology.

- (6) Diagens Nuoxin is managed by its general partner, Dr. Song. And Diagens Nuoxin is owned as to approximately 62.50% by Mr. Guo Jian (郭健) as its limited partner. None of other limited partners of Diagens Nuoxin owns more than 30% of partnership interests therein.

As such, under the SFO, each of Dr. Song and Mr. Guo Jian is deemed to be interested in the 1,903,668 H Shares held by Diagens Nuoxin.

- (7) Each of Hangzhou Zizhou Investment Management Limited Partnership (Limited Partnership) (杭州紫洲投資管理合夥企業(有限合夥)) (“**Hangzhou Zizhou**”), Hangzhou Zicheng Investment Management Limited Partnership (Limited Partnership) (杭州紫城投資管理合夥企業(有限合夥)) (“**Hangzhou Zicheng**”) and Hangzhou Zizheng Investment Management Limited partnership (Limited Partnership) (杭州紫正投資管理合夥企業(有限合夥)) (“**Hangzhou Zizheng**”) holds 4,694,039 H Shares, 2,539,107 H Shares, and 1,546,877 H Shares, respectively. Each of them is managed by its general partner, Hangzhou Zijingang. Hangzhou Zicheng is owned as to 99% by Mr. Zhu Yuelong (朱躍龍) as its sole limited partner. None of the limited partners of any of Hangzhou Zizhou or Hangzhou Zizheng owns more than 30% of partnership interests therein, respectively. Hangzhou Zijingang is owned as to 95% by Mr. Ye Fu (葉福).

As such, under the SFO, each of Hangzhou Zijingang and Mr. Ye Fu is deemed to be interested in the 8,780,023 H Shares held by Hangzhou Zizhou, Hangzhou Zicheng and Hangzhou Zizheng in aggregate.

- (8) Hetu No. 6 is managed by its general partner, Shanghai Meihong. And Hetu No. 6 is owned as to approximately 39% by Hangzhou Meijing as its limited partner, which is in turn managed by Shanghai Meihong as its general manager and owned as to approximately 65.67% by Mr. Chen Yilong (陳毅龍) as a limited partner. None of other limited partners of any of Hetu No. 6 or Hangzhou Meijing owns more than 30% of partnership interests therein.

As such, under the SFO, each of Shanghai Meihong, Hangzhou Meijing and Mr. Chen Yilong is deemed to be interested in the 4,491,905 H Shares held by Hetu No. 6.

- (9) Hangzhou Hefu Private Equity Limited Partnership (Limited Partnership) (杭州和馥股權投資合夥企業(有限合夥)) (“**Hangzhou Hefu**”) is managed by its general partner, Shanghai Meihong. And Hangzhou Hefu is owned as to approximately 99% by Mr. Chen Yilong. As such, under the SFO, each of Shanghai Meihong and Mr. Chen Yilong is deemed to be interested in the 2,154,451 H Shares held by Hangzhou Hefu.

- (10) All interests are held in long positions.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of our Company) who had interests or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by our Company under the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY AND ANY OF ITS ASSOCIATED CORPORATIONS

As our Company was not listed on the Stock Exchange as of December 31, 2025, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Directors or chief executive of our Company as of December 31, 2025.

Save as disclosed below, as of the Latest Practicable Date, so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Name of Director	Capacity/Nature of Interest	Number of H Shares Held	Approximate percentage of shareholding ⁽¹⁾ (%)
Dr. Song ⁽²⁾	Beneficial owner; interest in controlled corporation	42,102,157	47.37

Notes:

- (1) The calculation is based on the total number of 88,879,200 H Shares in issue as at the Latest Practicable Date.
- (2) For details of interests of Dr. Song, see the section headed "Substantial Shareholders' Interests and/or Short Position in Shares and Underlying Shares" above of this annual report.
- (3) All interests are held in long positions.

PENSION SCHEME/RETIREMENT BENEFIT PLAN

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in central pension schemes operated by the local municipal governments. The subsidiaries operating in the Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes. Particulars of these retirement plans are set out in Note 2.4 to the Financial Statements.

EMPLOYEE SHAREHOLDING SCHEME PLATFORM

To strengthen corporate governance, establish long-term incentive mechanisms, attract and retain talent, and enhance team cohesion and competitiveness, to align the interests of the Shareholders, the Company and the core team, and to ensure the achievement of long-term development and strategic objectives, the Company has established Diagens Nuohui as our employee shareholding scheme platform. As at the Latest Practicable Date, Dr. Song was the executive partner of Diagens Nuohui. Therefore, in practice, all management and voting rights of Diagens Nuohui are held by Dr. Song Ning.

Diagens Nuohui was established in China as a limited partnership on 19 April 2018. As at the Latest Practicable Date, Diagens Nuohui had three limited partners, namely, Defeng Acceleration holding approximately 61.35% of the limited partnership interest in Diagens Nuohui, Defeng Origin holding approximately 36.61% of the limited partnership interest in Deshi Nuohui, and Hangzhou Defeng Rise Technology Limited Partnership (Limited Partnership) (“**Defeng Rise**”) holding approximately 1.94% of the limited partnership interest in Diagens Nuohui. Dr. Song Ning, the executive partner of Diagens Nuohui, holds approximately 0.10% of the limited partnership interest in Diagens Nuohui. The partnership interests held by Dr. Song in each of Diagens Nuohui, Defeng Acceleration, Defeng Origin and Defeng Rise are his personal beneficial interests. Defeng Acceleration, Defeng Origin and Defeng Rise were each established to hold awards granted and vested under Diagens Nuohui at different stages.

As at the Latest Practicable Date, all awards relating to the shares held by the employee shareholding scheme platform had been fully granted and vested. The relevant employee shareholding scheme platforms are not subject to the provisions of Chapter 17 of the Listing Rules.

EMOLUMENT POLICY

We offer our executive Director and senior management members, who are also employees of our Group, emolument in the form of fees, salaries, bonuses, allowances, benefits in kind, share-based payment expenses and pension scheme contributions. Our Directors’ remuneration is determined with reference to the relevant Director’s experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of Board committees).

The Remuneration Committee was set up for reviewing our Company’s remuneration and assessment management system of Directors and senior management officers of the Company.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals of the Group are set out in Notes 8 and 9 to the Consolidated Financial Statements of this annual report.

For the year ended December 31, 2025, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, for the year ended December 31, 2025, by our Group to or on behalf of our Directors.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025, no related party transactions (details of which are set out in Note 35 to the Consolidated Financial Statements in this annual report) constituted non-exempt connected transactions or continuing connected transactions for the Company under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between our Company or its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended December 31, 2025.

MATERIAL LITIGATION

The Group was not involved in any material legal proceedings during the year ended December 31, 2025.

PUBLIC FLOAT

Based on information that is publicly available to our Company and within the knowledge of the Directors, our Company has an approximately 52.63% of our total issued Shares counted towards the public float, which is higher than the prescribed public float of 15% under the Main Board Listing Rules since the Company's listing on March 30, 2026 up to the Latest Practicable Date.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Ernst & Young. There has been no change in the auditor of the Company since the Listing Date. The Company will seek Shareholders' approval at the upcoming annual general meeting to re-appoint Ernst & Young as the Company's auditor for the year ending December 31, 2026.

ANNUAL GENERAL MEETING

The specific timing and arrangements of the closure of register of members of H Shares for the upcoming annual general meeting will be disclosed separately in the circular for the annual general meeting.

EVENTS AFTER THE REPORTING PERIOD

On March 30, 2026, the H Shares of our Company were listed on the Main Board of the Stock Exchange.

On April 29, 2026, the Company proposed the amendment to the Articles of Association and the adoption of a share incentive scheme. For details, please refer to the Company's announcements dated April 29, 2026. Save as disclosed in this annual report, we are not aware of any material subsequent events from the end of the Reporting Period to the date of this annual report.

On behalf of the Board

Hangzhou Diagens Biotechnology Co., Ltd.

Dr. Song Ning

Chairman of the Board and Executive Director

Hong Kong, April 29, 2026

Corporate Governance Report

For the year ended December 31, 2025

CORPORATE CULTURE AND VALUES

The Board recognizes that a robust corporate culture is the foundation of good corporate governance, as well as the core of the Group's sustainable development and long-term value creation. As an artificial intelligence technology company leading the global medical imaging industry into the intelligent era, the Company is committed to pursuing business growth while upholding the core values of integrity and compliance, technological innovation, quality priority, customer and clinical value-centricity, and long-termism.

The Board believes that a sound corporate culture should be embedded throughout strategy formulation, research and development, quality management, commercial operations, risk management, employee management, and daily business decision-making, and is reflected in the following aspects:

- operate in accordance with laws and regulations, and strictly abide by business ethics and anti-corruption requirements;
- be oriented by clinical applications and customer needs, and continuously improve the quality of products and services;
- respect science and innovation, and encourage technological breakthroughs and interdisciplinary collaboration;
- emphasize talent development, equal opportunities and team accountability; and
- focus on long-term sustainable development, while taking into account the interests of shareholders, employees, customers, suppliers and other stakeholders.

The Board will continue to review whether the Company's culture is consistent with its strategy, risk appetite, and internal control arrangements, and promote the effective inheritance and implementation of corporate culture within the Group through system construction, policy implementation, and management accountability.

CORPORATE GOVERNANCE PRACTICES

The H shares of the Company were listed on the Main Board of the Stock Exchange on March 30, 2026. As the H Shares of the Company were not yet listed on the Stock Exchange as of December 31, 2025, the Corporate Governance Code set out in Appendix C1 to the Listing Rules was not applicable to the Company prior to the Listing Date. This report primarily discloses the measures taken by the Company to comply with the Listing Rules and to establish a corporate governance structure for a listed company, as well as its corporate governance status during the period from the Listing Date up to the date of this annual report.

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders, enhance corporate value, strengthen accountability and improve transparency. The Board considers that the Company has complied with the principles and applicable code provisions set out in Part 2 of the Corporate Governance Code during the period from the Listing Date to the date of this annual report, save for the deviation from the Corporate Governance Code C.2.1 as disclosed in the section headed "the Chairman of the Board and the chief executive officer" of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions in the Company's securities by the Directors and relevant employees of the Company since the Listing Date.

Having made specific enquiries of all the Directors, each of the Directors has confirmed that, during the period from the Listing Date to the date of this annual report, they have complied with the required standards as set out in the Model Code.

The Company has also required relevant employees who are likely to be in possession of unpublished inside information of the Company to comply with dealing restrictions no less exacting than those in the Model Code. The Company is not aware of any non-compliance with such requirements by the relevant employees during the period from the Listing Date to the date of this annual report.

THE BOARD OF DIRECTORS

The Board is responsible for the overall leadership, strategic direction, material investment and financing, risk management and internal control, corporate governance, and financial reporting of the Group. The Board is also responsible for supervising the performance of the management and making decisions on significant matters of the Group.

The Board has delegated the authority for the day-to-day management and operations of the Group to the management, and reserved the power of decision over matters such as strategies, annual budgets, material transactions, financial statements, risk management and internal control, the appointment and removal of Directors and senior management, and remuneration policies.

All Directors have performed their duties in good faith, with due care and diligence, and in the best interests of the Company and its shareholders as a whole. The independent non-executive Directors play a significant role in providing checks and balances on Board decisions by offering objective, independent and constructive advice.

BOARD COMPOSITION

As of December 31, 2025 and up to the date of this annual report, the Board consists of eight directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors. The members of the Board and their respective date of appointment and term of service are as follows:

Name	Director Category	Date of Appointment	The term of service (as of the date of this report)
Dr. Song Ning	Executive Director	September 19, 2016	9 years and 7 months
Mr. Weng Chih-Hsin (alias Robin Weng)	Executive Director	May 7, 2025	11 months
Dr. Xu Chen	Non-executive Director	March 8, 2022	4 years and 1 month
Dr. Wu Lingqian	Non-executive Director	May 7, 2025	11 months
Mr. Yang Zehao	Non-executive Director	April 7, 2023	3 years
Mr. Cha Yang (alias Stanley Cha)	Independent Non- executive Director	June 25, 2025 (effective from the date of listing)	1 month
Ms. Zhang Jing	Independent Non- executive Director	June 25, 2025 (effective from the date of listing)	1 month
Mr. Wang Kaifeng	Independent Non- executive Director	June 25, 2025 (effective from the date of listing)	1 month

During the period from the Listing Date to the date of this annual report, the Board has complied with the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, namely that the Board must include at least three independent non-executive directors and the number of independent non-executive directors must represent at least one-third of the Board, of whom Ms. Zhang Jing possesses appropriate professional qualifications and accounting/financial management expertise.

All Directors obtained legal advice as referred to in Rule 3.09D of the Listing Rules on 18 June 2025 or 20 June 2025, and confirmed that they understand their obligations as directors of a listed issuer under the Listing Rules and applicable laws and regulations.

The biographical details of the Directors are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

There are no financial, business, family or other material/relevant relationships among the Directors, or between any Director and any chief executive of the Company.

BOARD MEETINGS AND DIRECTORS’ ATTENDANCE RECORDS

The Company generally gives at least fourteen days’ notice to all Directors for regular Board meetings; for other Board meetings and Board committee meetings, notice is given within a reasonable time. Board papers are sent to the Directors for review in a timely manner before meetings. The Directors may seek independent professional advice in appropriate circumstances at the Company’s expense. Minutes of Board and Board committee meetings are kept by the joint company secretaries and are open for inspection by the Directors.

As the Company was only listed on the Stock Exchange on March 30, 2026, the requirements under the Corporate Governance Code that the Board shall hold at least four regular meetings a year (the Corporate Governance Code C.5.1) and that the Chairman of the Board shall hold at least one meeting annually with the independent non-executive directors without the presence of other directors (the Corporate Governance Code C.2.7) were not applicable during the Reporting Period.

For the year ended December 31, 2025, the Company had not yet become a listed issuer, and the disclosure requirements under the Corporate Governance Code regarding the number of and attendance at meetings of the Board and Board committees were not yet applicable. As the Audit Committee, Remuneration Committee and Nomination Committee all became effective from the Listing Date, no meetings of the Board, Board committees or annual general meetings for which attendance records are required to be disclosed under the Corporate Governance Code were convened in the capacity of a listed issuer during the Reporting Period. Since the Listing Date, the Company will arrange meetings in accordance with the Corporate Governance Code and the terms of reference of each Board committee, and will disclose the full attendance records in subsequent annual reports.

THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

Pursuant to C.2.1 of the Corporate Governance Code, the roles of the Chairman of the Board and chief executive (or the chief executive officer) should be separate and should not be performed by the same individual. During the Reporting Period and as at the date of this annual report, Dr. Song Ning was the Chairman of the Board and the chief executive officer of the Company.

Dr. Song Ning is the founder of the Group and has extensive experience in fields related to clinical medicine, medical genetics, artificial intelligence, and medical imaging, and has been responsible for the overall management, strategic planning, operations, and corporate governance of the Group. The Board believes that the concurrent roles of Dr. Song Ning as the Chairman of the Board and the chief executive officer are conducive to ensuring the consistency of the Group's strategic direction, enhancing decision-making efficiency, and maintaining management continuity.

The Board also considers that the current Board, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors, possesses sufficient independence, and that there is a clear division of powers and responsibilities between the Board and the management, which can form an effective check and balance on power. The Board will review such arrangement from time to time and consider separating the roles of the Chairman of the Board and the chief executive officer at an appropriate time.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND BOARD INDEPENDENCE

Independent non-executive directors play an important role on the Board, being responsible for providing independent judgment on matters such as the Group's strategy, performance, use of resources, internal control, risk management and corporate governance, and safeguarding the overall interests of the Company and all shareholders.

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers them to be independent during the period from the Listing Date up to the date of this annual report.

The Company has established mechanisms to ensure that independent views and opinions are available to the Board, which primarily include:

- the Board maintains a sufficient proportion of independent non-executive directors;
- the Audit Committee and the Remuneration Committee are both comprised of a majority of independent non-executive Directors and chaired by an independent non-executive Director;
- the Nomination Committee and the Board assess on an annual basis the independence of independent non-executive directors;
- the Directors may seek independent professional advice in appropriate circumstances at the Company's expense; and
- commencing from the year 2026, the Chairman of the Board will hold a meeting with the independent non-executive directors without the presence of other directors at least annually.

As the Company was listed on March 30, 2026, the Board will conduct a formal annual review of the implementation and effectiveness of the above mechanisms in 2026 in accordance with the requirements of the Corporate Governance Code.

DIRECTOR APPOINTMENT, RE-ELECTION AND SUCCESSION PLANNING

Directors (including non-executive directors and independent non-executive directors) are elected or replaced by the shareholders in a general meeting for a term of three years. A Director is eligible for re-election upon expiry of his/her term, provided that the term of office of an independent non-executive Director must comply with the requirements regarding independence under the Listing Rules.

Pursuant to the Articles of the Company, if a re-election is not held in a timely manner upon the expiry of a Director's term of office, or if the resignation of a Director during their term of office results in the number of Board members falling below the statutory minimum, the outgoing Director shall continue to perform their duties in accordance with applicable laws, regulations and the Articles of the Company until a new Director takes office.

The nomination, appointment, re-election and succession planning of Directors are reviewed by the Nomination Committee, which makes recommendations to the Board.

Each Director has entered into a service contract or a letter of appointment with the Company, the principal terms of which include a term of office commencing from the date of approval at the relevant general meeting of shareholders until the expiry of the term of the current session of the Board, and contain provisions for termination of appointment in accordance with their terms.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions, including developing and reviewing the Company's corporate governance policies and practices; reviewing and monitoring training and continuous professional development of Directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual applicable to Directors and employees; and reviewing the Company's compliance with the Corporate Governance Code and the disclosure in this report.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

The Company provides induction materials on the Listing Rules, directors' duties, the Group's business, and corporate governance structure to each newly appointed director. Directors are also encouraged to participate in continuous professional development to update and enhance their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the preparation for the listing, the Company arranged for all Directors to obtain legal advice as referred to in Rule 3.09D of the Listing Rules, and provided training materials related to the Listing Rules, directors' duties, corporate governance, inside information, securities transactions and ongoing compliance requirements. The Directors will continue to participate in appropriate training and provide their training records to satisfy the requirements regarding the continuous professional development of Directors as stipulated in Rules 3.09F, 3.09G and 3.09H of the Listing Rules, and to the Company to enable the Company to monitor their continuous professional development.

Name of Director	Continuous Professional Development in 2025
Dr. Song Ning	Participating in training/briefings relating to the Listing Rules, directors' duties and corporate governance; reading regulatory updates
Mr. Weng Chih-Hsin (alias Robin Weng)	Participating in training/briefings relating to the Listing Rules, directors' duties and corporate governance; reading regulatory updates
Dr. Xu Chen	Participating in training/briefings relating to the Listing Rules, directors' duties and corporate governance; reading regulatory updates
Dr. Wu Lingqian	Participating in training/briefings relating to the Listing Rules, directors' duties and corporate governance; reading regulatory updates
Mr. Yang Zehao	Participating in training/briefings relating to the Listing Rules, directors' duties and corporate governance; reading regulatory updates
Mr. Cha Yang (alias Stanley Cha)	Participating in training/briefings relating to the Listing Rules, directors' duties and corporate governance; reading regulatory updates
Ms. Zhang Jing	Participating in training/briefings relating to the Listing Rules, directors' duties and corporate governance; reading regulatory updates
Mr. Wang Kaifeng	Participating in training/briefings relating to the Listing Rules, directors' duties and corporate governance; reading regulatory updates

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee, all with effect from the Listing Date, to assist it in discharging its duties. Each Board committee has written terms of reference, which clearly define its authority and duties. The terms of reference are available on the websites of the Company and the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and may seek independent professional advice in appropriate circumstances, at the Company's expense.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee currently comprises one non-executive Director and two independent non-executive Directors, namely Ms. Zhang Jing (Chairman), Dr. Xu Chen and Mr. Wang Kaifeng.

The primary duties of the Audit Committee include:

- making recommendations to the Board on the appointment, re-appointment, remuneration and resignation or removal of the external auditor;
- monitoring the integrity and truthfulness of the financial statements, annual reports, interim reports and results announcements;

- supervising the financial reporting, risk management and internal control systems;
- reviewing the internal audit function, whistleblowing arrangements and the Company's policies on compliance with laws and regulations; and
- coordinating communication among the management, internal control or internal audit functions and the external auditors.

As the Company was only listed on March 30, 2026, the Audit Committee did not hold any meetings during the Reporting Period. Following the Listing, the Company will convene Audit Committee meetings regularly in accordance with its terms of reference and the requirements of the Corporate Governance Code.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee currently comprises one executive Director and two independent non-executive Directors, namely Mr. Cha Yang (alias Stanley Cha) (Chairman), Dr. Song Ning and Ms. Zhang Jing.

The primary duties of the Remuneration Committee include:

- making recommendations to the Board on the remuneration policy and structure for Directors and senior management;
- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- making recommendations to the Board on the remuneration of non-executive Directors;
- reviewing and approving compensation arrangements relating to loss or termination of office of Directors and senior management; and
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules (if applicable).

As the Company was only listed on March 30, 2026, the Remuneration Committee did not hold any meetings during the Reporting Period.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5 of Part 2 of the Corporate Governance Code, details of the range of remuneration of the members of the senior management (other than Directors) for the year ended December 31, 2025 are set out below:

Remuneration band (HKD)	Number of individuals
HKD0 to HKD1,000,000	2
HKD1,000,001 to HKD1,500,000	1
HKD1,500,001 to HKD2,000,000	1

NOMINATION COMMITTEE

The Company has established a Nomination Committee in compliance with the Listing Rules and the Corporate Governance Code. The Nomination Committee currently comprises one executive Director and two independent non-executive Directors, namely Dr. Song Ning (Chairman), Ms. Zhang Jing and Mr. Wang Kaifeng.

The primary duties of the Nomination Committee include:

- reviewing the size, structure and composition (including the skills, knowledge and experience) of the Board at least annually, and making recommendations to the Board regarding any proposed changes;
- identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of the independent non-executive Directors;
- making recommendations to the Board on the appointment and re-appointment of Directors and on succession planning for Directors;
- formulating and reviewing the Board Diversity Policy and the Director Nomination Policy; and
- supporting the Company in regularly assessing the performance of the Board.

As the Company was only listed on March 30, 2026, the Nomination Committee did not hold any meetings during the Reporting Period.

BOARD PERFORMANCE EVALUATION

As the Company was listed on March 30, 2026, the Company did not conduct an evaluation of the performance of the Board during the Reporting Period. Currently, the Company expects that the next performance evaluation of the Board will be conducted in 2028.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy, which became effective upon the Listing. In identifying and recommending candidates for directorship, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience, and length of service. The Nomination Committee is responsible for reviewing the board diversity policy from time to time, setting and reviewing measurable objectives for implementing the board diversity policy, and monitoring the progress made towards achieving such objectives.

The Board currently consists of eight Directors, of whom six are male and two are female, with female Directors representing 25.0% of the Board members. The ages of the Directors range from 33 to 70, and their professional backgrounds cover various fields such as research and development, management, finance, accounting, investment, teaching, academia, law, medical genetics, clinical medicine, reproductive medicine, and biomedical engineering.

The Board considers that the existing Board has achieved appropriate diversity in terms of gender, age, skills, knowledge, and experience, and is able to meet the business development needs of the Company. When identifying and recommending director candidates in the future, the Company will seize opportunities to increase the proportion of female directors and promote gender diversity in the recruitment of middle-to-senior management and key positions, so as to establish a talent pool that can support the Board's succession arrangements.

Measurable Objectives	Current Status and Follow-up Arrangements
Gender diversity of the Board	Currently, the Board has two female Directors, representing a female proportion of 25.0%. The Company will continue to identify qualified female candidates during future Director selections, and strive to maintain a proportion of female Directors that is no less than the current level.
Professional Background Diversity	The Board currently covers backgrounds in medical genetics, clinical medicine, reproductive medicine, biomedical engineering, financial accounting, law, investment, and corporate management, which can support the strategy and business development of the Company.
Director Pipeline and Talent Pool	The Company will continue to focus on diversity in the recruitment and training of mid-to-senior management and key positions, and gradually establish a talent pool that can support the succession arrangements of the Board.

The following table sets out the skills and expertise of the Board that are most relevant to the strategy, governance and business of the Company. These skills and expertise enable the Board of the Company to effectively discharge its duties and responsibilities, so as to achieve the strategic objectives of the Company and attain sustainable and balanced development of the Group:

BOARD SKILLS MATRIX

	Strategic Development	Leadership	Industry Knowledge and Experience	Financial Literacy/ Business Acumen	Risk Management and Compliance	People Management Experience	Professional Knowledge in Accounting/ Finance/Law, etc.
Executive Directors							
Dr. SONG Ning (宋寧)	✓	✓	✓	✓	✓	✓	
Mr. WENG Chih-Hsin (翁資欣) (alias Robin Weng)	✓	✓	✓	✓	✓	✓	
Non-Executive Directors							
Dr. XU Chen (徐晨)	✓	✓	✓			✓	
Dr. WU Lingqian (鄔玲仟)	✓		✓				
Mr. YANG Zehao (楊澤浩)	✓			✓	✓		✓
Independent Non-executive Directors							
Mr. CHA Yang (查揚) (alias Stanley Cha)	✓	✓		✓	✓	✓	✓
Ms. ZHANG Jing (張競)		✓	✓	✓	✓	✓	✓
Mr. WANG Kaifeng (王開峰)	✓	✓	✓	✓	✓	✓	✓

Notes:

Skill Area	Description
Strategic Development	The ability to identify strategic opportunities and threats, while formulating and implementing plans to achieve corporate goals
Leadership	The ability to lead corporate teams and implement plans and policies
Industry Knowledge and Experience	Familiarity with the Company's daily business operations, market development, competitors, technology and innovation
Financial Literacy/Business Acumen	The ability to read and understand the Company's accounts, financial information and financial reporting requirements
Risk Management and Compliance	Capabilities and experience in implementing, managing or overseeing risk management and internal control systems involving legal and regulatory compliance
People Management Experience	Senior management experience, responsible for people management and successfully implementing changes
Professional Knowledge in Accounting/Finance/Law, etc.	Experience or formal qualifications in relevant fields such as accounting/finance, economics/business, law/capital markets, etc., which can assist the Board in decision-making

EMPLOYEE DIVERSITY

The Group is committed to providing equal employment opportunities and adheres to the principles of fairness and non-discrimination in recruitment, training, promotion, and remuneration.

Category	Status
Senior Management (other than Directors)	As disclosed in the section headed "Biographies of Directors and Senior Management" of this annual report, there are a total of two members of senior management (excluding those who also serve as Directors), both of whom are male.
All Employees	As at December 31, 2025, the Group had a total of 166 full-time employees, all of whom were located in China. Among them, 110 were male and 56 were female, meaning males accounted for approximately 66.3% and females for approximately 33.7%.
Follow-up Arrangements	The Group will continue to promote fair recruitment, equal promotion, and talent training, and will focus on gender diversity when recruiting for mid-to-senior management and key positions, with the ultimate goal of ensuring that at least 30% of candidates are diverse.

DIRECTOR NOMINATION POLICY

The Company has adopted a Director Nomination Policy, which aims to set out the principles, criteria and procedures for the selection and recommendation of candidates for directorship, to ensure that the Board achieves an appropriate balance of skills, experience and diversity, and meets the business needs of the Company.

In selecting candidates for directorship, the Nomination Committee will consider, among others, the following factors:

- the character, integrity and reputation of the candidate;
- the candidate's professional knowledge, skills, experience and understanding of the industries relevant to the Company's business;
- whether the candidate is able to devote sufficient time to discharge his or her duties as a Director;
- whether the candidate would contribute to the diversity of the Board of Directors;
- in the case of a candidate for independent non-executive Director, whether he or she meets the independence requirements set out in the Listing Rules; and
- other factors as the Nomination Committee and the Board deem relevant from time to time.

The general procedures for the nomination of Directors include: identifying the needs of the Board; identifying suitable candidates; reviewing the biographies, qualifications and (if applicable) independence of the candidates; and making recommendations to the Board or the shareholders in a general meeting. The Nomination Committee will conduct an annual review of the implementation and effectiveness of the Director Nomination Policy in the year 2026.

RISK MANAGEMENT AND INTERNAL CONTROL

Hierarchy	Principal Responsibilities
The Board Of Directors	To assume overall responsibility for the risk management and internal control systems of the Group and be responsible for reviewing their effectiveness.
The Audit Committee	To assist the Board of Directors in overseeing financial reporting, risk management and internal control arrangements, and to make recommendations to the Board of Directors on relevant matters.
Management And Functional Departments	To identify, evaluate and manage daily operational risks, implement internal control procedures, and report material risks and deficiencies to the Board and the Audit Committee.

The Board assumes overall responsibility for the Group's risk management and internal control systems and is responsible for reviewing their effectiveness. The Audit Committee assists the Board in supervising the financial reporting, risk management and internal control arrangements of the Group, while the management is responsible for the design, implementation and continuous monitoring of the relevant systems.

The principal risks faced by the Group include, among others, changes in general market conditions and the regulatory environment of the medical imaging markets in the PRC and globally, product research, development and registration, the ability to develop, manufacture and commercialize product candidates, the ability to compete with other medical imaging companies, quality management, supply chain and procurement, intellectual property, commercialization and promotion, information technology and data security, compliance with laws and regulations, and credit and liquidity management. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group adopts a comprehensive risk management policy, which provides a risk management framework to continuously identify, assess, evaluate, and monitor key risks related to the Group's strategic objectives. Risks identified by the management will be analyzed on the basis of likelihood and impact, and will be followed up, mitigated and rectified by the Group, and report to the Directors on the Directors' oversight of the implementation of the risk management policy.

To monitor the continuous implementation of post-Listing risk management policies and corporate governance measures, we have adopted or will continue to adopt, among other things, comprehensive risk management measures and infrastructure, of which: (i) the Audit Committee is responsible for overseeing and managing the overall risks associated with our business operations; (ii) the internal control team, under the supervision of the Board, will be responsible for formulating risk management policies and supervising their execution, including providing guidance to various operational departments, reviewing performance and reporting to the Audit Committee; and (iii) key functional departments are required to strictly follow relevant policies and measures to carry out daily risk management work, and to promptly report to our internal control team when material risks are identified.

Meanwhile, the Company has also established a risk management internal audit mechanism. During the preparation for the Listing, the Group engaged an independent internal control consultant to perform certain agreed-upon procedures on the internal controls of the Company and its major operating subsidiaries, and to report factual findings on the Group's entity-level controls and internal controls across various processes, including financial reporting and disclosure controls, human resources and payroll management, general controls of information technology systems, tax management, contract management, and other procedures of our operations. The internal control consultant conducted an internal control review in May 2025 and a follow-up review in June 2025 and March 2026, respectively. As of the Latest Practicable Date, there were no material outstanding issues in the internal controls of the Group. As the Company was listed on March 30, 2026, the Board and the Audit Committee will conduct a formal annual review of the implementation and effectiveness of the risk management and internal control systems for the year 2026 in accordance with the requirements of the Corporate Governance Code.

WHISTLEBLOWING POLICY

The Company has established whistleblowing arrangements to allow Directors, management, employees and persons who have business dealings with the Group to raise concerns, in confidence and (where applicable) anonymously, about suspected misconduct, fraud, violations of laws and regulations or other matters of concern to the Audit Committee or designated channels. The Company adheres to the principle of whistleblower protection, ensuring that whistleblower information is kept strictly confidential and prohibiting any form of retaliation.

ANTI-CORRUPTION POLICY

The Company has formulated an anti-corruption policy and stipulated the “Regulations on Integrity and Self-Discipline for Employees” in the Employee Handbook, requiring employees to abide by the principle of integrity, prohibiting acts that violate business ethics such as embezzlement of public property, seeking improper benefits and falsification, and providing for regular integrity and self-discipline audits. Distributor agreements also contain anti-bribery and anti-corruption obligations, prohibiting distributors from directly or indirectly providing or promising improper benefits. During the Reporting Period and up to the Latest Practicable Date, none of the Company’s employees or distributors have been subject to or involved in any complaints, investigations, or regulatory inquiries in relation to any bribery or kickback arrangements.

INSIDE INFORMATION DISCLOSURE POLICY

The Company has formulated an inside information disclosure policy to ensure that inside information is disclosed in a timely, fair, and accurate manner in accordance with the requirements of the SFO and the Listing Rules, and to regulate the procedures for the identification, transmission, approval, and disclosure of undisclosed inside information, while strictly controlling the scope of access to undisclosed inside information.

DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended December 31, 2025 and for ensuring that such financial statements have been prepared in accordance with applicable accounting standards and relevant laws and regulations so as to give a true and fair view of the financial position, operating results and cash flows of the Group.

Management has provided sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial information put forward for approval. After making appropriate enquiries, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group’s ability to continue as a going concern.

A statement by the auditors of the Company about their reporting responsibilities is set out in the Independent Auditor’s Report in this annual report.

EXTERNAL AUDITOR AND AUDITOR’S REMUNERATION

The Company’s external auditor is Ernst & Young. The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment, remuneration and independence of the external auditor. The remuneration paid and payable to the external auditor of our Company in respect of audit services and non-audit services for the year ended December 31, 2025 is set forth below.

Service Category	Paid/payable remuneration RMB’000
Audit services	3,664
Non-audit services	
– ESG reporting advisory services	95
– Internal control consulting service	350
Total	4,109

JOINT COMPANY SECRETARIES

Mr. Shi Xinlin is the secretary to the Board and one of the joint company secretaries of the Company. He is responsible for advising the Board on corporate governance matters and assisting in ensuring the Company's compliance with Board policies and procedures as well as applicable laws and regulations.

To maintain good corporate governance and comply with the requirements of the Listing Rules and Hong Kong law, the Company has also appointed Ms. Au Wing Sze of TMF Hong Kong Limited as the other joint company secretary to assist Mr. Shi in performing the duties of a company secretary. Mr. Shi is the primary contact person of the Company for Ms. Au.

For the biographical details of Mr. Shi and Ms. Au, please refer to the section headed "Biographies of Directors and Senior Management" of this annual report.

For the year ended December 31, 2025, the Company was not yet listed on the Stock Exchange, and therefore the requirement under Rule 3.29 of the Listing Rules that the joint company secretaries of the Company shall take no less than 15 hours of relevant professional training annually was not applicable during the Reporting Period. Mr. Shi Xinlin, the joint company secretary of the Company will thereafter take no less than 15 hours of relevant professional training annually as required under Rule 3.29 of the Listing Rules. For the year ended December 31, 2025, Ms. Au Wing Sze has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

The Company has been granted a waiver by the Stock Exchange from strict compliance with Rules 3.28 and 8.17 of the Listing Rules to allow Mr. Shi to act as a joint company secretary for an initial period of three years from the Listing Date, on the condition that he is assisted by Ms. Au, who possesses the relevant qualifications, throughout the waiver period. Mr. Shi will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules during the three-year period, and will be assisted by Ms. Au, the compliance adviser and the Hong Kong legal advisers in respect of ongoing compliance with the Listing Rules and applicable laws and regulations.

COMPLIANCE ADVISOR

The Company has appointed Maxa Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules for a term commencing on the Listing Date and ending on the date on which the Company distributes its annual report in respect of the financial results for the first full financial year after the Listing Date. The compliance adviser will provide advice to the Company prior to the publication of any announcement, circular or financial report; in circumstances where the Company proposes to enter into a notifiable or connected transaction, or proposes to change the use of proceeds from the Global Offering or its business activities, or where its developments or results deviate from the information in the prospectus; and where the Stock Exchange makes enquiries regarding unusual movements in the price or trading volume of the shares. The compliance adviser will also, pursuant to Rule 3A.24 of the Listing Rules, timely inform the Company of any amendments or supplements to the Listing Rules as well as applicable new or amended Hong Kong laws and regulations.

DIVIDEND POLICY

The Company currently does not have a formal dividend policy, nor has it set a fixed dividend payout ratio, and is currently in the development stage and in a loss-making state. Operating revenue is mainly used for reinvestment and business expansion so as to maintain financial flexibility and support long-term growth. The Board will decide whether to distribute dividends based on actual profitability, cash flow requirements and overall strategic goals, and will formulate a dividend policy in due course as and when appropriate. No dividend was paid or declared by the Company during the Reporting Period. Whether to declare and pay dividends and the amount thereof shall be determined at the discretion of the Board after considering the Group's operating results, financial position, cash requirements, distributable reserves, capital expenditure requirements, future business development, applicable laws and regulations, and the interests of shareholders as a whole. The declaration and payment of any dividends must comply with the Articles of the Company and the laws and regulations of the PRC, and are subject to the approval of the shareholders in a general meeting. In accordance with PRC laws and the Articles of the Company, a general reserve must be appropriated at 10% of the after-tax profit at the end of each year until the balance reaches 50% of the registered capital of the relevant PRC entity. In view of the accumulated losses of the Group, the Company is not required to declare or pay any dividends until the after-tax profit can cover the accumulated losses and sufficient statutory reserve funds have been appropriated in accordance with the law.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2025.

SHAREHOLDERS' RIGHTS

To protect the interests of the shareholders, the Company will propose independent resolutions for various material matters at the general meeting, and voting will be conducted by way of poll in accordance with the requirements of the Listing Rules. The poll results will be published on the websites of the Company and the Stock Exchange in due course following the general meeting.

RIGHT TO CONVENE AN EXTRAORDINARY GENERAL MEETING

According to the Articles of the Company, shareholders who individually or jointly hold 10% or more of the Company's shares have the right to request the Board to convene an extraordinary general meeting, and shall make such request in writing.

The Board shall, in accordance with the provisions of applicable laws and regulations and the Articles of the Company, provide a written response on whether or not it agrees to convene an extraordinary general meeting within 10 days after receipt of the request. If the Board consents to the convening of an extraordinary general meeting, a notice of convening the general meeting shall be given within five days after the Board has adopted a resolution therefor.

If the Board does not agree to convene an extraordinary general meeting, or fails to provide a response within ten days after receiving the request, the eligible shareholders are entitled to propose to the Audit Committee that an extraordinary general meeting be convened. If the Audit Committee fails to issue a notice of the general meeting within the prescribed time limit, the eligible shareholders may convene and preside over the meeting themselves.

RIGHT TO PROPOSE RESOLUTIONS AT GENERAL MEETINGS

In accordance with the Articles of the Company, shareholders who individually or jointly hold 1% or more of the shares of the Company have the right to submit proposals to the Company.

Shareholders who individually or jointly hold 1% or more of the shares of the Company may submit a provisional proposal in writing to the convener ten days before a general meeting is held. The convener shall, within two days of receiving the proposal, issue a supplemental notice of the general meeting to announce the content of the provisional proposal and submit the provisional proposal for consideration at the general meeting.

ENQUIRIES TO THE BOARD OF DIRECTORS

Shareholders and other investors may submit enquiries, comments or requests to the Board, the office of the Board or the joint company secretaries in writing. Shareholders who submit inquiries in writing are requested to provide their names, contact details, and identification information to facilitate the Company's response.

Item	Information
Correspondence address (China)	Room 101, Building 1, No. 609 Hongfeng Road, Donghu Sub-district, Linping District, Hangzhou, Zhejiang, China
Principal place of business in Hong Kong	31/F, Tower Two, Times Square 1, Matheson Street, Causeway Bay, Hong Kong
Company website	www.diagens.com
Telephone	4000-680-888
Email	support@diagens.com (For market enquiries) pr@diagens.com (For media enquiries)

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company is well aware of the importance of maintaining effective communication with its shareholders and investors, and has adopted a shareholder communication policy, aiming to establish a continuous, two-way and effective communication mechanism to ensure that shareholders can obtain the Company's information in a timely manner and have the opportunity to express their views.

The primary channels of communication between the Company and its shareholders include: corporate communications (including annual reports, interim reports, circulars and notices of general meetings); general meetings; announcements and other disclosure documents published on the websites of the Stock Exchange and the Company; and corporate information, financial information and corporate governance information available on the Company's website.

As the Company was listed on March 30, 2026, there was no annual general meeting held or Shareholder interaction took place during the Reporting Period. The Board will review the implementation and effectiveness of the shareholder communication policy in 2026 in accordance with the Corporate Governance Code.

CONSTITUTIONAL DOCUMENTS

The Articles of the Company is published on the websites of the Stock Exchange and the Company prior to the Listing, and became effective and were implemented from the date on which the Company's H Shares were listed and traded on the Main Board of the Stock Exchange. Save as disclosed in "Directors' Report – Events after the Reporting Period" above, the Company has not made any amendments to its Articles of the Company.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Overview

This Report is prepared in accordance with the principles of objectivity, transparency and comprehensiveness to truthfully disclose to different stakeholders the practices and achievements of Hangzhou Diagens Biotechnology Co., Ltd. (the “Company”) in respect of environmental, social and governance (“ESG”).

Reporting Scope

This Report covers Hangzhou Diagens Biotechnology Co., Ltd. and its subsidiaries (collectively referred to as the “Group” or “we”). Unless otherwise stated, the Reporting Period of this Report is from January 1, 2025 to December 31, 2025, with certain content tracing back to prior years or extending into 2026. Financial data in this Report are denominated in RMB.

Basis for Preparation

This Report is prepared in compliance with the *Environmental, Social and Governance Reporting Code* (the “ESG Reporting Code”) set out in Appendix C2 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “SEHK”) (the “Listing Rules”) and in accordance with the following reporting principles:

Materiality

This Report reports on the ESG issues identified by the Board of the Company as having a material impact on the Company, investors and other stakeholders. For the process and results of identifying the Company’s material ESG issues for 2025, please refer to the “Materiality Assessment” section of this Report.

Quantitative

This Report discloses relevant quantitative data in the ESG field and the standards and methodologies adopted for statistics and calculations. For the 2025 quantitative ESG data of the Company, please refer to Appendix I – ESG KPIs of this Report.

Balance

This Report seeks to present objectively the efforts and performance of the Company across various ESG areas, covering the environment, employees, product responsibility and community development, among others.

Consistency

Unless otherwise stated, the Company will adopt consistent statistical methodologies for disclosure across each Reporting Period.

Data Sources and Reliability Assurance

The information and data disclosed in this Report are derived from the statistical reports and formal documents of the Company and have been reviewed by the relevant departments. The Company undertakes that this Report does not contain any false or misleading statements and accepts responsibility for the authenticity, accuracy and completeness of its contents.

Confirmation and Approval

This Report has been confirmed by the Management and approved by the Board of Directors.

Access to and Feedback on this Report

This Report is available for inspection and download on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk/>). We value the views of stakeholders. Readers are welcome to provide any comments or suggestions on this Report via the following contact details.

Email: ir@diagens.com

1 SOUND GOVERNANCE

We have built a transparent, compliant and responsible modern governance system to anchor the foundation of our sustainable development strategy. We have embedded business ethics throughout the entire chain of business operations and management, and strive to earn the long-term trust of stakeholders through high standards of compliant operations, underpinning the Company's high-quality development.

1.1 ESG Governance

We attach importance to the practice of sustainable development concepts and continuously improve our sustainable development governance system, and are committed to enhancing our ESG governance capabilities and performance. We maintain active communication with various stakeholders to jointly explore pathways for sustainable development and promote the coordinated alignment of the Company's long-term development, ecological improvement and shared social value.

1.1.1 ESG Governance Structure

We recognize that an effective ESG governance structure is crucial for embedding ESG principles across the Company. We have established an ESG Working Group to coordinate the implementation of key ESG initiatives, mainly responsible for collecting and collating ESG disclosure materials, managing ESG risks in day-to-day operations and setting ESG targets, and reporting relevant matters to the Board of Directors.

During the Reporting Period, the ESG Working Group conducted a review of the current ESG status and data collection, calculation, aggregation and analysis of indicators and the formulation of ESG targets, and prepared the Company's first ESG report following listing. At the same time, the ESG Working Group assisted the Management in collecting and collating internal and external stakeholder views on ESG matters and, through policy and standards research, industry trend analysis, peer benchmarking and reference to recommendations from external ESG advisors, identified and assessed the ESG issues material to the Company and its stakeholders.

During the Reporting Period, the Board of Directors and the Management listened to the ESG Working Group's briefing on the year's ESG-related work and focused on reviewing the annual ESG report, including discussions on key ESG priorities, risks and opportunities associated with material issues, progress toward quantitative targets and performance, and provided guidance from a strategic perspective for the Company's next-phase ESG initiatives accordingly.

To enhance our ESG governance capabilities, we plan to gradually refine the ESG governance structure and intend to establish a three-tier organizational architecture comprising the "Board of Directors – ESG Committee – ESG Working Group" to advance the implementation of ESG matters in a systematic manner. In addition, we will further strengthen the Board's engagement on ESG matters, for example through organizing relevant training and optimizing information reporting and communication mechanisms, to continuously enhance directors' ESG awareness and management capabilities, thereby reinforcing the Board's effectiveness in assessing and making decisions on material ESG issues.

1.1.2 Statement of the Board of Directors

As the core body of corporate governance, the Board of Directors assumes supervisory and guiding responsibilities for ESG-related matters. The Board of Directors is responsible for reviewing and approving the Company's ESG management policies and key targets, and ensuring their alignment with the Company's long-term development strategy and business priorities. By regularly receiving briefings from the ESG Working Group and reviewing the annual ESG report and analyses of key issues, the Board of Directors effectively supervises the management of ESG-related risks and opportunities, and promotes the integration of material ESG factors into the Company's decision-making process.







The Board of Directors authorizes and guides the Management and the ESG Working Group to be responsible for the day-to-day execution of specific ESG work. The Management and the ESG Working Group are responsible for establishing and maintaining the ESG management system, organizing the implementation of various ESG initiatives, collecting and analyzing performance data, and reporting work progress, challenges and achievements to the Board of Directors. Through supervising the performance of duties by the Management and the ESG Working Group, the Board of Directors drives the effective implementation of ESG responsibilities at all levels.

In supervising the identification and assessment of material ESG issues for the current year, the Board of Directors focuses on how the Company, taking into account its business characteristics and operational realities, studies regulatory trends, industry standards and the concerns of core stakeholders such as investors, so as to comprehensively identify ESG-related issues. On this basis, the Board of Directors guides the scientific assessment of the material impacts of the identified issues (such as product and service quality assurance, information security and privacy protection), thereby ensuring that the core ESG issues with the most strategic relevance and management urgency are prioritized for inclusion in the Company's strategic planning and annual management priorities.

Going forward, the Board of Directors will conduct a special review of ESG work on an annual basis, with the review focusing on the completion status of the annual key ESG work plan, the progress in achieving key performance indicators, the management status of major risks, and the setting of ESG targets for the next year. Taking into consideration the review results and changes in the internal and external environment at the Company's current development stage, the Board of Directors will provide guidance to the Management and approve necessary resource allocations and optimizations to the governance mechanism, so as to drive continuous improvement in ESG performance and assist the Company in achieving sustainable, high-quality long-term development.

1.1.3 Stakeholder Communication




The participation and support of stakeholders are of great significance to our long-term development. By establishing diversified communication channels with stakeholders, we actively and effectively respond to their expectations and concerns. We continuously collect stakeholders' opinions on the management of ESG issues, which has laid a solid foundation for conducting the materiality assessment. Going forward, we will continuously enhance stakeholder engagement and broadly absorb their suggestions regarding the Company's sustainable development management.

Stakeholders	Issues of concern	Communication channels
 Government and regulatory authorities	<ul style="list-style-type: none"> • Corporate governance • Business ethics • Community contribution and development 	<ul style="list-style-type: none"> • Supervision and inspection • Information disclosure and routine communication
 Shareholders and investors	<ul style="list-style-type: none"> • Corporate governance • Technological innovation • Intellectual property protection 	<ul style="list-style-type: none"> • Company announcements • Regular and ad hoc meetings • Roadshows • Company website, email and hotline
 Suppliers and partners	<ul style="list-style-type: none"> • Responsible supply chain • Product and service quality assurance 	<ul style="list-style-type: none"> • Business communication • Cooperation negotiations • Supplier assessment and audit
 Customers/Users	<ul style="list-style-type: none"> • Product and service quality assurance • Customer relationship management • Technology ethics • Information security and privacy protection 	<ul style="list-style-type: none"> • Customer satisfaction surveys • Customer complaint channels
 Employees	<ul style="list-style-type: none"> • Employment and labor rights • Occupational health and safety • Employee training and development 	<ul style="list-style-type: none"> • Employee communication channels • Whistleblowing and complaint mailbox • Employee training and activities
 The general public	<ul style="list-style-type: none"> • Addressing climate change • Resource utilization • Environmental compliance management • Community contribution and development 	<ul style="list-style-type: none"> • Company website • Company announcements • Public welfare activities • Volunteer services

1.1.4 Materiality Assessment

In accordance with international mainstream frameworks such as the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDGs), taking into consideration the trends of the medical device industry and peer benchmarking analysis, and fully integrating the feedback from key stakeholders such as shareholders, customers, employees and regulatory authorities as well as the recommendations of internal and external expert advisors, we have systematically identified 16 material issues covering the dimensions of governance, environment and society, providing a scientific basis for the subsequent formulation of ESG strategies and resource allocation.

Results of the 2025 Materiality Assessment

Theme	No.	Material Issues
 Environmental	1	Addressing climate change
	2	Resource utilization
	3	Environmental compliance management
 Social	4	Employment and labor rights
	5	Occupational health and safety
	6	Employee training and development
	7	Responsible supply chain
	8	Product and service quality assurance
	9	Customer relationship management
	10	Information security and privacy protection
	11	Intellectual property protection
	12	Technological innovation
	13	Technology ethics
	14	Community contribution and development
 Governance	15	Business ethics
	16	Corporate governance

1.2 Business Ethics

We strictly comply with laws and regulations such as the *Anti-Money Laundering Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and have formulated the *Anti-Corruption Policy* to effectively prevent improper behaviors of employees from both internal and external sources, such as corruption, bribery, fraud, money laundering and transfer of benefits, thereby establishing an honest and transparent corporate culture.

We have specifically included the *Employee Integrity and Self-discipline Regulations* in the *Employee Handbook*, which explicitly prohibit behaviors such as misappropriation of company property, seeking improper benefits and falsification. We require all employees to abide by the principle of integrity and sign the *Employee Integrity and Self-discipline Commitment Letter*. We extend our integrity requirements to business partners by explicitly specifying anti-bribery and anti-corruption obligations in the agreements signed with suppliers and distributors, thereby strengthening compliance constraints during external cooperation. At the same time, we have established a full-process compliance control mechanism targeting high-risk areas such as gifts and entertainment, donations and sponsorships, and marketing activities. By implementing ex-ante application, in-process approval and ex-post review, we ensure that transaction backgrounds are authentic, purposes are clear and bases are sufficient, thereby reducing integrity and compliance risks.

To build a solid line of defense for business ethics, we conduct at least one internal audit and one external audit each year to ensure the compliance of business activities. During the Reporting Period, we focused on implementing special compliance audits on the procurement and sales departments, and strictly verified the compliance of procurement processes and screened for violations such as corruption and transfer of benefits through means including document review, data analysis and personnel interviews.

We further advance the development of an integrity culture by regularly conducting relevant training and promotional guidance to continuously strengthen the compliance awareness of all employees. We have also established a sound whistleblowing mechanism for business ethics and set up dedicated reporting channels, which protect the right to anonymous reporting while encouraging real-name reporting to enhance investigation efficiency. We strictly abide by the principle of confidentiality, implement strict protection for all reporting information and the identities of whistleblowers, and prohibit any form of retaliation. We assign dedicated personnel to conduct independent investigations in accordance with regulations, form conclusions and propose handling recommendations after fact-checking. For clues suspected of illegal or criminal acts, they will be transferred to judicial authorities for handling in accordance with the law.

2 QUALITY EXCELLENCE

We firmly believe that outstanding products and services are the cornerstone of corporate value, and responsible technological innovation is the core engine driving sustainable development. We create high-quality product and service experiences and build a solid line of defense for information and privacy security. We adhere to the dual-wheel drive of technological innovation and intellectual property protection, strictly observe the bottom line of technology ethics, ensure that technology is used for good, and continuously create value for users.

2.1 Products and Services

By building a full life-cycle quality management system, we utilize automated and intelligent means to exercise standardized control over the assembly and production processes of medical devices, ensuring the stability of product quality. We rely on intelligent means to enhance the efficiency and accuracy of sample testing, ensuring the output of reliable test results. At the same time, we provide excellent service quality to effectively safeguard public health.

2.1.1 Quality Assurance

We comply with relevant legal requirements such as the *Product Quality Law of the People's Republic of China* and the *Regulations on Supervision and Administration of Medical Devices*, and strictly control the entire process from the assembly and production of medical devices to sample testing, ensuring the consistency and reliability of quality standards in each link.

We have established a quality control measures system throughout the entire life cycle, covering key links such as equipment calibration, instrument management, metrological traceability, reagent and consumable control, laboratory environment monitoring, and specimen collection and processing, ensuring precise controllability from the source to the terminal. We have formulated and implemented the *Control Procedure for Production and Service Provision* to exercise full-process control over activities from product formation to post-delivery, ensuring identification, protection and traceability. We concurrently implement the *Control Procedure for Quality Control and Product Release*, covering quality control at all stages from raw materials to finished products, with a focus on strengthening the control of key and special processes. Through standardized operational procedures and rigorous quality control checkpoints, we effectively ensure that every stage complies with high-standard quality and safety specifications, fulfilling our quality commitment to customers.

We have established an independent quality department that reports directly to the senior management to safeguard the independence and authority of quality decision-making. We strictly require members of the quality control team to undergo sufficient training and obtain statutory qualifications before commencing their duties, thereby ensuring they can properly fulfill their responsibilities. Relying on an efficient cross-departmental collaboration mechanism and clear division of responsibilities, we have established a comprehensive quality control system covering upstream management through to finished product release.

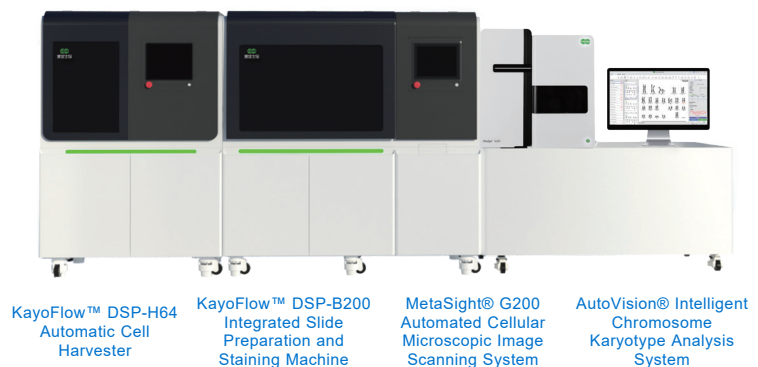
We follow the quality specifications of the *Good Manufacturing Practice for Medical Devices* (GMP) and have established a sound quality management system in accordance with GMP requirements. By building a professional production team, we have put medical reagents, medical consumables and intelligent medical devices into GMP production. We have passed multiple authoritative quality management system certifications, including ISO 13485, ensuring the lawful and compliant market launch of our products and meeting market access requirements. We follow the ISO 14971 standard to establish a risk management process, systematically identifying, evaluating and controlling potential risks throughout the product life cycle. We hold various medical device registration certificates (including Class II and Class III products) and production licenses, ensuring the lawful and compliant market launch of our products. Some exported products have successfully obtained EU CE certificates and US FDA approvals, meeting the market access requirements of international markets and laying a solid foundation for the global sales of our products.

Quality Control of Procured Materials	Admission Standards	We strictly implement the ISO 10993 series of standards for biological evaluation to ensure the safety of raw materials.
	Warehousing Management	Each batch of our materials must undergo sampling inspection by a professional quality inspection team in accordance with standard procedures before it can be put into use.
	Materials Management	We have established a materials information management system that comprehensively records material parameters, batches and warehousing nodes, achieving full-process traceability from raw material procurement, storage and production requisition to final product delivery.
Quality Management of Production Environment	Our cleanrooms and clean zones are designed in accordance with the <i>Standard for Design of Pharmaceutical Industry Clean Room</i> (GB 50457-2019) and operated and maintained in accordance with the <i>Good Manufacture Practice for Sterile Medical Devices</i> (YY/T 0033-2000), capable of reaching cleanliness levels of Class 100,000, Class 10,000 and Class 100, ensuring that the production environment meets the strict requirements for manufacturing high-precision medical devices.	
Quality Control of Sample Collection and Analysis	We have built an “unattended” smart laboratory to achieve end-to-end automation from sample reception to report generation, effectively improving testing efficiency and analysis accuracy while reducing laboratory operating costs.	

Examples of Quality Control Measures

Unattended Cell Experiment Assembly Line

Relying on the self-developed general medical imaging large model iMedImage®, we have successfully built an unattended cell experiment assembly line, which covers the automatic cell harvester, the integrated slide preparation and staining machine, the automatic cell microscopic image scanning system and the intelligent chromosome karyotyping analysis system. With four major advantages, namely comprehensive automation, in-depth informatization, pioneering intelligentization and unattended processes, we have created a new type of “unattended” smart laboratory, realizing the full-process automated operation “from sample input to report output”, improving the efficiency of sample processing and analysis, reducing experimental costs, and setting a technological benchmark for the industry.



KayoFlow™ DSP-H64 Automatic Cell Harvester

KayoFlow™ DSP-B200 Integrated Slide Preparation and Staining Machine

MetaSight® G200 Automated Cellular Microscopic Image Scanning System

AutoVision® Intelligent Chromosome Karyotype Analysis System

We have established a medical device adverse event monitoring system and proactively carry out information collection and analysis work, ensuring that when any suspected adverse events occur during the clinical use of approved products, we can report to the competent authorities in a timely and accurate manner. We regularly conduct post-market risk evaluation, monitor the safety profile of products in clinical use, and prepare and submit the *Periodic Risk Evaluation Report* to the relevant departments in accordance with regulations, effectively fulfilling our life-cycle risk management responsibilities.

We have established a comprehensive product recall management mechanism, encompassing key stages from risk identification and assessment, recall decision-making, notification issuance, product tracing and recovery, to subsequent rectification, effectiveness evaluation and record archiving, so as to minimize the impact of product safety risks. As of the end of the Reporting Period, the Company had not experienced any product recall events.

2.1.2 Excellent Services

We have built a customer-centric, multi-dimensional and full-coverage feedback matrix, integrating three major mechanisms: the digital service matrix, full business process embedding and proactive research and evaluation. We have connected the closed loop of the entire chain from marketing reach and service delivery to customer satisfaction management, ensuring that the voice of the customer can be captured in real time and efficiently translated, driving product iteration and service upgrade.

Digital service matrix	Multimedia and online channels	<p>Providing manual and intelligent voice services through the 400 hotline to centrally handle inquiries and complaints;</p> <p>Setting up an opinion collection section on the official website to collect in-depth feedback on laboratory performance and technical support;</p> <p>Utilizing mobile channels such as Diagens e-Service to embed a “one-click feedback” function, instantly capturing customers’ on-site experiences with the aid of multimedia formats.</p>
Full business process embedding	Internal supervision and absorption	<p>Absorbing customer needs at the agreement review stage, and directly transforming their special requirements regarding testing cycles, data delivery, etc. into service commitments;</p> <p>Marketing personnel collecting industry benchmarking dynamics and customer horizontal evaluations through daily communication;</p> <p>Quality management personnel regularly processing and analyzing customer feedback to form a closed-loop management.</p>
Proactive research and evaluation	External customer satisfaction survey	<p>Conducting special research annually, covering core indicators such as service attitude, professional technology, product quality and response speed, and identifying systemic risks through data analysis.</p>

Customer Feedback Matrix

2.2 Information and Privacy Security

We adhere to the baseline of data security and privacy protection, continuously strengthen the management and protection of information assets, business data and user information, and continuously enhance our information security and privacy protection capabilities through institutional construction, system improvement, technical control and process standardization.

2.2.1 Ensuring Information Security

We strictly comply with laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, and continuously improve information security management. We have formulated internal rules and regulations including the *Information Security Management Manual*, the *Cybersecurity and Data Security Management Measures*, the *Information Security Management System Rules*, the *Personal Information Protection Management Provisions* and the *Information Security Emergency Response Management Measures*, and have embedded information security control requirements into the entire business process to prevent risks such as information leakage, tampering, loss and unauthorized access. To enhance the systematicness and effectiveness of data security governance, we have designated corresponding persons-in-charge in key areas such as cybersecurity, data security, personal information protection and algorithm security, forming a governance mechanism with clearly defined roles and responsibilities.

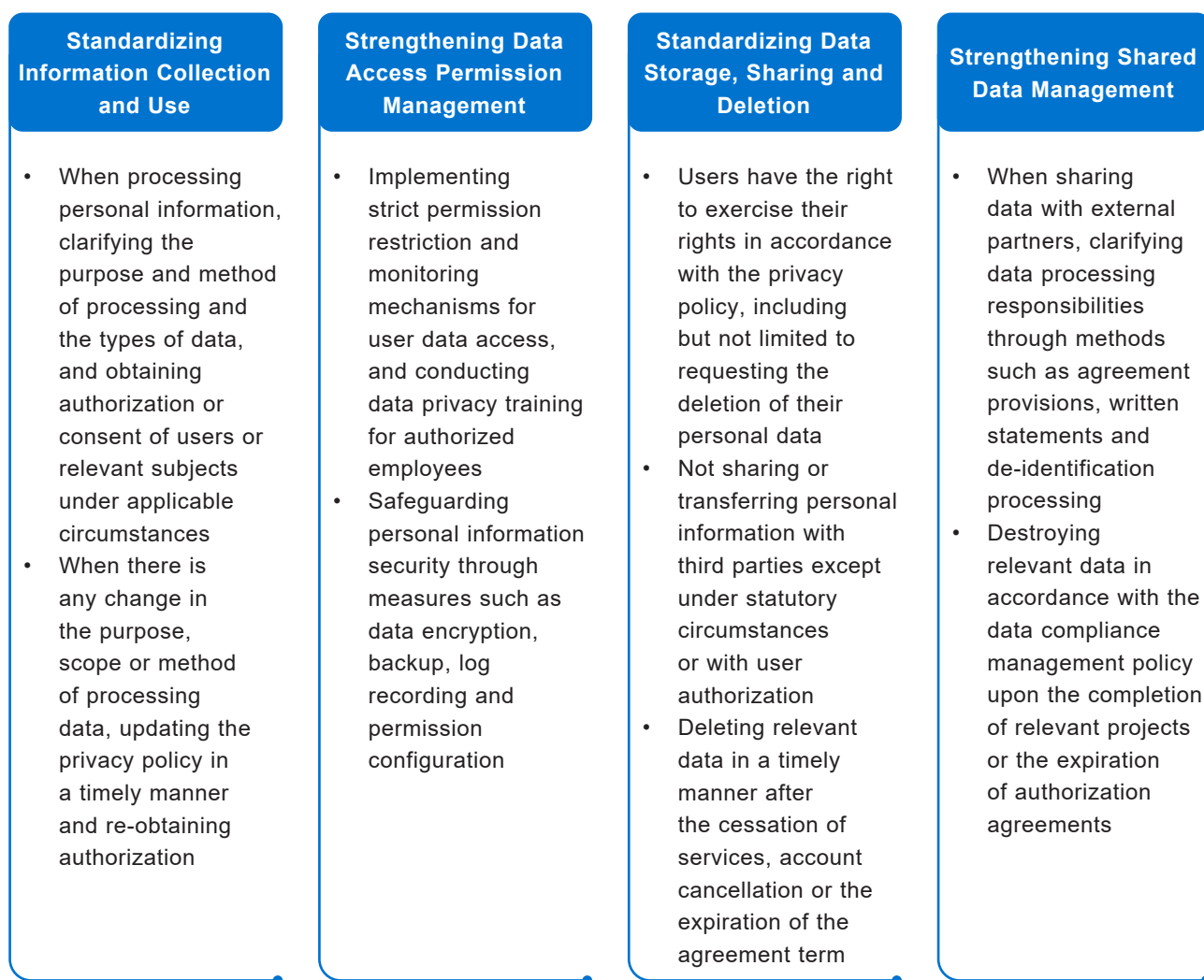
Taking into account our business characteristics, we implement classified and hierarchical management of information assets, and strengthen information security control through mechanisms such as access permission control, file encryption and approval management. For data of different levels, we set differentiated access permissions based on job responsibilities and business needs, so as to enhance the standardization and controllability of data usage. Based on the analysis of data types, existing laws and regulations and actual business conditions, we consider that the risk of current data involving national core data and important data is relatively low. We will continuously pay attention to the updates of relevant regulatory requirements, and timely adjust and improve the management mechanism to ensure that data compliance work keeps pace with regulatory requirements.

In terms of management and supervision, we conduct internal audits of the information security management system annually to check whether the operation of the system complies with relevant laws, regulations and internal management requirements, and promptly rectify any issues identified. Based on the results of internal audits, feedback from relevant parties and suggestions for improvement, we regularly conduct management reviews to continuously optimize the suitability, adequacy and effectiveness of the information security management system. In addition, we have established an information security emergency response mechanism to standardize the emergency procedures, incident classification and grading, handling measures and follow-up work for cybersecurity, system security and data security incidents, thereby enhancing our capabilities in risk identification, response and handling. We also place importance on raising information security awareness among all employees, continuously carry out training related to data security, cybersecurity and personal information protection, and promote employees to enhance their information security awareness and risk prevention capabilities.

As of the end of the Reporting Period, our core business system Online AutoVision has completed the filing for Level III Classified Protection of Cybersecurity, and the cybersecurity classified protection assessment work for our official website and the iMed MaaS[®] platform is also proceeding in an orderly manner. During the Reporting Period, we did not experience any major cybersecurity, data security or privacy security incidents, nor were we subject to any regulatory investigations, penalties or rectifications due to data compliance issues.

2.2.2 Protecting User Privacy

On the basis of continuously consolidating data security, we further focus on the management of personal information and sensitive data. Scenarios where we are primarily involved in the processing of personal information include user registration and identity authentication on the Online AutoVision® and iMed MaaS® platforms. For these scenarios, we have formulated the *Online AutoVision® Platform Privacy Statement* and the *iMed MaaS® Platform Privacy Statement* to inform users of the name and contact information of the personal information processor, as well as the purposes and methods of data processing, and we obtain the explicit consent of users before using the relevant data. Other products provide services to users through local deployment, and data are stored locally by the users. We do not access, process or collect local data, and do not involve cross-border data transfer. We continuously improve our data privacy protection mechanisms and formulate data privacy policies to implement whole-process management over key processes such as the collection, storage, transmission, use, retention and deletion of personal information.



Data Privacy Management Principles

2.3 Ethics in Science and Technology

As a medical imaging AI company, we are deeply aware of the sensitivity and complexity of the application of algorithms and AI in the medical field. We integrate governance requirements throughout the entire process of the R&D and application of medical AI products, ensuring that technological innovation is carried out under the premise of safety, controllability, legal compliance and ethical prudence. We fully consider medical ethics and legal principles, and integrate the relevant requirements of AI technology ethics and the protection of subjects' rights and interests into every stage of product R&D and application.

We have formulated and implemented internal systems such as the *Technology Ethics Review Procedures*, the *Algorithm Security Self-Assessment Procedures*, the *Algorithm Security Monitoring Procedures*, the *Procedures for the Handling of Algorithm Violations of Laws and Regulations*, the *Algorithm Security Incident Emergency Response Procedures*, the *Algorithm Security Training Procedures* and the *Algorithm Security Audit Procedures*, continuously enhancing the systematicness and standardization level of algorithm governance.

We have established a Data Compliance Committee, which collaborates with the functions of legal affairs, data security, cybersecurity and relevant R&D management to conduct whole-process management over links such as data access, scope of authorization, ethics approval, desensitization processing, permission management, log auditing and data destruction in the R&D of medical AI.

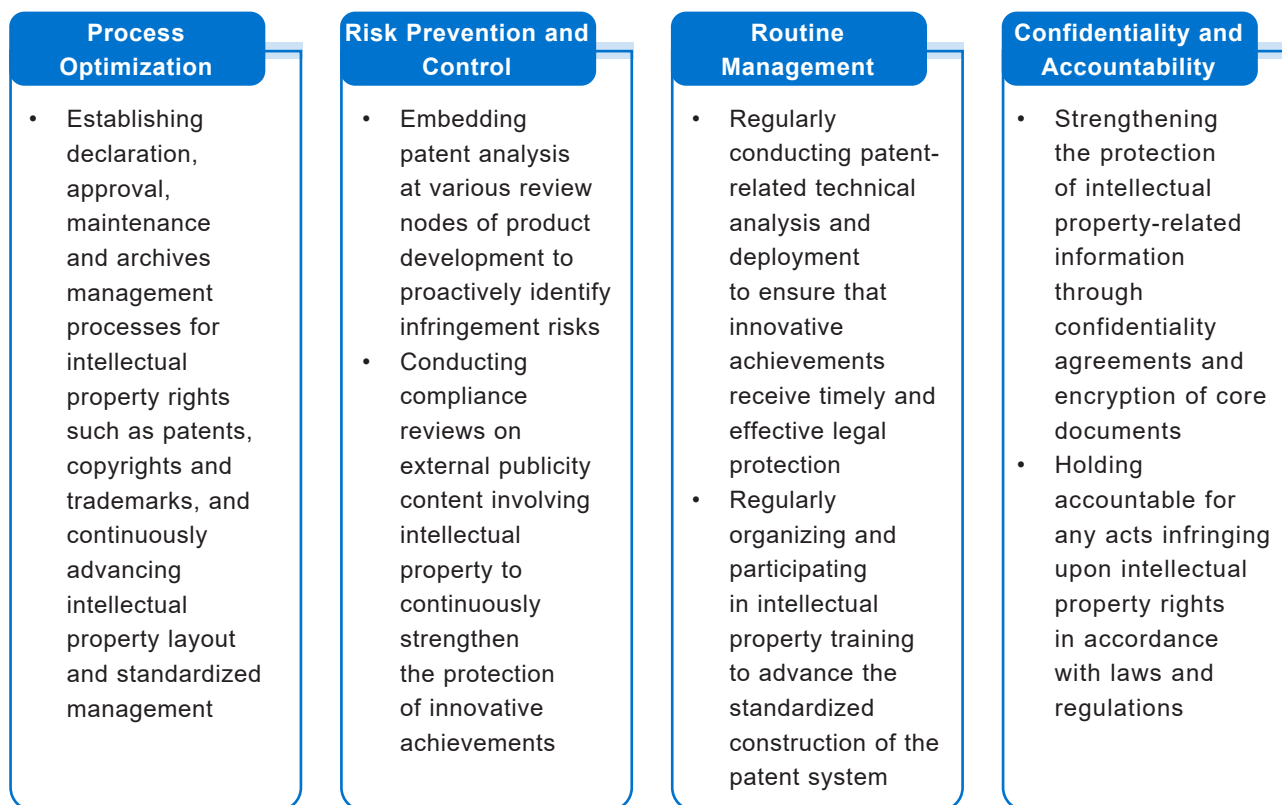
In terms of ethics review and data use, we adhere to the principle of “no desensitization, no database entry” and strictly implement internal systems such as the *Medical Data Management Specifications*. For sensitive data such as patients' personal information, we strictly follow the Confidentiality Management Procedures, requiring relevant personnel to sign confidentiality commitment letters at every link including information release, storage, safekeeping, inquiry and archiving, and ensuring that all operations are legal and compliant. For data from cooperative hospitals, we require the cooperating parties to possess data authorization agreements. If the data involves prospective clinical trials, informed consent forms must also be signed. Additionally, before original raw data enters the R&D environment, we uniformly complete de-identification processing, sensitive fields such as patient names, identity information and examination dates, and implement corresponding desensitization measures for different modalities such as images, text, audio and video.

To implement AI security and risk control, we have established a quality control and monitoring mechanism covering the full life cycle of data, including deploying raw data in an isolated R&D environment, conducting classified encryption, and relying on a real-time monitoring system to monitor access frequency and security status. Additionally, we take technical measures to label information content generated or edited during the service process, explicitly stating that the generated results are produced by AI and are for reference only.

We attach great importance to the science and technology ethics education of employees and actively carry out related training and communication. Newly hired algorithm engineers and data specialists must complete training on medical data compliance and privacy protection and pass the assessment before they can apply for the activation of work permissions. We organize at least one company-wide data security and compliance training annually, and carry out special skills training and assessments for key positions such as data annotation, continuously enhancing employees' ethics awareness, privacy protection awareness and compliant operation capabilities in AI applications.

2.4 Intellectual Property

We adhere to innovation-driven development, continuously improve the intellectual property protection and management mechanism, and strengthen the protection of core technologies, brand assets and innovative achievements. We strictly comply with relevant laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*, and continuously standardize the management of patents, trademarks and copyrights. We have formulated the *Intellectual Property Management Standards* to establish an intellectual property management system covering ownership definition, application and maintenance, risk control, confidentiality requirements and infringement accountability, and have formed an intellectual property portfolio covering key technologies and Core Product to continuously strengthen the protection of innovative achievements.



Intellectual Property Management Measures

2.5 Technological Innovation

We focus on providing universal intelligent medical imaging products to upstream and downstream stakeholders in the medical industry (hospitals and medical institutions), and are committed to providing medical imaging software and medical devices, while continuously improving and expanding the product portfolio of medical imaging software and medical devices. Our product portfolio covers medical imaging software (including the Core Product AI AutoVision®), medical devices, reagents and consumables, and technology licensing products. Through continuous iterative optimization and deep integration into the medical value chain, we continuously expand and improve our intelligent medical device product lines, building intelligent solutions capable of precisely responding to complex clinical needs.

Our core products include the self-developed AI AutoVision® intelligent chromosome karyotype assisted diagnosis software, applicable to prenatal diagnosis and assisted reproduction analysis of amniotic fluid and peripheral blood samples. The iMedImage® medical imaging base model can effectively eliminate image noise caused by equipment and population differences, achieving stable analysis. Utilizing proprietary AI algorithms, AI AutoVision® can automatically complete chromosome segmentation, counting, arrangement and abnormality detection, which are ultimately reviewed and confirmed by physicians, realizing the deep integration of technology and clinical practice.

3 GREEN OPERATIONS

We are committed to conducting our daily operations in an environmentally friendly manner, and actively practicing environmental protection and green development. We strictly implement compliant emission management, focus on resource conservation and efficient utilization, and proactively address climate change, continuously reducing the impact of our business operations on the environment through systematic environmental management practices.

3.1 Environmental Management

As a medical device company focusing on the development of medical imaging products and services, our business covers medical imaging software R&D, intelligent medical devices, and reagents and consumables. Therefore, scenarios such as R&D, office, laboratory, clean zones, production and supporting operations jointly constitute our environmental impact boundary. Overall, our environmental impact is relatively limited compared to traditional heavy manufacturing enterprises, but environmental management matters remain objectively existent and of vital importance. Based on the Company's current business and operational characteristics, our environmental management matters focus on controlling waste (such as hazardous chemicals, medical waste and other waste), packaging material recycling, water resource utilization, energy utilization, and improving climate change response-related work, aiming to promote the deep integration of green operations and business development through comprehensive environmental management.

We implement differentiated environmental management measures tailored to different operational scenarios. In R&D and office scenarios, we focus on promoting energy and water conservation and waste sorting. In laboratory scenarios, we strengthen the standardized disposal of hazardous chemicals and medical waste. In clean zones and production links, we enhance energy consumption control and emission management. and in supporting operation links, we continuously advance the optimization of resource usage and daily environmental management.

3.1.1 Waste

We strictly comply with laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, and have formulated and implemented the *Environmental Management Policy* and the *Hazardous Chemicals Management Procedures* to clarify management requirements for waste discharge, and continuously strengthen the classification, collection and disposal management of waste in various operational scenarios.

Our non-hazardous waste mainly includes domestic waste, waste generated during production and operations, and packaging waste such as cartons. We classify, collect, store and dispose the non-hazardous waste generated during operations, and prioritize the recycling and reuse of waste. We strictly implement waste sorting and clearance management, where cleaning personnel daily clear and transport domestic waste to designated collection points in the industrial park with which a waste clearance agreement has been signed, and sort and dispose of recyclables, hazardous waste, kitchen waste and other waste according to the site's specifications, ensuring waste sorting at the source and compliant disposal. Based on our operational status, we have set clear quantitative targets for non-hazardous waste: By 2029, the generation of non-hazardous waste per RMB10,000 of revenue will be reduced by 5% compared to 2024. To achieve this target, we will continuously strengthen waste disposal and recycling management, commit to reducing waste generation from the source, and ensure the effective implementation of various environmental protection measures.

Our hazardous waste mainly includes waste batteries, waste toner and ink cartridges, medical waste and other hazardous waste. We implement classified management of hazardous waste: waste batteries are uniformly transported to designated hazardous waste collection points in the industrial park for centralized disposal by the park; waste toner and ink cartridges are regularly collected monthly by the printer leasing company; other hazardous waste is entrusted to qualified professional institutions for compliant disposal. Furthermore, we have established a hazardous waste management ledger to strictly manage hazardous waste in accordance with relevant national regulations. In addition, we conduct training on the *Hazardous Chemicals Management Procedures* to enhance employees' awareness of the management of hazardous waste from hazardous chemicals and their compliant handling capabilities.

3.1.2 Resource Utilization

We comply with laws and regulations such as the *Water Law of the People's Republic of China*, and in accordance with internal policies such as the *Environmental Management Policy*, continuously advance the conservation and recycling of water resources, actively promote the sustainable use of packaging materials, and deeply integrate the efficient utilization of resources into our daily operational management.

We focus on the routine maintenance of pipe networks, and promptly repair any identified leaks or damages to effectively prevent the waste of water resources. Additionally, we actively carry out awareness campaigns on water conservation, post water-saving reminder signs in water-use areas such as pantries and restrooms, and disseminate water-saving concepts through internal channels to guide employees to develop good habits of water conservation. We have set clear water conservation targets: By 2029, water consumption per RMB10,000 of revenue will be reduced by 5% compared to 2024.

In addition, we are committed to strengthening the recycling of packaging materials by cleaning and recycling the wooden boxes and foam used in transportation, and prioritizing their reuse in internal scenarios. Each recycling initiative can reduce the consumption of wood by approximately 350 kg and foam by approximately 13.5 kg, effectively lowering resource consumption and waste generation, and promoting the development of green logistics.

3.2 Addressing Climate Change

We are deeply aware of the dual impacts of climate change on the global environment and corporate operations, and continuously strengthen the development of climate governance capabilities, carry out the identification and assessment of climate-related risks and opportunities, and formulate and implement targeted mitigation and adaptation measures to enhance our climate resilience.

3.2.1 Governance

We have incorporated climate issues into the management scope of our ESG governance structure. The Board of Directors approves significant ESG matters, including the climate strategy and the list of climate-related risks and opportunities, and provides guidance and recommendations on the progress of climate-related work. The Management is primarily responsible for driving the execution of ESG initiatives, covering the identification and assessment of climate-related risks and opportunities, the management of climate change risks, the formulation of climate management targets and the advancement of action plans, while reporting the work progress to the Board of Directors. To enhance the Board of Directors' knowledge reserve and decision-making capability on climate issues, we plan to organize corresponding training and report to the Board of Directors on external requirements and internal situations regarding climate change. Going forward, we will study and assess climate change policies and global trends, and continuously improve the climate governance mechanism based on our operational conditions, committed to forming a normalized supervision and communication mechanism.

3.2.2 Strategy

Against the backdrop of increasingly severe global climate change, green transition has become a core path for promoting high-quality economic development. As a medical device company focusing on developing medical imaging products and services, we have realized the potential impacts of climate change on global development and our business operations. Based on this, we have preliminarily identified climate-related risks and opportunities, and outlined the climate response actions planned for implementation, aiming to improve our climate strategy and enhance climate resilience, and committed to achieving the coordinated development of medical value and climate response responsibilities. We will continuously optimize the list of climate risks and opportunities, and plan to conduct climate risk scenario analysis and financial impact assessment in the future, dedicated to enhancing climate resilience and promoting the sustainable transition of our business and strategy. The climate-related risks and opportunities described below may affect our cash flows, access to financing, or cost of capital over different time horizons, including short-term (1–3 years), medium-term (3–5 years), and long-term (5–10 years).

List of Climate Risks and Opportunities

Risk/Opportunity Type	Description of Impacts on Business Model and Value Chain	Response Measures
climate-related physical risk		
<p>Acute Risks (short term-medium term)</p>	<p>The frequent occurrence of extreme weather events (such as floods, rainstorms and typhoons) may cause power supply interruptions in laboratories, production and clean zones, and disruptions in the logistics of reagents and consumables, leading to the downtime of medical imaging equipment and other property losses.</p>	<p>Monitor the extreme weather warnings issued by meteorological departments in real time, establish a sound emergency response mechanism, and formulate response plans for emergencies such as major disastrous weather and shortages of medical supplies.</p>
climate-related transition risk		
<p>Policy and Legal (short term-medium term)</p>	<p>Under the guidance of the national “Dual Carbon” goals, the government may introduce stricter environmental laws and regulations in the future, and regulatory authorities may strengthen compliance disclosure requirements, and we will face higher compliance investments and operating costs.</p>	<p>We incorporate climate change issues into normalized management, identify greenhouse gas emission sources in main energy-consuming areas such as office areas, laboratories and clean zones during daily operations, establish a comprehensive carbon data management system, and strengthen carbon emission management. We also carry out climate change awareness and response capability training for all employees to enhance climate resilience.</p>
<p>Market Risks (medium term-long term)</p>	<p>The market demand for low-carbon and green products is growing day by day. If more environmentally friendly green products emerge in the market, it may lead to insufficient competitiveness of our products and a decrease in operating revenue. Increased investment in R&D will also lead to a rise in R&D costs.</p>	<p>Enhance independent innovation capabilities, consider integrating energy-saving and low-carbon concepts into the design and services of intelligent medical devices, reagents and consumables, and improve the green attributes of products to help the enterprise enhance its profitability and sustainable development competitiveness.</p>
climate-related opportunity		
<p>Resource Efficiency Opportunities (medium term-long term)</p>	<p>Reducing the use of energy and water resources can effectively lower the Company’s operating costs.</p>	<p>Formulate and implement energy and water conservation management mechanisms, strengthen resource control in laboratories, clean zones and production sites, and promote the development of resource utilization towards an intensive and refined direction.</p>

To actively address the challenges of climate change, we take low-carbon transition as a key path, by implementing energy-saving measures across all operational scenarios such as R&D, offices and production, systematically carrying out energy optimization, environmental management and the advocacy of a green culture, and committing to achieving precise control of energy consumption and continuous improvement of energy efficiency. Based on the current energy consumption status, we have set clear energy-saving targets: By 2029, we will reduce electricity consumption per RMB10,000 of revenue by 5% compared to 2024.

Energy System Optimization

- Achieve precise regulation of lighting in office and public areas through zonal control and timed management, effectively reducing unnecessary energy waste.
- Implement smart temperature control, the application of variable frequency equipment, regular maintenance and zonal temperature management, and combine automated systems with manual inspections to ensure the efficient and energy-saving operation of air conditioning systems.
- Implement equipment standby management, requiring the power to be turned off or sleep mode to be enabled during non-use periods, significantly reducing standby energy consumption.

Environmental and Energy-saving Management

- Strengthen the sealing of doors and windows in office areas to effectively reduce the exchange of hot and cold air between indoors and outdoors, lower the load on air conditioning and heating systems, and improve indoor thermal comfort and energy utilization efficiency.
- Install sunshade curtains in west-facing office areas to effectively block direct strong sunlight in summer and reduce the cooling demand of air conditioning.
- Conduct monthly energy consumption trend analysis to identify energy-saving opportunities based on data insights and drive management optimization.

Green Office Practices

- Integrate green office practices into the organizational culture, and guide employees to practice sustainable ways of working through low-carbon commuting and remote collaboration.
- Comprehensively implement electronic office workflows, adopt paperless disclosure and communication methods, significantly reduce paper consumption, and build an efficient, low-carbon digital working environment.

Energy Management Measures

3.2.3 Risk Management

We attach great importance to the risks brought about by climate change, and aim to incorporate them into the scope of our risk management by continuously improving the climate risk assessment mechanism. Going forward, we will adopt scientific scenario analysis methods to carry out the identification and assessment of risks and opportunities, analyzing their potential financial impacts on our business and value chain. On this basis, considering our business characteristics, we will promote cross-departmental collaboration, formulate targeted climate risk response measures, and ultimately build a systematic and forward-looking climate risk management mechanism.

3.2.4 Metrics and Targets

We consistently adhere to the development direction of being green and low-carbon, and continuously advance energy conservation and emission reduction as well as the improvement of resource utilization efficiency. In formulating our carbon reduction pathways and targets, we referenced the global temperature control goals established under the Paris Agreement, as well as China's "Carbon Peaking and Carbon Neutrality" goals and related policy commitments within this framework. These international agreements, along with the regulatory requirements implemented within our jurisdiction, provided a critical basis for identifying climate risks, defining emission reduction responsibilities, and setting quantitative targets. Based on our current carbon emission status, business development trends, and the guidance of the above mentioned international and national climate goals, we have established clear carbon emission targets: By 2029, the total Scope 1 and Scope 2 greenhouse gas emissions per RMB10,000 of revenue will be reduced by 5% compared to 2024. In the future, we will continue to monitor updates to relevant policies and regulatory requirements. We will periodically review and optimize our targets and implementation pathways to ensure alignment with national climate goals.

For the Scope 1, Scope 2 and Scope 3 greenhouse gas emission indicators during the Reporting Period, please refer to "Appendix I – ESG KPIs". Going forward, we will advance the establishment of a greenhouse gas emission data monitoring mechanism, disclose carbon emission performance indicators in a timely manner, and enhance the traceability of emission reduction progress and the effectiveness of target implementation. We will also further improve the data collection and management of Scope 3 greenhouse gas emissions, continuously optimize the data collection processes and statistical standards, and provide robust support for formulating scientific emission reduction strategies and achieving sustainable development goals.

4 PUTTING PEOPLE FIRST

We adhere to a people-oriented development approach and are committed to providing employees with comprehensive protection of their rights and interests as well as growth support. We continuously improve the management mechanisms for compliant employment, fair recruitment, and compensation and benefits, and build a diversified career development platform for our employees through systematic training, unobstructed communication channels and clear promotion pathways. We attach importance to the occupational health and safety of our employees, actively foster a respectful, inclusive and safe working environment, and work hand in hand with our employees to shape a future of sustainable development.

4.1 Employee Rights

We view our employees as the most valuable asset of the Company, adhere to compliant employment, establish standardized and orderly recruitment processes, and build a competitive compensation and benefits system. We inspire the vitality of our employees through material incentives and humanistic care, promoting the common development of the Company and our employees.

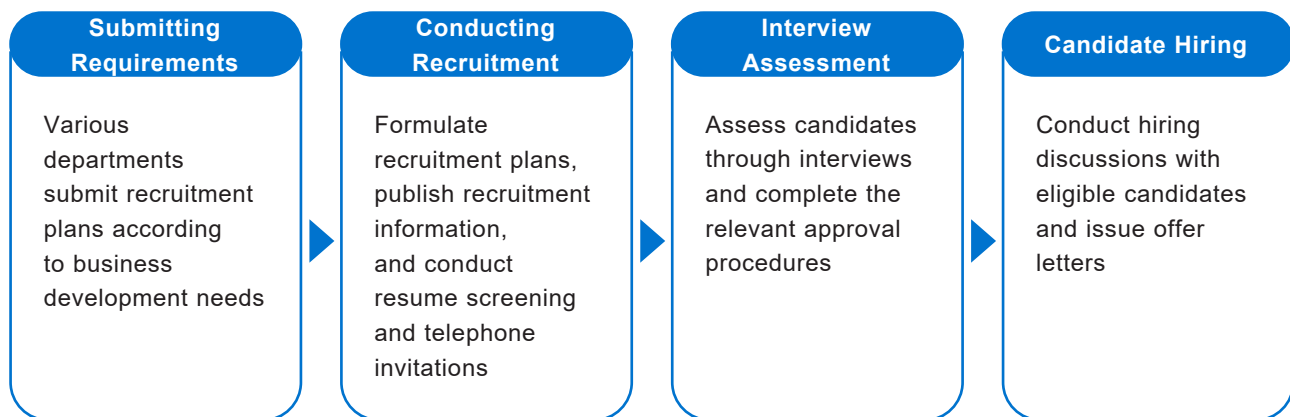
4.1.1 Compliant Employment

We strictly comply with relevant laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and have formulated internal policies such as the *Employee Handbook* to standardize employment management processes including employee recruitment, hiring, promotion and dismissal, ensuring that employment practices are legal and compliant. We strictly prohibit child labor and any form of forced labor, and continuously strengthen our employment compliance requirements. During the recruitment stage, we strictly guard against child labor by verifying the identity information of candidates, standardizing the signing of labor contracts and establishing employee personnel files. During the employment stage, we adopt measures such as the verification of overtime hours and overtime approval procedures to prevent the risk of forced labor. Furthermore, we have set up a feedback email address for labor and employment issues to receive relevant complaints and reports. If any violations such as child labor or forced labor are discovered, we will immediately cease the work arrangements of the relevant personnel, prioritize the protection of their personal safety, and report to the relevant authorities in accordance with regulations. If the circumstances involve serious illegal acts, we will promptly report to the police and transfer the case to judicial authorities for handling. As of the end of the Reporting Period, we had not experienced any incidents related to child labor or forced labor.

We adhere to the principle of equal employment and firmly oppose any form of discrimination. During the processes of recruitment, hiring and employment, we do not treat job applicants and employees differently based on factors such as gender, age, race, religious beliefs or disability status, and are committed to fostering a working environment that respects differences and embraces diversity.

4.1.2 Talent Recruitment

We adhere to the recruitment principles of fairness, impartiality and openness, and carry out recruitment in accordance with job requirements and qualifications, striving to build a talent team that matches our business development. We continuously improve our recruitment management mechanism, and have formulated and implemented internal policies such as the *Talent Recruitment and Development Policy* to ensure that recruitment is carried out in a compliant and orderly manner. We continuously optimize our recruitment processes and enhance the collaborative efficiency of processes such as job posting, resume screening, interview assessment and candidate hiring. Through a combination of campus recruitment and social recruitment, we continuously replenish various talent resources, providing a stable and high-quality talent pool for the Company's operations.



Talent Recruitment Process

4.1.3 Compensation and Benefits

We have always regarded talent as the core resource for corporate development and have established a value-contribution-oriented compensation management system. We have formulated the *Compensation Management Procedures*, which stimulate employee vitality and attract and retain outstanding talent through a compensation distribution that balances external competitiveness and internal fairness.

We adhere to the compensation payment philosophy of “paying for the position, paying for individual capability, paying for performance, and paying for value contribution”, and have constructed a broadband compensation system with flexible salary ranges within the same job grade. By integrating factors such as job value, qualification requirements, market salary levels and city differentials, we have formed a compensation management mechanism that matches the career development pathways of employees. Additionally, we have established a compensation determination and adjustment mechanism covering salary setting scenarios such as social recruitment, campus recruitment, probation conversion and re-hiring, and make adjustments based on factors such as performance, position and qualifications, thereby leveraging the incentive role of the compensation system in employee growth and company development.

Fixed Salary

Comprising basic salary and performance salary, comprehensively reflecting job value, individual capability, performance and regional differences

Performance Bonus

Primarily applicable to sales and related positions to incentivize performance improvement

Special Awards

Including departmental special bonuses and company-level special bonuses, rewarding key tasks and special contributions

Welfare Subsidies

Covering a variety of benefits and allowances such as social insurance, housing provident fund, commercial insurance, meal allowance, business travel allowance, afternoon tea allowance and dual-role allowance

Medium – to Long-term Incentives

Allowing employees to share the Company’s development achievements through long-term incentive methods such as equity plans

Compensation System

In addition to compensation incentives, we also implement employee welfare guarantees through diversified welfare arrangements and employee care initiatives, further enhancing employees' sense of gain and belonging.

Statutory Benefits	<ul style="list-style-type: none"> Providing employees with five insurances and one fund as well as various statutory holidays, ensuring that employees legally enjoy basic welfare and leave rights
Employee Benefits	<ul style="list-style-type: none"> Providing employees with discounts on the purchase of electronic products and contracted hotel accommodation to meet their needs in work, travel and daily life scenarios Organizing activities and distributing holiday gifts during traditional holidays such as the Spring Festival, the Dragon Boat Festival and the Mid-Autumn Festival
Employee Care	<ul style="list-style-type: none"> Including condolences for new marriages, childbirth, bereavement, serious illness, and care on Women's Day, etc.
Health Care	<ul style="list-style-type: none"> Organizing annual health check-ups and establishing employee health records Providing safeguard measures such as health insurance and mental health support, and paying attention to the physical and mental health of employees

Diversified Welfare System

4.2 Talent Development

We regard talent as an important resource for corporate development, attach importance to employees' learning, growth and capability enhancement, and provide development platforms for employees. Through diversified training programs, multi-channel career development, scientific performance evaluation and normalized communication and exchange, we continuously improve the talent development system and promote the common growth of employees and the Company.

4.2.1 Employee Training

Based on employees' job requirements and growth needs, we have established a training system combining internal and external training. Through methods such as onboarding orientation, on-the-job coaching, skills enhancement and external training, we help employees master the knowledge and skills required for their positions, and encourage employees to undertake self-directed learning in alignment with job requirements, promoting the application and transformation of training outcomes in their daily practices.

Internal training	New employee training	Introducing the Company's rules and regulations, corporate culture, product and business conditions, etc., to help new employees familiarize themselves with the Company and the working environment
	On-the-job training	Departments provide on-the-job coaching and assistance to employees in accordance with job requirements
	Skills training	Teams or departments organize training on working skills, product knowledge, etc., to help employees improve their business capabilities
External training	Secoded training	Implemented under an annual plan and unified management. Upon completion of training, the trained employees are required to submit training summaries and training materials to promote the internal sharing and transformation of training outcomes

Employee Training System

AI Application Training

During the Reporting Period, we organized a special training session on the application of AI in R&D work. The training was conducted in a format combining offline lectures, case demonstrations and interactive Q&A, focusing on contents such as AI-assisted code writing, document organization and hands-on practice of efficiency tools, covering over 50 employees. Through this training, employees further mastered the application methods of AI tools in scenarios such as code generation, code optimization and document processing, effectively improving work efficiency.

Mechanical Knowledge and Skills Training

During the Reporting Period, we conducted mechanical-related knowledge training for the equipment production and quality departments, covering over 20 employees. The training focused on the core technical points in equipment production, covering the principles and common faults of transmission structures, debugging methods for microscope optical systems, design and maintenance specifications for liquid path systems, and key points and common issue analysis of the assembly process. Through a combination of offline lectures and case analysis, the participating employees deepened their understanding of the key technical points of equipment assembly, improved their troubleshooting and hands-on capabilities, and further elevated the Company's assembly quality control level and product qualification rate.

4.2.2 Employee Development

Based on job responsibilities, work nature and capability requirements, we classify and manage positions to establish career development and promotion pathways for employees. In accordance with the principle of “similar skills and closely related responsibilities”, we have divided positions into five major job tracks: management, R&D, marketing, professional and operations, and, taking into account the characteristics of different positions, clarified the corresponding development directions and growth paths to support employees in achieving continuous development and promotion within their respective job domains.



Employee Career Development Tracks

We continuously improve our talent development mechanism. For employees with potential, we provide leadership development programs, helping them enhance their leadership capabilities through leadership training, mentorship and project management practices, thereby cultivating potential management talents for the Company. We have established an internal talent pool to focus on the development and tracking of outstanding employees, reserving backup talents for key positions and management positions. Each year, taking into consideration the Company’s strategic direction, annual business plan and employee performance, we conduct position and talent reviews to form a key talent list, providing support for employee development, promotion management and talent pipeline construction.

4.2.3 Employee Performance

To strengthen target management and a value-oriented approach, we have formulated the *Performance Appraisal Procedures* and established a performance appraisal mechanism based on scientific evaluation, target breakdown and performance feedback. We implement a tiered performance appraisal approach comprising quarterly departmental appraisals and monthly employee appraisals, and cascade the Company's annual targets level-by-level to departments and individuals, ensuring that performance targets remain aligned with the Company's strategic direction. Additionally, we attach importance to performance result feedback and improvement coaching, conducting communication and coaching for employees at different performance levels to help them continuously improve their on-the-job performance.

4.2.4 Employee Communication

We attach importance to daily communication with employees, continuously keep open channels for employee feedback, and encourage employees to make suggestions regarding work processes, management improvements, training and development, and the working environment. We collect employees' opinions through methods such as employee suggestion record forms, monthly and weekly meeting communications, and employee satisfaction surveys, and evaluate, adopt and provide feedback on relevant suggestions to drive the implementation of reasonable suggestions. By continuously improving the employee communication and feedback mechanism, we further promote information flow and two-way communication, ensuring that employees' opinions are listened to and responded to in a timely manner.

4.3 Health and Safety

We regard the occupational health and safety of our employees as an important foundation of our daily operational management, continuously improve the occupational health and safety management system, and foster a safe and healthy working environment through health safeguards, safe operations, training and drills, and emergency management.

We strictly comply with the requirements of laws and regulations such as the *Fire Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, and the *Work Safety Law of the People's Republic of China* to provide a healthy and safe workplace for our employees. Taking into account our actual business operations, we incorporate biosafety, chemical management, fire safety, and electrical and fire usage safety into our daily management, clarify relevant division of responsibilities, and implement on-the-job operational requirements, safety inspections and hazard rectification measures to continuously elevate our safety management level.

Employee Health Safeguards	Safe Operation Management	Safety Training and Emergency Management
<ul style="list-style-type: none"> We provide employees with an annual health check-up, and record information such as the positions they hold, the toxic, hazardous or infectious substances involved, the examination items, as well as pre-employment physical examinations and immunization examinations, to continuously strengthen occupational health management. We equip employees with necessary personal protective equipment based on job risks, and provide protective supplies such as masks and instant disinfectants in key work areas, regularly checking the expiration dates of personal protective equipment. 	<ul style="list-style-type: none"> We implement authorized access management for laboratory areas, and apply classified management and standardized storage for hazardous items such as flammable and explosive drugs, hazardous reagents and equipment and facilities. We regularly conduct inspections of safety facilities to ensure that safety signs, fire-fighting facilities, first-aid supplies, doors and windows, and emergency devices are in normal working condition. We continuously implement cleaning and disinfection procedures for work areas, maintain appropriate temperature and humidity controls, and ensure the standardized disposal of medical waste to reduce the risks of cross-contamination and safety incidents. 	<ul style="list-style-type: none"> We regularly organize employees to participate in training on health and safety, biosafety, fire safety, and occupational disease prevention. We have established management procedures for biosafety and fire safety emergency plans, clarifying the mechanisms for reporting, responding to, handling emergencies and evacuating personnel. We regularly conduct biosafety inspections and fire emergency plan drills to enhance employees' capabilities in risk identification, emergency response and accident prevention, ensuring the health and safety of employees and the stable operation of the business.

Occupational Health and Safety Management Measures

5 SOCIAL WIN-WIN

We adhere to responsible procurement and are committed to building a green, compliant and transparent supply chain ecosystem. Furthermore, we actively engage in industry exchanges and cooperation to promote technological interaction and collaborative industrial innovation. Moreover, we are dedicated to philanthropy and social welfare initiatives, leveraging our professional expertise to contribute to society while pursuing shared long-term value for both the Company and the community.

5.1 Responsible Procurement

We have established a comprehensive control mechanism covering from supplier admission audits to daily management, striving to create a transparent, compliant and sustainable supply chain ecosystem. Building on strategic partnerships with suppliers, we integrate ESG principles into supply chain management, dedicating ourselves to enhancing the resilience and greenness of the supply chain and setting a responsible benchmark for sustainable development in the industry.

5.1.1 Supply Chain Compliance Management

We have always regarded ensuring supply chain stability as an important cornerstone of the Company's long-term development, and are committed to enhancing supply chain resilience and effectively reducing operational risks through full-cycle standardized management. We strictly comply with applicable laws and regulations, including the *Bidding Law of the People's Republic of China* to ensure the legality and transparency of procurement activities. We have established procedures such as the *Procurement Control Procedure* to comprehensively standardize the full life-cycle management of suppliers from admission and evaluation to exit.

Classified management

- We implement a tiered management system, classifying suppliers into three levels – strategic, key and general – based on their quality performance and supply capabilities, and carry out differentiated control.

Admission management

- We use the *Supplier Selection and Evaluation Form* to conduct front-end assessments, comprehensively considering their supply quality, service level and delivery efficiency.
- Upon passing the review, they are included in the *Approved Supplier List*, and supplier files are established, including procurement contract agreements, qualification documents, quality management system certificates, product/service quality reports, etc.

Review performance

- We adopt a combination of document review, sampling inspection and on-site audit to conduct regular evaluations of approved suppliers.
- We conduct dynamic reviews of supplier qualifications, focusing on the qualification rate of incoming materials and on-time delivery rate, requiring suppliers failing to meet quality standards to make rectifications within a specified timeframe and conducting follow-up verifications to ensure they continuously meet our supply standards.

Exit management

- We have established a supplier exit mechanism to delist suppliers who fail to meet the standards during periodic assessments, thereby, achieving dynamic optimization of the supply chain and the elimination of potential risks.

Supplier Full Life-Cycle Management Mechanism

To strengthen the quality control of special supplies, we base our approach on the key attributes of materials (such as cleanliness grade, biological origin, sterilization process, etc.) to implement categorized and targeted audits for special suppliers.

Suppliers of procured items with cleanliness level requirements	We require suppliers to provide certification documents for the cleanliness level of their production conditions. We also conduct on-site audits to verify their relevant conditions and requirements.
Suppliers of animal-derived raw materials	We review their qualification certificates, Animal Quarantine Certificates, Animal Epidemic Prevention Certificates and the applicable quarantine standards. We also conduct extended inspections on their breeding conditions, feed, storage and transportation, and the control of potential pathogen infections.
Suppliers providing sterilization services	We review the qualification certificates and operational capabilities of sterilization service suppliers and conduct on-site audits.
Trading suppliers	We review the agency authorization certificates from original manufacturers and conduct document reviews, sampling tests, on-site audits, or third-party audits.

Classified Audit Management for Special Suppliers

5.1.2 Sustainable Supply Chain

Building on comprehensive life-cycle compliance management of suppliers, we further integrate ESG requirements into supply chain management, driving the transformation of the supply chain towards a responsible and sustainable direction. We have formulated the *Supplier Sustainability Policy*, focusing on and managing the environmental, social and economic risks in the supply chain to ensure the stability and sustainability of the supply chain. We adopt a prudent supplier screening strategy to effectively mitigate credit risk, concentration risk and dependency risk. We have established a regular audit mechanism with dedicated personnel for specific positions, and adhere to the principle of multi-source supply for key products or services to safeguard the resilience and security of the supply chain from the source.



Sustainable Supply Chain Management Measures

5.2 Empowering the Industry

We regard open cooperation as the core engine driving industry progress. By deeply cultivating product R&D, accelerating the transformation of achievements and promoting project implementation, we actively carry out marketing initiatives, share cutting-edge insights and practical experience with the industry, and are committed to jointly building a new ecology for the medical imaging AI industry.

5.2.1 Opening a New Chapter with Intelligence

Upholding the corporate vision of “Leading the Medical Imaging industry Into the AI Era”, we have successively launched a matrix of technologies and product services based on the iMedImage® general medical imaging large model, accelerating the transition of medical imaging AI from technological exploration to large-scale application, and embarking on a rapid journey from the debut of technology to the deep cultivation of scenarios.

May 23, 2025

Medical imaging large model technology release: We successfully held the “Dawn of Smart Imaging • A New Era of Medical Imaging Large Model Technology” technical launch event in Hong Kong, officially releasing the iMedImage® medical imaging foundation large model technology and the iMed MaaS® platform to the world.

September 25, 2025

Medical imaging large model service release: At the 4th Global Digital Trade Expo, we officially released the self-developed universal medical imaging foundation large model iMedImage® with a scale of 100 billion parameters.

December 20, 2025

Release of iMed MaaS® platform function: We convened the annual ecological cooperation conference in Hangzhou, where Tencent, as our strategic partner, released the latest intelligent pre-annotation function based on the iMed MaaS® platform.

Innovation Journey of Core Product

5.2.2 Achievement Transformation

We are committed to transforming our Core Product into real productive forces. Through close collaboration with major medical institutions and scientific research institutes, we have applied our core model capabilities to key scenarios such as computing power infrastructure and disease-assisted healthcare, achieving a leap from laboratory research to clinical practical application.

Bank-Hospital Informatization AI Large Model Computing Power Platform

In collaboration with the “Wanzhong Medical” Phase IV Project of the First Affiliated Hospital, Zhejiang University School of Medicine, we jointly built an AI large model computing power platform, including a high-performance AI training service cluster, as well as an AI inference application service and storage cluster.

AI model for intelligent analysis of mouse chromosome karyotyping

We reached a project cooperation with the Hangzhou Institute for Advanced Study, University of Chinese Academy of Sciences to develop an AI model for intelligent mouse chromosome karyotyping analysis software based on the iMedImage® medical imaging universal large model.

AI model for intelligent prognosis management system for osteoarthritis

We reached a project cooperation with the Fuyang Institute, Zhejiang Chinese Medical University to develop an AI model for an intelligent osteoarthritis prognosis management system based on the iMedImage® medical imaging universal large model.

Project Implementation Cases

The underlying technology of iMedImage® has not only achieved large-scale implementation but also become the core support for multiple national and provincial key projects. In 2025, as a core technology provider, we jointly applied for and were approved for key R&D programs, collaboratively tackling the clinical application of cutting-edge imaging AI. In addition, we partnered with 65 benchmark medical institutions to build specialized models based on iMed MaaS® or algorithm intervention, generating scientific research outcomes and submitting the relevant results to international authoritative journals such as *Nature Medicine* and *Radiology*.

National key R&D projects

As the core technology provider, we collaborated with Southwest Hospital of Army Medical University, dedicating to realizing a new system and demonstrative promotion for the prevention and treatment of chronic diseases based on the integration of AI and multimodal technology through multimodal technology.

Provincial “Vanguard and Leading Goose” Program

We collaborated with Zhejiang University to jointly tackle hallucination correction and trustworthy reasoning technologies for medical large models, breaking through the challenge of AI untrustworthiness in radiotherapy scenarios, and improving the consistency and safety of diagnosis and treatment.

Provincial “Vanguard and Leading Goose” Program

Through AI and multimodal interaction technology, we collaborated with Zhejiang Chinese Medical University to jointly build a quality traceability and intelligent identification system, deepening the pharmacological and clinical evidence-based research of rare medicinal materials.

Scientific Research and Academic Cases

5.2.3 Co-building the Ecosystem

We have reached strategic cooperation with Tencent, H3C, IEIT Systems, ZTE and Wutongshu to jointly build new intelligent infrastructure for medical imaging. Relying on the medical large model capabilities of iMedImage®, we have engaged in deep cooperation with our partners in areas such as computing power infrastructure, digital transformation and scenario-based applications, and through resource integration and complementary advantages, jointly promote the in-depth development of large model technology across the entire medical industry chain.

We have reached a strategic cooperation with Tencent, relying on platforms such as WeChat and Tencent Healthcare to build a new model of “device + service + data”. The two parties will continuously integrate the Tencent Miying open platform, imaging AI capabilities and the iMedImage® large model to build a multimodal intelligent imaging hub, accelerating the downward deployment of tertiary hospital-level diagnostic capabilities to grassroots levels, and facilitating medical inclusiveness and high-quality development.



Diagens & Tencent



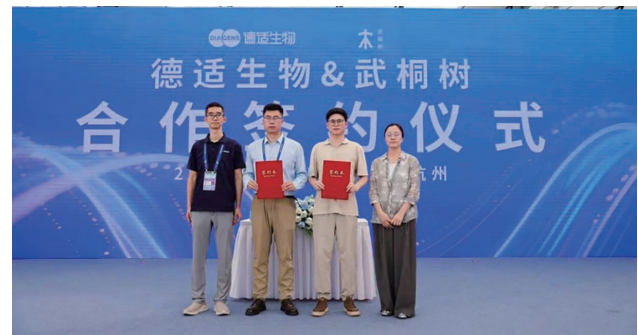
Diagens & H3C



Diagens & IEIT Systems



Diagens & ZTE



Diagens & Wutongshu

5.2.4 Deepening Market Penetration

We actively expand online and offline communication channels to build a multi-dimensional marketing promotion system. Online, we rely on authoritative media exposure channels to convey cutting-edge concepts and industry insights. Offline, we deeply participate in academically influential exchanges and thematic seminars, jointly exploring the new future of digital and intelligent imaging with experts and scholars, and exporting a new paradigm for the implementation of AI medical imaging to the industry.

Dr. Song Ning, Chairman of the Board, and Academician Chen Runsheng of the Chinese Academy of Sciences attended the World Artificial Intelligence Conference (WAIC) held in Shanghai, engaging in an in-depth dialogue on “AI Medical Imaging Technology Breakthroughs and New Paradigms for Industry Development”.



World Artificial Intelligence Conference (WAIC)

Dr. Song Ning delivered a keynote speech titled “From ‘Seeing’ to ‘Insight’: Building a New Ecology from Scientific Research to Clinical Practice with AI Imaging Large Models” at the Smart Healthcare session of the 2025 Tencent Global Digital Ecosystem Summit.



2025 Tencent Global Digital Ecosystem Summit (Shenzhen)

We co-organized the “2025 Sub-forum on Intelligent Assisted Diagnosis of Medical Imaging”, discussing clinical practices and industry trends with imaging experts from the southwestern region.



2025 Sub-forum on Intelligent Assisted Diagnosis of Medical Imaging

As an innovative enterprise in medical imaging AI, we showcased the “iMedImage® Medical Imaging Universal Large Model Overall Solution” at the 4th Zhejiang Internet Healthcare Development Conference, sharing our exploration results on the integration of large models’ cutting-edge technological capabilities with clinical practice.



4th Zhejiang Internet Healthcare Development Conference

5.3 Public Welfare and Charity

We empower primary healthcare with technology, relying on medical imaging large model technology to promote the enhancement of primary healthcare service capabilities, and drive the inclusive accessibility of high-quality medical resources. We actively respond to social development needs, formulate the *Community Investment Policy*, focus on areas such as education, healthcare, environmental protection and culture, and carry out public welfare and charity, community assistance and volunteer services to give back to society with practical actions. In addition, we advocate and encourage employees to participate in public welfare services, fostering a corporate culture atmosphere of doing good, taking responsibility and being willing to dedicate.

Establishing a Public Welfare Fund to Support Reproductive Health

We pay attention to the needs in the field of reproductive health, and assist population health and family well-being through public welfare actions. We jointly established the “Diagens Bio-Health Fertility Charity Fund” with the Hangzhou Linping Charity Federation, with a total scale of RMB200,000, continuously providing financial support for examinations and assisted reproductive treatment for families carrying chromosomal abnormalities. Since its establishment in 2022, the Fund has cumulatively subsidized 49 families with a total funding amount of RMB62,400, effectively alleviating the financial burden of relevant families and improving the accessibility of reproductive health services.

Donating to Support Hong Kong Fire Rescue Efforts

In November, 2025, a severe fire occurred at Wang Fuk Court in Tai Po, Hong Kong. We immediately donated HK\$1 million through the “Support Fund for Wang Fuk Court in Tai Po” established by the Hong Kong government, used for the emergency resettlement, daily supplies replenishment and medical assistance of the affected residents. In the face of the disaster, we express our deep mourning for the victims, our sincere condolences to the affected residents, and our high respect to the firefighters and paramedics involved in the rescue efforts. We hope to convey the power of mutual assistance through practical actions, helping the affected residents resume their normal lives and rebuild their homes as soon as possible.

APPENDIX I ESG KPIS

Indicators	Unit	2025
Revenue	RMB10,000	16,442
Emissions		
Total amount of non-hazardous waste	Ton	2.70
Total amount of hazardous waste	Ton	3.72
Non-hazardous waste generation per unit of revenue	Ton/RMB10,000	0.0002
Hazardous waste generation per unit of revenue	Ton/RMB10,000	0.0002
Greenhouse Gas Emissions		
Scope 1 GHG Emissions ¹	tCO ₂ e	0
Scope 2 GHG Emissions (Location-based) ²	tCO ₂ e	600.28
Scope 3 GHG Emissions ³	tCO ₂ e	1,254.37
Total GHG Emissions (Scope 1 and Scope 2)	tCO ₂ e	600.28
Greenhouse gas emissions per unit of revenue	tCO ₂ e/RMB10,000	0.04
Energy Use		
Direct energy consumption	MWh	0
Indirect energy consumption	MWh	1,131.32
Total energy consumption ⁴	MWh	1,131.32
Energy consumption per unit of revenue	MWh/RMB10,000	0.07
Water Usage		
Water consumption in total	Ton	2,231.00
Water consumption per unit of revenue	Ton/RMB10,000	0.14

- 1 Our business operations do not involve direct energy consumption; therefore, our Scope 1 greenhouse gas emissions are zero.
- 2 Our Scope 2 greenhouse gas emissions are indirect emissions generated from purchased electricity. The greenhouse gas emission factor for purchased electricity is calculated based on the "Announcement on the Publication of 2023 Electricity Carbon Dioxide Emission Factors" issued by the Ministry of Ecology and Environment.
- 3 In accordance with the *GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*, we collected and accounted for greenhouse gas emission data for Scope 3 Category 1 (Purchased Goods and Services). This category typically constitutes a significant portion of Scope 3 emissions within our industry. Moving forward, we will progressively expand the data collection, accounting boundaries, and disclosure scope for Scope 3 emissions.
- 4 Due to the nature of our business, our primary energy consumption consists of indirect energy from purchased electricity.

Indicators		Unit	2025
Packaging material usage			
Total packaging material usage		Ton	3.10
Packaging material usage per unit of revenue		Ton/RMB10,000	0.0002
Supplier management			
Number of suppliers		Number	95
By geographical region	Chinese Mainland	Number	94
	Other Regions	Number	1
Product Responsibility			
Products Recall Rate for Safety and Health Reasons		%	0
Total number of customer complaints received		Case	0
Employee Recruitment			
By employment type	Full-time employees	Person	166
	Part-time employees	Person	4
By gender	Male	Person	110
	Female	Person	56
By age	Below 30	Person	49
	31-50	Person	116
	Above 50	Person	1
By geographical region	Chinese Mainland	Person	166
	Other Regions	Person	0
Total employee turnover rate ⁵		%	39.21
By gender	Male	%	43.96
	Female	%	30.63
By age	Below 30	%	39.96
	31-50	%	39.28
	Above 50	%	0

⁵ Employee turnover rate=(Number of departed full-time employees during the reporting year/Average number of full-time employees at the beginning and end of the reporting period)*100% °

Indicators		Unit	2025
By geographical region	Chinese Mainland	%	39.35
	Other Regions	%	0
Employee Training			
Percentage of employees accepting training to total employees		%	100
By gender	Male	%	66.27
	Female	%	33.73
By employee category	Senior management	%	2.41
	Middle management	%	13.25
	Primary employees	%	84.34
Average training hours completed per employee		Hour/Person	12
By gender	Male	Hour/Person	12
	Female	Hour/Person	12
By employee category	Senior management	Hour/Person	30
	Middle management	Hour/Person	19
	Primary employees	Hour/Person	10
Health and Safety			
Number and rate of work-related fatalities	2023	Person	0
		%	0
	2024	Person	0
		%	0
	2025	Person	0
		%	0
Lost days due to work injury		day	0
Anti-corruption			
Number of concluded legal cases regarding corrupt practices		Case	0
Community Investment			
Investment in public welfare and charity		RMB	911,200

APPENDIX II INDEX TABLE OF THE ESG REPORTING CODE

Part C: The “Comply or Explain” Provisions

ESG Subject Areas, aspects, general disclosure and key performance indicators (KPI)			Section
Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non – hazardous waste.	3.1 Environmental Management
	A1.1	The types of emissions and respective emissions data.	Our core business is the development of medical imaging products and services, and our operational scenarios do not involve the discharge of wastewater or exhaust gases; based on the principle of materiality, these are not statistically measured or disclosed.
	A1.2	[Repealed January 1, 2025]	/
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I ESG KPIs
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I ESG KPIs
	A1.5	Description of emission target(s) set, and steps taken to achieve them.	3.1 Environmental Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.1 Environmental Management

ESG Subject Areas, aspects, general disclosure and key performance indicators (KPI)			Section
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.1 Environmental Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix I ESG KPIs
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I ESG KPIs
	A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	3.2 Addressing Climate Change
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	3.1 Environmental Management
	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Appendix I ESG KPIs
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	3.1 Environmental Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Environmental Management
A4: Climate Change	[Repealed 1 January 2025]		/
	A4.1	[Repealed 1 January 2025]	/
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Employee Rights 4.2 Talent Development
	B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Appendix I ESG KPIs
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I ESG KPIs

ESG Subject Areas, aspects, general disclosure and key performance indicators (KPI)			Section
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I ESG KPIs
	B2.2	Lost days due to work injury.	Appendix I ESG KPIs
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3 Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2 Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I ESG KPIs
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I ESG KPIs
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of child or forced labour.	4.1 Employee Rights
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Employee Rights
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employee Rights

ESG Subject Areas, aspects, general disclosure and key performance indicators (KPI)			Section
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1 Responsible Procurement
	B5.1	Number of suppliers by geographical region.	Appendix I ESG KPIs
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.1 Responsible Procurement
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Responsible Procurement
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Responsible Procurement
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters of products and services provided and methods of redress.	2.2 Information and Privacy Security
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix I ESG KPIs
	B6.2	Number of products and service related complaints received and how they are dealt with.	Appendix I ESG KPIs
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.4 Intellectual Property
	B6.4	Description of quality assurance process and recall procedures.	2.1 Products and Services
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.2 Information and Privacy Security

ESG Subject Areas, aspects, general disclosure and key performance indicators (KPI)			Section
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.2 Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Appendix I ESG KPIs
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.2 Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	1.2 Business Ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.3 Public Welfare and Charity
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture and sport).	5.3 Public Welfare and Charity
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5.3 Public Welfare and Charity Appendix I ESG KPIs

Part D: Climate-related Disclosures

Climate-related Disclosures ⁶		Chapter
(I) Governance	1. An issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate related risks and opportunities.	3.2 Addressing climate change - Governance
	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	3.2 Addressing climate change - Governance
(II) Strategy	Climate-related risks and opportunities 2. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	3.2 Addressing climate change – Strategy
	Business model and value chain 3. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	3.2 Addressing climate change – Strategy
	Strategy and decision-making 4. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.	3.2 Addressing climate change – Strategy
	(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 4(a).	3.2 Addressing climate change – Strategy
	5. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 4(a).	3.2 Addressing climate change – Metrics and Targets

⁶ Going forward, we will continue to align with Appendix C2 of the SEHK ESG Reporting Code Part D: Climate-related Disclosures, refining its climate change management mechanism, optimizing internal controls, and enhancing climate-related disclosures.

Climate-related Disclosures ⁶	Chapter
<p>Financial position, financial performance and cash flows</p> <p>6. Current financial effect</p> <p>7. Anticipated financial effect</p>	<p>In the current and foreseeable periods, climate-related risks and opportunities have not had a material impact on the financial position, financial performance and cash flows, and the associated measurement uncertainty remains high. Accordingly, no specific disclosures are provided in this Reporting Period.</p>
<p>Climate resilience</p> <p>8. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) the issuer's assessment of its climate resilience as at the reporting date.</p> <p>(b) How and when the climate-related scenario analysis was carried out.</p>	<p>We will progressively enhance the work related to climate scenario analysis, considering regulatory requirements and actual operational conditions.</p>
<p>(III) Risk Management</p> <p>9. An issuer shall disclose information about:</p> <p>(a) An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.</p> <p>(b) whether and how the issuer has changed the processes it uses compared with the previous reporting period; the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	<p>3.2 Addressing climate change - Risk Management</p>
	<p>3.2 Addressing climate change - Risk Management</p>
	<p>3.2 Addressing climate change - Risk Management</p>

Climate-related Disclosures ⁶	Chapter	
(IV)Metrics and Targets	<p>Greenhouse gas emissions</p> <p>10. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:</p>	Appendix I ESG KPIs
	(a) Scope 1 greenhouse gas emissions;	Appendix I ESG KPIs
	(b) Scope 2 greenhouse gas emissions; and	Appendix I ESG KPIs
	(c) Scope 3 greenhouse gas emissions.	Appendix I ESG KPIs
	<p>11. An issuer shall:</p> <p>(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;</p>	Appendix I ESG KPIs
	(b) disclose the approach it uses to measure its greenhouse gas emissions.	Appendix I ESG KPIs
	(c) For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 10(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	Appendix I ESG KPIs
	(d) For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 10(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Appendix I ESG KPIs
	<p>Climate-related transition risks</p> <p>12. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	Climate change does not have a material financial impact on our business operations or asset value in the current and foreseeable periods. Accordingly, no specific disclosures are provided in this Reporting Period.

Climate-related Disclosures ⁶	Chapter
<p>Climate-related physical risks 13. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	
<p>Climate-related opportunities 14. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</p>	
<p>Capital deployment 15. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.</p>	
<p>Internal carbon prices 16. An issuer shall disclose: (a) An explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	<p>We will continue to monitor relevant policy developments and industry practices regarding internal carbon pricing mechanisms, and evaluate the feasibility of introducing such a mechanism when appropriate.</p>
<p>Remuneration 17. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 1(a).</p>	<p>We will closely monitor relevant policy trends and industry practices regarding the integration of climate-related performance indicators into remuneration policies, and assess the feasibility of linking climate targets with remuneration and incentive mechanisms accordingly.</p>



Climate-related Disclosures ⁶	Chapter
<p>Industry-based metrics</p> <p>18. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with disclosure topics described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.</p>	<p>Following careful assessment, the relevant industry indicators are currently of limited applicability to us. Accordingly, no specific disclosures are provided in this Reporting Period.</p>
<p>Climate-related targets</p> <p>19. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.</p>	<p>3.2 Addressing climate change – Metrics and Targets</p>
<p>20. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.</p>	<p>The targets and the methodology for setting such objectives have not been subject to third-party verification.</p>
<p>21. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer’s performance.</p>	<p>3.2 Addressing climate change – Metrics and Targets</p>
<p>22. For each greenhouse gas emissions target disclosed in accordance with paragraphs 19 to 21, an issuer shall disclose:</p>	
<p>(a) which greenhouse gases are covered by the target;</p>	
<p>(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;</p>	
<p>(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;</p>	
<p>(d) whether the target was derived using a sectoral decarbonisation approach; and</p>	<p>No</p>

Climate-related Disclosures ⁶	Chapter
<p>(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.</p>	<p>No immediate plan</p>
<p>Applicability of cross-industry metrics and industry-based metrics 23. In preparing disclosures to meet the requirements in paragraphs 3 to 8 and 19 to 20, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 10 to 17) and (ii) industry-based metrics (see paragraph 18).</p>	<p>Following careful assessment, the relevant cross-industry and industry specific indicators are currently of limited applicability to us. Accordingly, no specific disclosures are provided in this Reporting Period.</p>

Independent auditor's report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of Hangzhou Diagens Biotechnology Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Hangzhou Diagens Biotechnology Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 111 to 175, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other 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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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 (“**HKSAs**”) as issued by the 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.



Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of trade receivables</i>	
<p>As at 31 December 2025, the net carrying value of the Group's trade receivables amounted to RMB52,666,000, after netting off an impairment provision of RMB10,344,000, which represented 24.4% of the Group's total assets.</p> <p>The impairment of trade receivables is assessed based on the expected credit loss model which requires significant judgements and estimates from the management. In assessing the expected credit losses of trade receivables, management considered various factors such as the ageing of the balance, past collection experience, existence of disputes, other available information concerning the creditworthiness of counterparties and forward-looking information.</p> <p>The Group's disclosures about the impairment of trade receivables are included in notes 2.4, 3 and 18 to the financial statements.</p>	<p>We evaluated the expected credit loss provision methodology used by the Group.</p> <p>We also evaluated management's assessment of the recoverability of trade receivables by reviewing the detailed analyses of the ageing of the receivables, payments received subsequent to year end and past collections, correspondences related to any disputes between the parties involved and information about the credit status of the counterparties, where available.</p> <p>We examined forward-looking adjustments by evaluating the influence of macroeconomic factors on the loss rates of the Group's customers.</p> <p>We involved our valuation specialist to review the expected credit loss provision matrix.</p> <p>We reviewed the disclosures included in the financial statements regarding the impairment assessment of trade receivables.</p>

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 HKFRS Accounting Standards as issued by the HKICPA 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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.



Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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.

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 Lai Chee Kong (practising certificate number: P06108).

Ernst & Young
Certified Public Accountants
Hong Kong

29 April 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	164,424	70,352
Cost of sales		(46,337)	(24,291)
Gross profit		118,087	46,061
Other income and gains	5	15,029	10,006
Selling and distribution expenses		(28,006)	(24,950)
Administrative expenses		(56,729)	(25,618)
Research and development costs		(104,347)	(25,519)
Impairment losses on financial assets, net		(9,573)	(2,067)
Other expenses		(1,042)	(17)
Finance costs	7	(580)	(21,190)
Share of profits and losses of an associate		25	(95)
LOSS BEFORE TAX	6	(67,136)	(43,389)
Income tax (expense)/credit	10	(1)	14
LOSS FOR THE YEAR		(67,137)	(43,375)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Financial assets at fair value through other comprehensive income:			
Changes in fair value		621	621
Income tax effect		(93)	(93)
		528	528
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		528	528
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(66,609)	(42,847)
Loss attributable to:			
Owners of the parent		(67,137)	(43,375)
Total comprehensive loss attributable to:			
Owners of the parent		(66,609)	(42,847)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	12	(0.84)	(0.55)

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	23,718	28,065
Right-of-use assets	14(a)	5,597	9,179
Intangible assets	15	1,664	1,100
Investment in an associate	16	42,928	42,903
Contract assets	19	161	41
Prepayments, other receivables and other assets	20	375	1,752
Long-term receivable	21	5,181	7,106
Total non-current assets		79,624	90,146
CURRENT ASSETS			
Inventories	17	22,659	22,862
Trade receivables	18	52,666	32,121
Contract assets	19	358	276
Prepayments, other receivables and other assets	20	12,023	6,806
Financial assets at fair value through profit or loss	22	11,000	16,500
Financial assets at fair value through other comprehensive income	23	21,594	20,973
Pledged deposits	24	2,784	1,660
Time deposits	24	–	4,026
Cash and cash equivalents	24	12,870	17,104
Total current assets		135,954	122,328
CURRENT LIABILITIES			
Trade and bills payables	25	17,332	7,427
Other payables and accruals	26	24,500	11,237
Interest-bearing bank loans		–	10,000
Lease liabilities	14(b)	1,474	2,843
Provision	27	1,843	344
Tax payable		9	–
Total current liabilities		45,158	31,851
NET CURRENT ASSETS		90,796	90,477
TOTAL ASSETS LESS CURRENT LIABILITIES		170,420	180,623

Consolidated Statement of Financial Position (continued)

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)	4,447	6,281
Deferred tax liabilities	28	245	160
Total non-current liabilities		4,692	6,441
Net assets		165,728	174,182
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital/share capital	29	80,880	20,882
Reserves	30	84,848	153,300
Total equity		165,728	174,182

Dr. SONG Ning
Director

Mr. WENG Chih-Hsin
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Paid-in capital RMB'000 (note 29)	Capital reserve* RMB'000 (note 30)	Share-based payment reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Accumulated losses* RMB'000	Total equity/ (deficit) RMB'000
At 1 January 2024	20,882	57,822	64,079	299	(228,700)	(85,618)
Loss for the year	-	-	-	-	(43,375)	(43,375)
Other comprehensive income for the year:						
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	528	-	528
Total comprehensive loss for the year	-	-	-	528	(43,375)	(42,847)
Termination of redemption liabilities on owners' capital	-	302,546	-	-	-	302,546
Share-based payment arrangements (note 31)	-	-	101	-	-	101
At 31 December 2024	20,882	360,368	64,180	827	(272,075)	174,182

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2025

	Share capital RMB'000 (note 29)	Paid-in capital RMB'000 (note 29)	Capital reserve* RMB'000 (note 30)	Share-based payment reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2025	-	20,882	360,368	64,180	827	(272,075)	174,182
Loss for the year	-	-	-	-	-	(67,137)	(67,137)
Other comprehensive income for the year:							
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	528	-	528
Total comprehensive loss for the year	-	-	-	-	528	(67,137)	(66,609)
Conversion into a joint stock company	20,882	(20,882)	(140,535)	-	-	140,535	-
Capital contribution from shareholders	501	-	59,499	-	-	-	60,000
Share issue expenses	-	-	(1,900)	-	-	-	(1,900)
Capitalisation of capital reserve	59,497	-	(59,497)	-	-	-	-
Share-based payment arrangements (note 31)	-	-	-	55	-	-	55
At 31 December 2025	80,880	-	217,935	64,235	1,355	(198,677)	165,728

* These reserve accounts comprise the consolidated reserves of RMB84,848,000 (2024: RMB153,300,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(67,136)	(43,389)
Adjustments for:			
Finance costs	7	580	21,190
Share of profits and losses of an associate		(25)	95
Bank interest income		–	(100)
Government grants		–	(1,519)
Investment income from financial assets at fair value through profit or loss		(309)	(329)
Gain on disposal of items of property, plant and equipment, net		–	(175)
Gain on disposal of subsidiaries		(2,199)	–
Loss on termination of leases		25	–
Depreciation of property, plant and equipment	13	8,083	10,350
Depreciation of right-of-use assets	14(a)	2,294	2,752
Amortisation of intangible assets	15	646	525
Impairment losses on financial assets, net		9,573	2,067
Share-based payment expense	31	55	101
		(48,413)	(8,432)
(Increase)/decrease in inventories		(510)	4,198
Increase in trade receivables		(28,317)	(27,889)
Increase in contract assets		(202)	(201)
(Increase)/decrease in prepayments, other receivables and other assets		(7,500)	2,836
Decrease in long-term receivable		2,602	2,512
Increase in pledged deposits		(1,124)	(1,475)
Increase in trade and bills payables		15,080	4,186
Increase/(decrease) in other payables and accruals		16,348	(5,531)
Increase in provision		1,499	50
Cash used in operations		(50,537)	(29,746)
Income tax paid		–	(31)
Net cash flows used in operating activities		(50,537)	(29,777)

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash flows used in operating activities		(50,537)	(29,777)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(7,466)	(24,198)
Purchases of intangible assets		(158)	(1,052)
Proceeds from disposal of items of property, plant and equipment		–	244
Disposal of subsidiaries	32	(110)	–
Receipts of government grants for property, plant and equipment		–	18,250
Purchases of financial assets at fair value through profit or loss		(28,000)	(16,500)
Proceeds from disposal of financial assets at fair value through profit or loss		33,809	40,320
Receipt of repayment from a third party		–	2,754
Placement of time deposits		–	(4,026)
Withdrawal of time deposits		4,026	3,865
Net cash flows from investing activities		2,101	19,657
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		–	10,000
Repayment of bank loans		(10,000)	–
Capital contribution from shareholders		60,000	–
Share issue expenses		(1,900)	–
Payment for deferred listing expenses		(1,522)	–
Principal portion of lease payments		(1,830)	(2,725)
Interest paid		(546)	(470)
Net cash flows from financing activities		44,202	6,805
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		17,104	20,419
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	15,654	18,764
Pledged deposits for bills payable	24	(2,784)	(1,475)
Pledged deposits for letters of guarantee	24	–	(185)
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		12,870	17,104

Notes to Financial Statements

31 December 2025

1. CORPORATE INFORMATION

Hangzhou Diagens Biotechnology Co., Ltd. (the “**Company**”) is a joint stock company with limited liability incorporated in the People’s Republic of China (“**PRC**”). The registered office of the Company is located at Room 101, Building 1, No. 609 Hongfeng Road, Donghu Sub-district, Linping District, Hangzhou, Zhejiang, PRC.

During the year, the Company and its subsidiaries were involved in the development and commercialisation of medical imaging artificial intelligence technologies and medical imaging equipment.

In the opinion of the directors, the Company does not have an immediate holding company or an ultimate holding company. Dr. Song Ning, Hangzhou Diagens Nuohui Investment Management Partnership Enterprise (Limited Partnership), Hangzhou Diagens Nuoda Technology Management Partnership Enterprise (Limited Partnership), Hangzhou Deqian Technology Management Partnership Enterprise (Limited Partnership) and Hangzhou Diagens Nuoxin Investment Management Partnership Enterprise (Limited Partnership) are regarded as a group of controlling shareholders of the Company as defined in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

Information about subsidiaries

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

Name	Place of registration and business	Issued ordinary/registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Devon Biotechnology Co., Ltd.* (“ Hangzhou Devon ”)	PRC/ Chinese mainland	RMB500,000	100	–	Commercialisation of medical imaging equipment
Diagens Hongyuan (Tianjin) Biotechnology Co., Ltd.* (“ Diagens Hongyuan ”)	PRC/ Chinese mainland	RMB5,000,000	100	–	Technology research and development and promotion

* These entities are limited liability enterprises 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.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products and certain of the Group’s time deposits which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries 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).

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 and any non-controlling interest; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 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 HKAS 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 and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

³ No mandatory effective date yet determined but available for adoption

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

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 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 the 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 HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS 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 HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 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 HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 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.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 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 HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 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.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 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 HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 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

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of the associate is included in consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are 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 the reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Machinery and equipment	10% to 32%
Office equipment	19% to 32%
Motor vehicles	24%
Leasehold improvements	16% to 75%

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.

Intangible assets

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

Patents

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (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. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises and workshops	3 to 6 years
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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.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(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 presented separately in the consolidated statement of financial position.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of equipment, apartments and parking lots (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 are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on an output basis and is included in revenue 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.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.

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 and contract assets 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.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are 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 bills payables, other payables and accruals and interest-bearing bank loans.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, and form an integral part of the Group's cash management.

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 products 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 reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are 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 and an associate, 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 and an associate, 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.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of the 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 the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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 HKFRS 15.

(a) Sale of medical imaging software and medical devices

Revenue from the sale of medical imaging software and medical devices is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the products.

(b) Technology licensing

The Group grants licences for medical imaging AI foundation models to customers. Revenue is recognised at the point in time when the customer can first use and benefit from the licence.

(c) Analysis and consulting services

Revenue from analysis and consulting services is recognised at the point in time when the service is provided and accepted by the customer.

(d) Others

Others mainly include revenue from the sale of reagents and consumables and maintenance services. Revenue is recognised at the point in time when control of the goods or services is transferred to the customers.

Revenue from other sources

Rental income is recognised based on the quantity of rental devices' outputs. 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.

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.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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 (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Company operates a share award 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 an equity allocation model, further details of which are given in note 31 to the financial statements.

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.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in central pension schemes operated by the local municipal governments. The subsidiaries operating in the Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

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:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profits will be available against which the losses and temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are disclosed in note 29 to the financial statements.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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.

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). 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).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate (continued)

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the ageing periods of customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical expected default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as the debtors and the economic environment. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical credit loss rates are adjusted. At each reporting date, the historical credit loss rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical credit loss rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. Further details are contained in note 18 to the financial statements.

Impairment of non-financial assets

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. 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.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and products 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, the Group operated within one geographical segment because all of the Group's revenue was generated from customers located in the Chinese mainland. All of the non-current assets of the Group were located in the Chinese mainland.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2025 RMB'000	2024 RMB'000
Customer A	17,547	N/A*
Customer B	N/A*	10,030
Customer C	N/A*	9,509

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>	164,156	69,319
<i>Revenue from other sources</i>		
Rental income from device operating leases	268	1,033
Total	164,424	70,352

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sale of medical imaging software and medical devices	72,762	40,838
Technology licensing	84,344	19,539
Analysis and consulting services	4,102	7,291
Others	2,948	1,651
Total	164,156	69,319
Geographical market		
Chinese mainland	164,156	69,319
Timing of revenue recognition		
Transferred at a point in time	164,156	69,319

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of medical imaging software and medical devices	452	3,702

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

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

Sale of medical imaging software and medical devices

The performance obligation is satisfied upon acceptance of the products and payment is generally due within six months.

Technology licensing

The performance obligation is satisfied when the customer can first use and benefit from the licence and payment is generally due within twelve months or upon the effective date of the licence.

Analysis and consulting services

The performance obligation is satisfied when the service is provided and accepted by the customer and payment is generally due within one to three months.

Others

The performance obligation is satisfied when the goods or services are accepted by the customers and payment is generally due within six months.

All the contracts that are partially or fully unsatisfied are for periods of one year or less. As the Group applies the practical expedient in HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2025 RMB'000	2024 RMB'000
Other income		
Government grants*	11,667	8,500
Bank interest income	167	318
Investment income from financial assets at fair value through profit or loss	309	329
Interest income from a long-term receivable	356	447
Others	293	179
Total other income	12,792	9,773
Gains		
Gain on disposal of items of property, plant and equipment, net	–	175
Foreign exchange gain, net	38	58
Gain on disposal of subsidiaries	2,199	–
Total gains	2,237	233
Total other income and gains	15,029	10,006

* The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenditure incurred for research and development activities, leases and leasehold improvements, and awards for operational performance.

6. LOSS BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		32,325	19,033
Cost of services provided		14,012	5,258
Depreciation of property, plant and equipment	13	8,083	10,350
Depreciation of right-of-use assets	14(a)	2,294	2,752
Amortisation of intangible assets*	15	646	525
Research and development costs		104,347	25,519
Lease payments not included in the measurement of lease liabilities	14(c)	238	135
Auditor's remuneration		239	38
Listing expenses		24,815	–
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages, salaries and bonuses		43,702	35,359
Share-based payment expense		55	101
Pension scheme contributions**		1,482	1,449
Staff welfare expenses		5,217	2,992
Total		50,456	39,901
Impairment of trade receivables, net	18	7,417	1,841
Impairment of financial assets included in prepayments, other receivables and other assets, net		2,833	(20)
Impairment of long-term receivable, net	21	(677)	246
Product warranty provision:	27		
Additional provision		1,952	1,381
Government grants		(11,667)	(8,500)
Bank interest income		(167)	(318)
Investment income from financial assets at fair value through profit or loss		(309)	(329)
Interest income from a long-term receivable		(356)	(447)
Gain on disposal of items of property, plant and equipment, net		–	(175)
Gain on disposal of subsidiaries		(2,199)	–
Loss on termination of leases		25	–
Foreign exchange differences, net		(38)	(58)

* The amortisation of intangible assets is included in "Research and development costs" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank loans	181	65
Interest on lease liabilities (note 14(b))	399	405
Interest on redemption liabilities on owners' capital	–	20,720
Total	580	21,190

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year is as follows:

	2025 RMB'000	2024 RMB'000
Fees	–	–
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	2,846	1,474
Pension scheme contributions	16	8
Subtotal	2,862	1,482
Total	2,862	1,482

(a) Independent non-executive directors

Mr. CHA Yang, Ms. ZHANG Jing and Mr. WANG Kaifeng were appointed as independent non-executive directors of the Company on 30 March 2026.

There were no fees and other emoluments payable to the independent non-executive directors during the year.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive

	Salaries, bonuses, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2025			
Executive directors:			
Dr. SONG Ning	2,046	9	2,055
Mr. WENG Chih-Hsin	539	7	546
Total	2,585	16	2,601
Non-executive directors:			
Dr. XU Chen	261	–	261
Dr. WU Lingqian	–	–	–
Mr. YANG Zehao	–	–	–
Total	2,846	16	2,862
2024			
Executive director:			
Dr. SONG Ning	1,198	8	1,206
Non-executive director:			
Dr. XU Chen	276	–	276
Total	1,474	8	1,482

Dr. SONG Ning acts as the chief executive of the Company.

Mr. WENG Chih-Hsin was appointed as an executive director of the Company on 25 April 2025. Dr. WU Lingqian and Mr. YANG Zehao were appointed as non-executive directors of the Company on 25 April 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2024: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four (2024: four) highest paid employees who are not a director of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	4,098	2,440
Share-based payment expense	4	7
Pension scheme contributions	57	44
Total	4,159	2,491

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

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	–
Total	4	4

During the year, shares were granted to certain non-director highest paid employees, in respect of their services to the Group, further details of which are set out in note 31 to the financial statements. The fair value of such shares, which has been recognised in 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 non-director highest paid employees' remuneration disclosures.

10. INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, preferential tax treatment is available to the Company since it was recognised as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% (2024: 15%) during the year.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the Company's subsidiaries, Hangzhou Devon and Diagens Hongyuan, were qualified as small and micro enterprises during the year and were entitled to a preferential income tax rate of 5% (2024: 5%) for the first RMB3,000,000 (2024: RMB3,000,000) of assessable profits. Other subsidiaries that operate in the Chinese mainland are subject to tax at the statutory rate of 25% (2024: 25%) on the taxable profits.

	2025 RMB'000	2024 RMB'000
Current – Charge for the year	9	–
Deferred tax (note 28)	(8)	(14)
Total tax charge/(credit) for the year	1	(14)

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate to the tax expense/(credit) at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(67,136)	(43,389)
Tax at the statutory tax rate of 25% in the Chinese mainland	(16,784)	(10,847)
Preferential tax rates enacted by local authority	6,718	3,879
Additional deductible allowance for research and development costs	(2,968)	(2,618)
Expenses not deductible for tax	300	3,339
Tax losses not recognised	13,650	3,625
Temporary differences not recognised	(915)	2,608
Tax expense/(credit) at the Group's effective rate	1	(14)

11. DIVIDENDS

No dividend has been declared or paid by the Company during the year (2024: Nil).

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

In May 2025, the Company was converted into a joint stock limited liability company and a total of 20,882,226 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 in the name of the then shareholders. The conversion to ordinary shares with a par value of RMB1.00 each was applied retrospectively for the year ended 31 December 2024 for the purpose of computation of basic loss per share.

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 80,017,880 (2024: 78,984,373) outstanding during the year, assuming the capitalisation of capital reserve had been completed on 1 January 2024, as further detailed in note 29 to the financial statements.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2025.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2024 in respect of a dilution as the impact of the redemption liabilities on owners' capital outstanding had an anti-dilutive effect on the basic loss per share amount presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2025					
At 1 January 2025:					
Cost	26,880	4,422	488	16,012	47,802
Accumulated depreciation	(10,212)	(2,281)	(464)	(6,780)	(19,737)
Net carrying amount	16,668	2,141	24	9,232	28,065
At 1 January 2025, net of accumulated depreciation	16,668	2,141	24	9,232	28,065
Additions	3,970	160	826	2,427	7,383
Disposal of subsidiaries	(3,330)	(58)	–	(259)	(3,647)
Depreciation provided during the year (note 6)	(3,834)	(803)	(16)	(3,430)	(8,083)
At 31 December 2025, net of accumulated depreciation	13,474	1,440	834	7,970	23,718
At 31 December 2025:					
Cost	24,605	4,392	1,314	9,678	39,989
Accumulated depreciation	(11,131)	(2,952)	(480)	(1,708)	(16,271)
Net carrying amount	13,474	1,440	834	7,970	23,718

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Machinery and equipment RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	18,704	3,831	1,809	16,762	41,106
Accumulated depreciation	(6,469)	(1,462)	(1,718)	(995)	(10,644)
Net carrying amount	12,235	2,369	91	15,767	30,462
At 1 January 2024, net of accumulated depreciation					
	12,235	2,369	91	15,767	30,462
Additions	8,181	591	–	15,981	24,753
Disposals	(2)	–	(67)	–	(69)
Government grants deduction	–	–	–	(16,731)	(16,731)
Depreciation provided during the year (note 6)	(3,746)	(819)	–	(5,785)	(10,350)
At 31 December 2024, net of accumulated depreciation	16,668	2,141	24	9,232	28,065
At 31 December 2024:					
Cost	26,880	4,422	488	16,012	47,802
Accumulated depreciation	(10,212)	(2,281)	(464)	(6,780)	(19,737)
Net carrying amount	16,668	2,141	24	9,232	28,065

14. LEASES

The Group as a lessee

The Group has lease contracts for office premises and workshops used in its operations. Leases of office premises and workshops have lease terms between 3 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises and workshops RMB'000
As at 1 January 2024	4,580
Additions	3,381
Depreciation charge (note 6)	(2,752)
Reassessment as a result of lease modifications	3,970
As at 31 December 2024 and 1 January 2025	9,179
Additions	3,568
Depreciation charge (note 6)	(2,294)
Disposal of subsidiaries	(981)
Reduction as a result of termination of leases	(3,875)
As at 31 December 2025	5,597

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 RMB'000	2024 RMB'000
Carrying amount at 1 January	9,124	4,498
New leases	3,568	3,381
Accretion of interest recognised during the year (note 7)	399	405
Reduction as a result of termination of leases	(3,850)	–
Reassessment as a result of lease modifications	–	3,970
Payments	(2,195)	(3,130)
Disposal of subsidiaries	(1,125)	–
Carrying amount at 31 December	5,921	9,124
Analysed into:		
Current portion	1,474	2,843
Non-current portion	4,447	6,281

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	399	405
Depreciation charge of right-of-use assets	2,294	2,752
Gain on termination of leases	(25)	–
Expense relating to short-term leases (included in administrative expenses)	238	135
Total amount recognised in profit or loss	2,906	3,292

(d) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

15. INTANGIBLE ASSETS

	Patents RMB'000	Software RMB'000	Total RMB'000
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	1,100	–	1,100
Additions	–	1,210	1,210
Amortisation provided during the year (note 6)	(525)	(121)	(646)
At 31 December 2025, net of accumulated amortisation	575	1,089	1,664
At 31 December 2025:			
Cost	5,250	1,210	6,460
Accumulated amortisation	(4,675)	(121)	(4,796)
Net carrying amount	575	1,089	1,664
			Patents RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation			1,625
Amortisation provided during the year (note 6)			(525)
At 31 December 2024, net of accumulated amortisation			1,100
At 31 December 2024:			
Cost			5,250
Accumulated amortisation			(4,150)
Net carrying amount			1,100

16. INVESTMENT IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Share of net assets	42,928	42,903

Particulars of the associate are as follows:

Name	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Qingdao Yunshen Enterprise Management Partnership (Limited Partnership) ("Qingdao Yunshen")	PRC/ Chinese mainland	19.54	Investment

The above investment is directly held by the Company.

Qingdao Yunshen is accounted for as an associate considering that the Company has significant influence over Qingdao Yunshen which includes the power to participate in the financial and operating policy decisions, such as participation in decisions about distributions and investment projects.

The following table illustrates the financial information of the associate that is not material:

	2025 RMB'000	2024 RMB'000
Share of the associate's profit/(loss) for the year	25	(95)
Share of the associate's total comprehensive income/(loss)	25	(95)
Aggregate carrying amount of the investment in the associate	42,928	42,903

17. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	8,093	9,289
Work in progress	2,412	546
Finished goods	12,154	13,027
Total	22,659	22,862

18. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	63,010	36,341
Impairment	(10,344)	(4,220)
Net carrying amount	52,666	32,121

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to twelve months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2025 RMB'000	2024 RMB'000
Within 3 months	48,192	30,872
3 to 6 months	4,045	785
6 to 12 months	314	452
1 to 2 years	115	12
Total	52,666	32,121

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

	2025 RMB'000	2024 RMB'000
At beginning of year	4,220	2,379
Impairment losses, net (note 6)	7,417	1,841
Amount written off as uncollectible	(1,257)	–
Disposal of subsidiaries	(36)	–
At end of year	10,344	4,220

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing period for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

18. TRADE RECEIVABLES (continued)

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 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	4.59%	16.79%	67.86%	94.69%	100.00%	16.42%
Gross carrying amount (RMB'000)	50,512	4,861	977	2,164	4,496	63,010
Expected credit losses (RMB'000)	2,320	816	663	2,049	4,496	10,344

As at 31 December 2024

	Within 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	4.20%	24.88%	54.89%	85.37%	100.00%	11.61%
Gross carrying amount (RMB'000)	32,224	1,045	1,002	82	1,988	36,341
Expected credit losses (RMB'000)	1,352	260	550	70	1,988	4,220

19. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets arising from:		
Sale of medical imaging software and medical devices	519	317

Contract assets represent retention receivables in relation to the sale of medical imaging software and medical devices. Upon expiration of the warranty, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets was the result of the increase in the ongoing sale of medical imaging software and medical devices at the end of each of the years.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	358	276
After one year	161	41
Total contract assets	519	317

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on ageing of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. As at the end of each of the years, the loss allowance was assessed to be minimal.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Non-current:		
Deposits and other receivables	3,115	692
Prepayments for property, plant and equipment and intangible assets	96	1,065
	3,211	1,757
Impairment allowance	(2,836)	(5)
Total	375	1,752
Current:		
Other receivables	591	119
Prepayments	7,583	2,596
Prepaid expenses	812	349
Deductible input value-added tax	897	3,712
Deferred listing expenses	2,143	–
Prepaid income tax	–	31
	12,026	6,807
Impairment allowance	(3)	(1)
Total	12,023	6,806

For the financial assets included in the above balances, an impairment analysis is performed at each reporting date by considering the probability of default. As at 31 December 2025, the probability of default applied ranged from 1.33% to 1.50% (2024: 1.33% to 1.50%) and the loss given default was estimated to be 40.00% (2024: 40.00%). As at 31 December 2025, for certain financial assets whose credit exposures have significantly increased, the expected credit losses are estimated by applying a loss rate approach with reference to the historical credit loss of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

Included in the Group's prepayments, other receivables and other assets were other receivables from related parties of RMB226,000 (2024: RMB108,000) (note 35(b)).

21. LONG-TERM RECEIVABLE

	2025 RMB'000	2024 RMB'000
Long-term receivable	5,462	8,064
Impairment	(281)	(958)
Net carrying amount	5,181	7,106

The long-term receivable represents an amount receivable in relation to the sale of medical imaging software and medical devices. A contract between the Group and a customer contains a financing component which provides the customer with a significant benefit of financing the transfer of goods 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.

The movements in the loss allowance for impairment of the long-term receivable are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	958	712
Impairment losses, net (note 6)	(677)	246
At end of year	281	958

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the long-term receivable are based on those of the trade receivables as the long-term receivable and the trade receivables are from the same customer bases. The provision rates of the long-term receivable are based on ageing of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at each reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's long-term receivable using a provision matrix:

	2025	2024
Expected credit loss rate	5.14%	11.88%
Gross carrying amount (RMB'000)	5,462	8,064
Expected credit losses (RMB'000)	281	958

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Unlisted investments, at fair value	11,000	16,500

The unlisted investments were wealth management products issued by banks in the Chinese mainland, with a maturity period of three months or less. The fair values of the financial assets approximate to their costs plus expected interest. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income were time deposits that were held under the “hold to collect and sell” business model. The fair value of the financial assets approximates to their cost plus expected interest.

24. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND TIME DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	15,654	18,764
Time deposits	21,594	24,999
Subtotal	37,248	43,763
Less:		
Pledged deposits for bills payable	(2,784)	(1,475)
Pledged deposits for letters of guarantee	-	(185)
Time deposits	(21,594)	(24,999)
Cash and cash equivalents	12,870	17,104
Denominated in RMB	12,870	17,104

At the end of the reporting period, time deposits of RMB21,594,000 were denominated in RMB (2024: RMB20,973,000 were denominated in RMB and RMB4,026,000 were denominated in United States dollars).

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 floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and six months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	12,161	2,906
1 to 2 months	1,194	2,257
2 to 3 months	278	1,126
3 to 6 months	1,032	300
Over 6 months	2,667	838
Total	17,332	7,427

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

As at 31 December 2025, the Group's bills payable were secured by certain of the Group's deposits amounting to RMB2,784,000 (2024: RMB1,475,000) (note 24).

26. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Payroll payable		9,570	5,844
Contract liabilities	(a)	567	990
Refund liabilities		430	324
Other payables	(b)	5,917	3,428
Accrued listing expenses		6,826	—
Taxes payable other than corporate income tax		1,190	651
Total		24,500	11,237

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
<i>Short-term advances received from customers</i>			
Sale of medical imaging software and medical devices	567	990	3,702

Contract liabilities include short-term advances received to deliver products. The decrease in contract liabilities in 2025 and 2024 were mainly due to the decrease in short-term advances received from customers in relation to the sale of medical imaging software and medical devices.

(b) Other payables are non-interest-bearing and repayable on demand.

27. PROVISION

	Warranties
At 1 January 2025	344
Additional provision	1,952
Amounts utilised during the year	(453)
At 31 December 2025	1,843

The Group provides one-year to eight-year warranties to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

28. DEFERRED TAX

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

Deferred tax liabilities

	Fair value adjustments arising from financial assets at fair value through profit or loss and other comprehensive income RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	81	414	495
Deferred tax charged to other comprehensive income during the year	93	–	93
Deferred tax charged/(credited) to profit or loss during the year (note 10)	(28)	778	750
At 31 December 2024 and 1 January 2025	146	1,192	1,338
Deferred tax charged to other comprehensive income during the year	93	–	93
Deferred tax credited to profit or loss during the year (note 10)	–	(352)	(352)
At 31 December 2025	239	840	1,079

28. DEFERRED TAX (continued)

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

Deferred tax assets

	Lease liabilities RMB'000
At 1 January 2024	414
Deferred tax credited to profit or loss during the year (note 10)	764
At 31 December 2024 and 1 January 2025	1,178
Deferred tax charged to profit or loss during the year (note 10)	(344)
At 31 December 2025	834

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated 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 liabilities recognised in the consolidated statement of financial position	245	160

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	337,810	186,910
Deductible temporary differences	18,908	25,682
	356,718	212,592

The above tax losses arising in the Chinese mainland will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items 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 above items can be utilised.

29. PAID-IN CAPITAL/SHARE CAPITAL

Paid-in capital

	RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	20,882
Conversion into a joint stock company (note (a))	(20,882)
At 31 December 2025	–

Share capital

	2025 RMB'000
Authorised:	
Ordinary shares with par value of RMB1.00 each	80,880
Issued and fully paid:	
Ordinary shares with par value of RMB1.00 each	80,880

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

	Number of ordinary shares	Share capital RMB'000
At 1 January 2025	–	–
Issue of ordinary shares upon conversion into a joint stock company (note (a))	20,882,226	20,882
Issue of ordinary shares (note (b))	501,174	501
Capitalisation of capital reserve (note (c))	59,496,600	59,497
At 31 December 2025	80,880,000	80,880

29. PAID-IN CAPITAL/SHARE CAPITAL (continued)

Share capital (continued)

Notes:

- (a) Pursuant to the shareholders' resolutions dated 25 April 2025 and the promoters' agreement dated the same day, the then existing shareholders of the Company agreed to convert the Company into a joint stock limited liability company (the "**Stock Conversion**") with the registered share capital of RMB20,882,226. Pursuant to the shareholders' resolutions and the promoters' agreement, the net asset value of the Company as of 28 February 2025 was RMB229,188,597, of which RMB20,882,226 was converted into 20,882,226 shares with a par value of RMB1.00 per share and the remaining amount was converted to capital reserve of the Company. The Stock Conversion was completed on 7 May 2025.
- (b) On 16 June 2025, the Company entered into a capital contribution agreement with shareholders, pursuant to which total capital of RMB60,000,000 was injected into the Company, with approximately RMB501,000 and RMB59,499,000 credited to the Company's share capital and capital reserve, respectively. The consideration was fully paid in cash in June 2025.
- (c) On 24 June 2025, the then shareholders of the Company resolved to increase the registered share capital of the Company from RMB21,383,400 to RMB80,880,000 by increasing the number of shares pro rata through the application of the capital reserve of the Company, without changing the par value of each share (the "**Capitalisation of Capital Reserve**"). Under the Capitalisation of Capital Reserve, RMB59,496,600 out of the capital reserve was applied to the registered share capital of the Company.

30. RESERVES

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

Capital reserve

The capital reserve represents the excess of capital contributions from the equity holders of the Company over the paid-in capital and the impacts on equity upon recognition and termination of redemption liabilities on owners' capital in the financial statements.

31. SHARE-BASED PAYMENTS

Share award scheme

The Company operates a share award scheme (the “**Scheme**”) to provide incentives and rewards to eligible employees (including senior management) who contribute to the success of the Group’s operations. The Group granted equity interests in the Company under the Scheme through Hangzhou Diagens Nuohui Investment Management Partnership Enterprise (Limited Partnership) (“**Diagens Nuohui**”).

On 4 February 2024, 0.18% of the then equity interest in the Company was granted to 21 selected employees of the Group for a consideration of RMB809,000 through Diagens Nuohui. The restricted period of the shares was 48 months, with 25% of the restricted shares vesting after 12 months, 24 months, 36 months and 48 months from the grant date, respectively.

The fair value of the equity interests granted was determined by the equity allocation model. The following table lists the inputs to the model used:

	2024
Expected volatility (%)	44.01
Risk-free interest rate (%)	2.17

The Group recognised a share-based payment expense of RMB55,000 during the year ended 31 December 2025 (2024: RMB101,000).

32. DISPOSAL OF SUBSIDIARIES

On 30 May 2025, the Company entered into a share purchase agreement with Yilian (Zhejiang) Internet Technology Co., Ltd. (“**Yilian Zhejiang**”), an independent third party, pursuant to which the Company agreed to transfer the 100% equity interests in Hangzhou Deyou Medical Laboratory Co., Ltd. (“**Hangzhou Deyou**”) and Chengdu Jinniuniu Haoweilai Internet Hospital Co., Ltd. (“**Chengdu Internet Hospital**”) to Yilian Zhejiang at a nominal consideration of RMB1 each.

Disposal of Hangzhou Deyou

	As at 30 May 2025 RMB’000
Net assets disposed of:	
Property, plant and equipment	5,015
Right-of-use assets	300
Inventories	702
Trade receivables	355
Prepayments, other receivables and other assets	1,345
Cash and cash equivalents	87
Trade payables	(5,175)
Other payables and accruals	(2,775)
Lease liabilities	(438)
Subtotal	(584)
Gain on disposal of a subsidiary*	2,153
Total consideration satisfied by cash	RMB1

* The gain includes the previous unrealised profits from inter-group transactions amounting to RMB1,569,000.

32. DISPOSAL OF SUBSIDIARIES (continued)

Disposal of Chengdu Internet Hospital

	As at 30 May 2025 RMB'000
Net assets disposed of:	
Property, plant and equipment	213
Right-of-use assets	681
Prepayments, other receivables and other assets	34
Cash and cash equivalents	23
Other payables and accruals	(310)
Lease liabilities	(687)
Subtotal	(46)
Gain on disposal of a subsidiary	46
Total consideration satisfied by cash	RMB1

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration	–
Cash and cash equivalents disposed of	(110)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	110

33. NOTES TO THE CONSOLIDATED STATEMENT 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 RMB3,568,000 (2024: RMB7,351,000) and RMB3,568,000 (2024: RMB7,351,000), respectively, in respect of lease arrangements for office premises and workshops.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

2025

	Interest-bearing bank loans RMB'000	Lease liabilities RMB'000
At 1 January 2025	10,000	9,124
Changes from financing cash flows	(10,181)	(2,195)
Interest expense	181	399
Disposal of subsidiaries	–	(1,125)
New leases	–	3,568
Reduction as a result of termination of leases	–	(3,850)
At 31 December 2025	–	5,921

2024

	Interest-bearing bank loans RMB'000	Lease liabilities RMB'000
At 1 January 2024	–	4,498
Changes from financing cash flows	9,935	(3,130)
Interest expense	65	405
New leases	–	3,381
Reassessment as a result of lease modifications	–	3,970
At 31 December 2024	10,000	9,124

(c) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	238	135
Within financing activities	2,195	3,130
Total	2,433	3,265

34. COMMITMENTS

At the end of the reporting period, the Group had contractual commitments for the purchases of machinery and equipment amounting to RMB4,518,000 (2024: RMB3,127,000).

35. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship with the Group
Dr. SONG Ning	Executive director
Hangzhou Deyi Property Management Co., Ltd. ("Deyi Property")	A company controlled by Dr. SONG Ning
Hangzhou Deshi Yunsheng Technology Co., Ltd. ("Deshi Yunsheng")	A company controlled by Dr. SONG Ning

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

	Note	2025 RMB'000	2024 RMB'000
Property management services from:			
Deyi Property	(i)	485	96

Note:

(i) The transaction prices were determined on terms mutually agreed between the parties with reference to fees for similar transactions in the market.

(b) Outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Other receivables:		
Deshi Yunsheng	226	108
Lease liabilities:		
Deshi Yunsheng	5,921	2,879

All of the balances except for lease liabilities are trade in nature, unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	5,364	3,342
Pension scheme contributions	54	44
Total compensation paid to key management personnel	5,418	3,386

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

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:

2025

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	-	-	-	52,666	52,666
Financial assets included in prepayments, other receivables and other assets	-	-	-	867	867
Long-term receivable	-	-	-	5,181	5,181
Financial assets at fair value through profit or loss	11,000	-	-	-	11,000
Financial assets at fair value through other comprehensive income	-	21,594	-	-	21,594
Pledged deposits	-	-	-	2,784	2,784
Cash and cash equivalents	-	-	-	12,870	12,870
Total	11,000	21,594	-	74,368	106,962

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	17,332
Financial liabilities included in other payables and accruals	12,743
Lease liabilities	5,921
Total	35,996

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)

2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	–	–	32,121	32,121
Financial assets included in prepayments, other receivables and other assets	–	–	805	805
Long-term receivable	–	–	7,106	7,106
Financial assets at fair value through profit or loss	16,500	–	–	16,500
Financial assets at fair value through other comprehensive income	–	20,973	–	20,973
Pledged deposits	–	–	1,660	1,660
Time deposits	–	–	4,026	4,026
Cash and cash equivalents	–	–	17,104	17,104
Total	16,500	20,973	62,822	100,295

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	7,427
Financial liabilities included in other payables and accruals	3,428
Interest-bearing bank loans	10,000
Lease liabilities	9,124
Total	29,979

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, financial assets included in prepayments, other receivables and other assets, trade receivables, trade and bills payables, interest-bearing bank loans, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the financial controller. At each reporting date, 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 controller. The valuation process and results are discussed with the directors periodically for financial reporting.

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 value of the non-current long-term receivable has 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 were assessed to be insignificant.

The Group invests in time deposits and unlisted investments, which represent wealth management products issued by banks in the Chinese mainland. The Group has estimated the fair values of these investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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 RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	11,000	–	11,000
Financial assets at fair value through other comprehensive income	–	21,594	–	21,594
Total	–	32,594	–	32,594

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Assets measured at fair value: (continued)

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	16,500	–	16,500
Financial assets at fair value through other comprehensive income	–	20,973	–	20,973
Total	–	37,473	–	37,473

The Group did not have any financial liabilities measured at fair value as at the end of the reporting period.

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 financial assets (2024: Nil).

Asset for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Long-term receivable	–	5,181	–	5,181

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Long-term receivable	–	7,106	–	7,106

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

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*	-	-	-	63,010	63,010
Contract assets*	-	-	-	519	519
Long-term receivable*	-	-	-	5,462	5,462
Financial assets included in prepayments, other receivables and other assets					
– Normal**	871	-	-	-	871
– Doubtful**	-	2,835	-	-	2,835
Financial assets at fair value through other comprehensive income	21,594	-	-	-	21,594
Pledged deposits					
– Not yet past due	2,784	-	-	-	2,784
Cash and cash equivalents					
– Not yet past due	12,870	-	-	-	12,870
Total	38,119	2,835	-	68,991	109,945

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

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*	–	–	–	36,341	36,341
Contract assets*	–	–	–	317	317
Long-term receivable*	–	–	–	8,064	8,064
Financial assets included in prepayments, other receivables and other assets					
– Normal**	811	–	–	–	811
Financial assets at fair value through other comprehensive income	20,973	–	–	–	20,973
Pledged deposits					
– Not yet past due	1,660	–	–	–	1,660
Time deposits					
– Not yet past due	4,026	–	–	–	4,026
Cash and cash equivalents					
– Not yet past due	17,104	–	–	–	17,104
Total	44,574	–	–	44,722	89,296

* For trade receivables, contract assets and long-term receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 18, 19 and 21 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

Since the Group trades with recognised and creditworthy entities, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of the reporting period, the Group had certain concentrations of credit risk as nil (2024: 21.94%) and 24.67% (2024: 56.14%) of the Group’s trade receivables were due from the Group’s largest customer and five largest customers, respectively.

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 Group maintains a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing bank loans.

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:

	31 December 2025					Total RMB'000
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	
Trade and bills payables	17,332	–	–	–	–	17,332
Financial liabilities included in other payables and accruals	12,743	–	–	–	–	12,743
Lease liabilities	405	222	1,062	4,734	109	6,532
Total	30,480	222	1,062	4,734	109	36,607

	31 December 2024					Total RMB'000
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000		
Trade and bills payables	7,427	–	–	–	–	7,427
Financial liabilities included in other payables and accruals	3,428	–	–	–	–	3,428
Interest-bearing bank loans	–	5,081	5,093	–	–	10,174
Lease liabilities	–	1,209	2,571	8,036	–	11,816
Total	10,855	6,290	7,664	8,036	–	32,845

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

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 years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by capital and net debt multiplied by 100%. Debt includes trade and bills payables, other payables and accruals, interest-bearing bank loans, lease liabilities and provision. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Trade and bills payables	17,332	7,427
Other payables and accruals	24,500	11,237
Interest-bearing bank loans	–	10,000
Lease liabilities	5,921	9,124
Provision	1,843	344
Less: Cash and cash equivalents	(12,870)	(17,104)
Pledged deposits	(2,784)	(1,660)
Time deposits	–	(4,026)
Net debt	33,942	15,342
Equity attributable to owners of the parent	165,728	174,182
Capital and net debt	199,670	189,524
Gearing ratio	17.0%	8.1%

39. EVENTS AFTER THE REPORTING PERIOD

There were no significant events that required additional disclosure or adjustments occurred after the end of the reporting period.

40. 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:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	23,718	23,863
Right-of-use assets	5,597	7,947
Intangible assets	1,664	1,100
Investments in subsidiaries	5,536	6,536
Investment in an associate	42,928	42,903
Contract assets	141	21
Prepayments, other receivables and other assets	365	1,583
Total non-current assets	79,949	83,953
CURRENT ASSETS		
Inventories	22,857	22,045
Trade receivables	67,571	51,804
Contract assets	358	276
Prepayments, other receivables and other assets	11,789	32,028
Financial assets at fair value through profit or loss	11,000	16,500
Financial assets at fair value through other comprehensive income	21,594	20,973
Pledged deposits	2,784	1,475
Cash and cash equivalents	11,206	13,993
Total current assets	149,159	159,094
CURRENT LIABILITIES		
Trade and bills payables	20,849	7,370
Other payables and accruals	32,366	12,255
Interest-bearing bank loans	–	10,000
Lease liabilities	1,474	2,208
Provision	1,843	344
Total current liabilities	56,532	32,177
NET CURRENT ASSETS	92,627	126,917
TOTAL ASSETS LESS CURRENT LIABILITIES	172,576	210,870

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES		
Lease liabilities	4,447	5,808
Deferred tax liabilities	245	160
Total non-current liabilities	4,692	5,968
Net assets	167,884	204,902
EQUITY		
Paid-in capital/share capital	80,880	20,882
Reserves (note)	87,004	184,020
Total equity	167,884	204,902

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024	57,822	64,079	299	(198,582)	(76,382)
Loss and total comprehensive loss for the year	-	-	528	(42,773)	(42,245)
Termination of redemption liabilities on owners' capital	302,546	-	-	-	302,546
Share-based payment arrangements	-	101	-	-	101
At 31 December 2024 and 1 January 2025	360,368	64,180	827	(241,355)	184,020
Loss and total comprehensive loss for the year	-	-	528	(95,701)	(95,173)
Conversion into a joint stock company	(140,535)	-	-	140,535	-
Capital contribution from shareholders	59,499	-	-	-	59,499
Share issue expenses	(1,900)	-	-	-	(1,900)
Capitalisation of capital reserve	(59,497)	-	-	-	(59,497)
Share-based payment arrangements	-	55	-	-	55
At 31 December 2025	217,935	64,235	1,355	(196,521)	87,004

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 April 2026.

Definitions

“AI”	artificial intelligence, a field of computer science dedicated to creating systems capable of performing tasks that typically require human intelligence, such as learning, reasoning, perception, and natural language understanding
“algorithm”	a defined set of step-by-step procedures or rules used by computer systems to solve problems or perform calculations
“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“Company” or “our Company” or “Diagens”	Hangzhou Diagens Biotechnology Co., Ltd. (杭州德適生物科技股份有限公司), a joint stock company established under the laws of the PRC on September 19, 2016, the H Shares of which are listed on the Stock Exchange (stock code: 2526)
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and in this context, refers to Dr. Song, Diagens Nuohui, Diagens Nuoda, Deqian Technology and Diagens Nuoxin
“Core Product”	has the meaning ascribed to it in Chapter 18A of the Listing Rules. For the purpose of this annual report, our Core Product refers to AI AutoVision®
“chromosome”	a compact of DNA-protein complex. The microscopy is used to observe chromosomes
“Class III medical device”	pursuant to Regulations on the Supervision and Administration of Medical Devices (2024 Revision), class III medical devices refer to medical devices with high risk exposures, and subject to implementation of special measures and strict control and management in order to assure their safety and effectiveness
“CT”	computed tomography scan
“Deqian Technology”	Hangzhou Deqian Technology Management Partnership Enterprise (Limited Partnership) (杭州德任科技管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 6, 2020, one of our Controlling Shareholders
“Diagens Hongyuan”	Diagens Hongyuan (Tianjin) Biotechnology Co., Ltd. (德適宏源(天津)生物科技股份有限公司), a company established in the PRC with limited liability on February 1, 2023 and a directly wholly-owned subsidiary of our Company
“Diagens Nuoda”	Hangzhou Diagens Nuoda Technology Management Partnership Enterprise (Limited Partnership) (杭州德適諾達科技管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 11, 2021, one of our Controlling Shareholders

“Diagens Nuoxin”	Hangzhou Diagens Nuoxin Investment Management Partnership Enterprise (Limited Partnership) (杭州德適諾鑫投資管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 4, 2018, one of our Controlling Shareholders
“Director(s)”	the director(s) of our Company
“Dr. Song”	Dr. SONG Ning (宋寧), an executive Director, the Chairman of our Board, the chief executive officer of our Company, and one of our Controlling Shareholders
“ESG”	environmental, social and governance
“ESOP Platform” or “Diagens Nuohui”	Hangzhou Diagens Nuohui Investment Management Partnership Enterprise (Limited Partnership) (杭州德適諾輝投資管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 19, 2018, with Dr. Song as the executive partner, our incentive scheme platform and one of our Controlling Shareholders
“FDA”	U.S. Food and Drug Administration
“GMP”	good manufacturing practice, a system for ensuring that products are consistently produced and controlled according to quality standards
“Global Offering”	the global offering of 7,999,200 H Shares as described in the Prospectus
“Group”, “our Group”, “we”, “us” or “our”	our Company and all of its subsidiaries, or any one of them as the context may require
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”, “HK\$” or “Hong Kong Dollars”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“H Share(s)”	ordinary Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are traded in HK dollars and are listed on the Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“IVDR”	<i>in vitro</i> diagnostic medical devices regulation, the European Union regulation governing the safety and performance of <i>in vitro</i> diagnostic medical devices
“independent third party(ies)”	any person(s) or entity(ies) who/which is not a connected person of our Company within the meaning of the Listing Rules
“Latest Practicable Date”	April 29, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
“Listing”	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	March 30, 2026, on which the H Shares are listed and dealings in the H Shares are first permitted to commence on the Hong Kong Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“MRI”	magnetic resonance imaging, a medical imaging technique that generates detailed images of human internal organs and tissues via strong magnetic fields and radio waves
“NMPA”	the National Medical Products Administration of the PRC (國家藥品監督管理局), the successor to the China Food and Drug Administration (國家食品藥品監督管理總局) and the relevant provincial medical products administrations
“Nomination Committee”	the nomination committee of the Company
“PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“Prospectus”	the prospectus of the Company dated March 20, 2026
“R&D”	research and development
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the year ended December 31, 2025
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Unlisted Shares and H Shares. Upon completion of the Global Offering, the Company no longer has any Unlisted Shares in issue
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Unlisted Share(s)”	ordinary Share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange. Upon completion of the Global Offering, the Company no longer has any Unlisted Shares in issue.